

## **Evaluation of S 2229, “Medicare for All,” against the National Coalition for Health Care’s Specifications and Principles.**

### **Summary:**

**This is a proposal for universal health care based on expanding Medicare in phases to cover all ages. For those under age 65, it expands Medicare coverage to include: the same drug coverage as in the Federal Employee Health Benefit Plan; Early and Periodic Screening, Diagnostic, and Treatment Services for individuals under age 21; mental health services; preventive services; and home and community based services. Private insurance can be offered as long as it is at least as good as the Federal Employee Health Benefit Plan. Individuals can also elect to keep any insurance they get through their employer. Enrollment is automatic for all legal residents of the United States. The plan would be funded through payroll taxes, general revenues, and individual cost-sharing contributions. The plan saves money by extending coverage to all (providing administrative savings and savings due to preventive care) and by supporting health care information technology and quality care through incentives.**

**We are aided in our evaluation by an ongoing dialogue with Senator Kennedy’s staff, facilitated by Senator Salazar’s staff. (See the Q & A dialogue at the end of this document.)**

**This bill meets the majority of the NCHC specifications for reform. However, it does not address current shortcomings in Medicare for those over age 65, and we hope that future revisions of the bill will address these shortcomings. Specifically,**

- The bill has no protection against catastrophic health care expenses. We feel that this is a major shortcoming of the present Medicare system, and we would look for catastrophic coverage in any major health care reform.**
- The current Medicare system is eroding in its ability to provide health care because of increasing premium charges and decreasing payments to providers. Increasing numbers of doctors are refusing to take Medicare patients. These financial issues need to be addressed.**

### **Summary of evaluation against NCHC specifications for reform:**

- 1. Health Care Coverage for All: Meets most parts of this principle. However, those who qualify for the new coverage would get more comprehensive coverage than those who qualify for the existing Medicare and Medicaid. This is a major shortfall for retirees. Senator Kennedy’s staff said they would be working on other legislation to address problems in the existing Medicare. Otherwise, the bill falls short only in that it takes longer to achieve universal coverage (11 yrs.) than the specifications call for (2-3 yrs.).**
- 2. Cost Management: Includes some but not all of the cost management recommendations. It’s most glaring omissions are:**

- **No limitations on increases in insurance premiums. Provides help only for Medicaid-eligible individuals.**
- **Does nothing new to increase effectiveness of capital spending. Current system of health care providers and facilities remains intact. Capital expenditures would be at the discretion of providers.**
- **Rather than establishing an independent commission, it uses an existing independent commission, the Medicare Payment Advisory Commission, to establish and administer programs, rates (e.g. capitation) and limitations to keep costs in line with annual targets. The program sets up a Medicare for All Trust Fund that is overseen by the Board of Trustees of the Federal Hospital Insurance Trust Fund.**

Even with these omissions, the measures in the bill are projected to save over \$160 billion annually.

- Improvement of Health Care Quality and Safety: Relies on two mechanisms to improve quality and safety. 1) Enrollment cards are to be linked to individuals' electronic health records (Sec. 2202(b)(2)). 2) Bill mandates incentive payments for quality care and for Information Technology, leaves it up to Secretary to define these. The bill does not establish an Independent Board to deal with these issues. Neither does it provide for a national health care information system. Senator Kennedy's staff explained that they assume that separate legislation (S 1418 & HR 4157) will provide for a national health electronic information system and for national practice guidelines.**
- Equitable Financing: Meets all of the recommendations. However, the only provision for basing individual obligations on ability to pay is that the plan keeps Medicaid. This doesn't address the low to middle income people who do not qualify for Medicaid but may not be able to afford the premiums, deductibles, co-pays, etc.**
- Simplified Administration: Meets most of the recommendations. The bill would not establish national practice guidelines.**

According to Senator Kennedy's staff, this bill will be revised before it is reintroduced in the next Congress.

National Retiree Legislative Network Health Care Team  
December, 2006

**Details**

<b><u>Specifications for Building a better health care system from NCHC</u></b>	<b><u>S. 2229 – Kennedy Bill: Medicare for All</u></b>
<b><u>Specifications for Reform:</u></b>	<b><u>Specifications for Reform:</u></b>
<b>1. Health care reform must be a national priority.</b>	<b>Yes. This is a bill “to provide quality, affordable health care for all Americans”</b>
<b>2. Health care reform must be systemic.</b>	<b>Yes &amp; No. Addresses many, but not all, of the points listed by NCHC in its Principles.</b>

<b><u>Specifications for Building a better health care system from NCHC</u></b>	<b><u>S. 2229 – Kennedy Bill: Medicare for All</u></b>
<b>3. Health care reform must be system-wide.</b>	<b>Uncertain, because the same coverage is not provided for all.</b>
<b><u>Principles</u></b>	<b><u>Principles</u></b>
<b>1. Health coverage for all: Coverage for all within 2-3 years of enabling legislation</b>	<b>1. Health coverage for all: Coverage for all is provided, but is phased in over time. Coverage for persons over 65 continues. During first 5 years, coverage is provided to individuals under 20 years and over 55. During second 5 years, coverage is extended to persons under 30 and over 45. All other eligible persons are covered beginning the 11<sup>th</sup> year of the program.</b>
<b>• Basic coverage defined for everyone.</b>	<b>• Yes, but doesn't apply to those who qualify for the current Medicare and Medicaid. For all others, coverage includes Medicare A &amp; B, FEHBP<sup>1</sup> drug coverage, EPSDT<sup>2</sup>, mental health, preventive svcs., home &amp; community based svcs. (Section 2203)</b>
<b>• Optional supplemental coverage.</b>	<b>• Yes. Optional private health plans, equivalent to FEHBP, "as good as your Congressman gets." Or can choose employer program.</b>
<b>• Include adequate subsidies for those who are less affluent.</b>	<b>• Yes - Medicaid will continue. "No less protective than under section 1902(a)(10)(E), as of Jan. 1 2006"</b>

<sup>1</sup> FEHBP: Federal Employee Health Benefit Plan

<sup>2</sup> EPSDT: Early and Periodic Screening, Diagnostic, and Treatment Services for individuals under age 21.

<b><u>Specifications for Building a better health care system from NCHC</u></b>	<b><u>S. 2229 – Kennedy Bill: Medicare for All</u></b>
<ul style="list-style-type: none"> <li>• <b>Assure continuity of coverage for those who move from one form or context of coverage to another</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Yes. New national program covers everyone, is primary payer. Annual open enrollment for those choosing private plan.</b></li> </ul>
<ul style="list-style-type: none"> <li>• <b>Facilitate enrollment by all those eligible for coverage</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Yes. The Secretary<sup>3</sup> to develop automatic enrollment process. Enrollment cards will be issued for all individuals as they become eligible for benefits. Newly born will be issued enrollment cards at birth. Anyone with social security card will be automatically enrolled.</b></li> </ul>
<ul style="list-style-type: none"> <li>• <b>Require individuals to establish that they have coverage.</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Not applicable, because all are automatically enrolled.</b></li> </ul>
<ul style="list-style-type: none"> <li>• <b>Group purchasing is recommended.</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Yes. Secretary to contract with providers, administrators, etc. Group purchase of insurance assumed, because everyone is enrolled.</b></li> </ul>
<ul style="list-style-type: none"> <li>• <b>Should be a National strategy, not state level except pending National legislation</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>National program except for state controls of Medicaid coverage.</b></li> </ul>
<p><b>2. Cost Management:</b></p>	<p><b>2. Cost Management:</b></p>
<ul style="list-style-type: none"> <li>• <b>Long term goal of increasing the value generated by health care expenditures (health benefits to patient for a given level of overall spending)</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Uses incentive of additional reimbursements for quality care.</b></li> </ul>
<ul style="list-style-type: none"> <li>• <b>Long term goal of limiting total spending to % of per capita GDP.</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Goal is to reduce spending below current level of 16% of GDP. Cost reduction measures include: \$130 billion by extending coverage to all, \$160 billion due to use of advanced information technology, \$70 billion in insurance overhead costs, and \$50 billion in health care provider overhead costs. (Quantification of cost reductions is in Kennedy’s statement but not in the bill.)</b></li> </ul>

<sup>3</sup> Secretary of Health and Human Services.

<b><u>Specifications for Building a better health care system from NCHC</u></b>	<b><u>S. 2229 – Kennedy Bill: Medicare for All</u></b>
<ul style="list-style-type: none"> <li>• Establish rates of reimbursement for providers</li> </ul>	<ul style="list-style-type: none"> <li>• Yes. Like today’s Medicare, the Secretary, assisted by the Medicare Payment Advisory Commission, will develop and implement a payment schedule for benefits covered under the program.</li> </ul>
<ul style="list-style-type: none"> <li>• Limitations on increases in insurance premiums.</li> </ul>	<ul style="list-style-type: none"> <li>• Not addressed except for low income individuals.</li> </ul>
<ul style="list-style-type: none"> <li>• Independent board to establish and administer programs, rates (e.g. capitation) and limitation to keep costs in line with annual targets.</li> </ul>	<ul style="list-style-type: none"> <li>• Yes. Uses existing Medicare Payment Advisory Commission, an independent commission.</li> </ul>
<ul style="list-style-type: none"> <li>• Make health insurance premiums comparable</li> </ul>	<ul style="list-style-type: none"> <li>• Yes. All premiums would be identical, except for low income individuals and private plans. (Communication from Kennedy’s staff)</li> </ul>
<ul style="list-style-type: none"> <li>• Increase effectiveness of capital spending</li> </ul>	<ul style="list-style-type: none"> <li>• No change. Current system of health care providers and facilities remains intact. Medicare effectively pays allowances for capital expenditures, which are at the discretion of providers.</li> </ul>
<ul style="list-style-type: none"> <li>• Ensure cost sharing and other tools to control over and under use of care, with subsidies for those who are less affluent</li> </ul>	<ul style="list-style-type: none"> <li>• Yes. Cost sharing (in the form of deductibles, coinsurance, co-payments, premiums) for all benefits. Reduced cost sharing for low income individuals on Medicaid.</li> </ul>
<b>3. Improvement of Health Care Quality and Safety:</b>	<b>3. Improvement of Health Care Quality and Safety:</b>
<ul style="list-style-type: none"> <li>• A comprehensive, national effort.</li> </ul>	<ul style="list-style-type: none"> <li>• Yes, this bill is a comprehensive, national effort, but only one quality provision is made – higher payments for quality care, including “appropriate use of health information technology” (Sec. 2203(d)(2)).</li> </ul>
<ul style="list-style-type: none"> <li>• Independent Board chartered &amp; overseen by Congress.</li> </ul>	<ul style="list-style-type: none"> <li>• No. Uses existing Medicare Payment Advisory Commission and Agency for Health Care Research and Quality.</li> </ul>
<ul style="list-style-type: none"> <li>• More public funding to improve quality and safety</li> </ul>	<ul style="list-style-type: none"> <li>• Yes, in the form of incentive payments to providers for quality care, including use of information technology.</li> </ul>

<u>Specifications for Building a better health care system from NCHC</u>	<u>S. 2229 – Kennedy Bill: Medicare for All</u>
<ul style="list-style-type: none"> <li>• Develop and publicize quality measures.</li> </ul>	<ul style="list-style-type: none"> <li>• Yes. Secretary to develop measures for incentive payments.</li> </ul>
<ul style="list-style-type: none"> <li>• Reduce quality variations across regions and providers</li> </ul>	<ul style="list-style-type: none"> <li>• Left to the discretion of the Secretary. Today Medicare is administered by Region. The bill doesn't change the regional structure.</li> </ul>
<ul style="list-style-type: none"> <li>• Link payment for care to quality of care</li> </ul>	<ul style="list-style-type: none"> <li>• Yes. Additional re-imburement given to health care providers for quality care.</li> </ul>
<ul style="list-style-type: none"> <li>• Establish National information system; establish protocols for electronic patient records, prescriptions, billing, privacy standards, updating based on experience &amp; technological advances; “incentivize” by supplemental payments, tax policy, loans, grants.</li> </ul>	<ul style="list-style-type: none"> <li>• No national system established, but enrollment cards are to be linked to individual’s electronic health record (Sec. 2202(b)(2). Bill mandates quality incentive payments for Information Technology, leaves it up to Secretary to define this. Separate legislation would establish a national system (S 1418 &amp; HR 4157).</li> </ul>
<p><b>4. Equitable Financing:</b></p>	<p><b>4. Equitable Financing:</b></p>
<ul style="list-style-type: none"> <li>• Reduce or eliminate cost-shifting across programs &amp; payers.</li> </ul>	<ul style="list-style-type: none"> <li>• Yes, works just like Medicare. Medicare for All Trust Fund receives all moneys and disperses all moneys. Payments to private plans risk-adjusted.</li> </ul>
<ul style="list-style-type: none"> <li>• Possible funding sources: General revenues, earmarked taxes, employer contributions, individual contributions.</li> </ul>	<ul style="list-style-type: none"> <li>• Funding is by payroll taxes (1.7% by workers, 7% by employers), general revenues (not specified), and individual contributions.</li> </ul>
<ul style="list-style-type: none"> <li>• Individual obligations based on ability to pay.</li> </ul>	<ul style="list-style-type: none"> <li>• Yes. Medicaid continues. Lower contributions by low income individuals. Details left to discretion of Secretary.</li> </ul>
<p><b>5. Simplified Administration</b></p>	<p><b>5. Simplified Administration</b></p>
<ul style="list-style-type: none"> <li>• Reduce complexity, produce streamlined, rationalized health care system.</li> </ul>	<ul style="list-style-type: none"> <li>• Yes. New plan becomes primary payer; assume same system as Medicare.</li> </ul>
<ul style="list-style-type: none"> <li>• For basic coverage, consistent set of ground rules and understandings for patients, payers and providers</li> </ul>	<ul style="list-style-type: none"> <li>• Yes. All would be under Medicare Rules, modified to include additional benefits. No alternative private plan could offer less.</li> </ul>

<b><u>Specifications for Building a better health care system from NCHC</u></b>	<b><u>S. 2229 – Kennedy Bill: Medicare for All</u></b>
<ul style="list-style-type: none"> <li>• Develop national practice guidelines.</li> </ul>	<ul style="list-style-type: none"> <li>• No. Separate legislation would establish national practice guidelines (S 1418 &amp; HR 4157).</li> </ul>

**Questions Addressed to Senator Kennedy’s Staff**

***NRLN Health Care Team***

1. Does the bill provide for a cap on out-of-pocket expenses? If yes, is the cap linked to the person’s income or ability to pay?

>> No, the bill operates as Medicare does now.

2. We are assuming that the benefits, cost-sharing, etc., that are described in Sec. 2203 will apply to those already covered by Medicare, as well as those who will be added to the program. Is this correct?

>> Yes

3. In his statement, Senator Kennedy said, “Any American who wishes to stay in their current employer-sponsored plan can do so....”
  - a. Does this mean that employers who wish to continue providing coverage would have to qualify as a private health plan, as described in Sec. 2204?

>> No, any of the private plans under 2204 would have to be open to all comers. Presumably an employer-sponsored plan would be open only to employees.

- b. Would such employers and employees be exempt from paying the new employment tax described in Sec. 3?

>> No. I assume most employers who choose to offer additional coverage would offer wrap-around coverage to employees to address areas not covered under Medicare.

**4. Are there any controls on year-to-year increases in premiums and other out-of-pocket expenses? Many retirees are currently being hard-hit by the increases in Medicare premiums.**

**>> No, although Senator Kennedy has introduced separate legislation to prevent Medicare cost increases from being passed on to seniors in the form of higher premiums.**

**5. Do private plans have to charge the same premiums, co-pays, etc. for basic coverage as the government plan, or are they free to charge whatever they want?**

**>>It is implicit that the cost sharing is the same as under FEHBP, but we should make that explicit when we re-introduce the bill next year. Good catch.**

**6. Does Medicare place any control on capital spending by providers? If so, can you point us to information on how that works?**

**>> No.**

**7. Is Medicaid the only vehicle for providing assistance to low-income individuals? What about people who may not qualify for Medicaid, but whose medical costs may exceed their ability to pay?**

**>>The program operates just as Medicare does now. However, Senator Kennedy has fought and will continue to fight for improvements in Medicaid to allow low income individuals to participate more fully.**

**8. Concerning the quality measures that are to be established by the Secretary, “in consultation with health care professionals and groups representing eligible individuals” in order to provide additional reimbursement to providers for quality (Sec. 2203(d)(2)):**

**a. Would these quality measures be national in scope, or would they be established region by region?**

**>> that is left to the discretion of the Secretary.**

- b. Would the reimbursement schedule for meeting the quality measures be uniform throughout the country, or would they vary by region?

>>that is left to the discretion of the Secretary.

9. We see that the quality measures are to “include measures of appropriate use of health information technology” (Sec. 2203(d)(2)). And, we see that the Secretary is to “ensure that each such [enrollment] card is linked ... to an electronic health record for each such individual.” (Sec. 2202(b)(2)) Yet, the bill does not seem to provide for the establishment of a national health care information system or any other means of ensuring that such health information technology and electronic health records exist.

- a. Is there anything in the bill that would mandate the establishment of these electronic records and health information technology and provide funding for them?

>>No

- b. If not, are you assuming that this would be provided for in separate legislation? What legislation?

>> yes – S 1418

10. Is there any provision for an independent commission (the Medicare Payment Advisory Commission or other) to deal with quality and safety issues?

>> MedPac would continue to function as it currently does, as would AHRQ (Agency for Healthcare Research and Quality).

11. Is there anything in this bill that would establish national practice guidelines for providers?

>>No.

### Follow-up Questions

1. You answered that the benefits, cost-sharing etc. described in Sec. 2203 would apply to those already covered by Medicare as well as to those who would be added to the program. Yet, there is a statement in the bill that seems to say that it does not apply to those who qualify for Medicare under the present system. (Sec. 2202. (a)(2)(A)(ii))

- a. **Which is correct? Would those of us who are age 65 or older continue to receive only the present Medicare benefits, or would we receive the additional benefits provided in Sec. 2203?**
- b. **If the bill does not extend the additional benefits to those now on Medicare, when would the differences between the present Medicare and the expanded Medicare provided for in the bill be reconciled so that those over age 65 and the disabled would have “benefits as good as your Congressman gets?”**

(1) **Under the bill any** Medicare beneficiary is eligible to elect to retain exactly the program they have now, or to switch to the more FEHBP-like package of benefits that would be available under the option provided for in the bill. The revised benefits under Medicare would not apply to those already over 65, although applying the revised Medicare benefits immediately to the currently over-65 population is something we could certainly look at when we re-introduce the bill next year. There was a desire not to tamper with the Medicare program that the already over-65 beneficiaries like so much, but we can re-examine that.

2. **We are aware that some doctors and other providers do not wish to serve Medicare patients, because they feel they lose money by doing so. Do you expect that changes in the way Medicare determines and administers its payments to providers would need to be made if the bill passes and Medicare is expanded to include all Americans?**

(2) I would say that yes, we support increased payments for health care providers under Medicare.

**Second Follow-up**  
**Questions Regarding S 2229**

***NRLN Health Care Team***

**Thank you for being willing to engage in this dialogue with our Health Care Team. We are very interested in this bill, but at the same time we have some real concerns that it may not do anything for those over age 65. For us retirees, this is a big deal. Medicare is eroding through increasing premiums and decreasing payments to providers, which is causing many doctors to decline to take Medicare patients. It would be hard for us to support a major health care reform bill that did not deal with the problems we are having as retirees.**

**In reading the responses you have given us to our questions about the coverage for those over 65, your response to the original Question 2 seems to conflict with your response to our follow-up Question 1. Different members of our team are interpreting your answers in different ways – hence, this request for clarification. We are attaching the previous questions and answers for your reference.**

**First, we understand that the bill does not change the current Medicare program for those over 65. However, we are confused as to whether the bill offers this group any options. Specifically:**

- 1. Is it correct that those over 65 would not be allowed to elect the government-provided “new Medicare” described in Sections 2202 and 2203?**
- 2. Are you saying that a Medicare-eligible person can elect to buy one of the private plans described in Sec. 2204?**
  - a. If yes, would this apply only to those who reach age 65 after the bill is enacted, or would it apply to those who are already over 65 as well?**

**Again, thank you for taking the time to help us understand this bill.**

**Response from Senator Salazar’s office:**

According to Senator Kennedy's staff S.2229 changes to Medicare would only apply to the new Medicare beneficiaries eligible under the changes. Current eligible Medicare beneficiaries would receive Medicare benefits as they are - and as they are eligible for. Senator Kennedy's staff also said they have other legislation proposals to improve Medicare for all beneficiaries.

However, this session is now over and the bill is done in this form. I asked the staff if they will be introducing this bill next session. They said they will introduce something like it - with the goal of improving health care access for all Americans. They also said the proposal may be more incremental.