Sanders' phony "Medicare for All" proposal

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A significant proportion of the support "democratic socialist" presidential candidate Bernie Sanders has received is due to his pledge to establish a federally funded universal health plan, which he describes as "Medicare for All."

Workers and young people, suffering under the crushing weight of health insurance premiums and out-of-pocket medical costs, see high-quality health care as a fundamental social right that should be provided to everyone for free, or at minimal cost.

Polls show that 81 percent of Democratic voters support a "Medicare for All" system. Medicare is the national social insurance program that has provided health insurance for Americans aged 65 and older as well as the disabled since 1966. The program, which insures more than 55 million Americans, is currently the target of big-business politicians who would like to see it gutted through privatization.

Sanders' health care proposal, however, has nothing in common with socialism or socialized medicine, or with expanding Medicare, for that matter. He does not propose to expropriate the multibillion-dollar health insurance companies, pharmaceuticals, and giant health care chains.

In fact, while he rails against the "billionaire class," Sanders is well aware that the health care industry will never voluntarily accept any restraints on its profits. The purpose of his proposal is not to radically transform the US health care system, but to promote illusions that such a transformation can be achieved through the Democratic Party.

Sanders claims his health plan would cover "inpatient to outpatient care; preventive to emergency care; primary care to specialty care, including long-term and palliative care; vision, hearing and oral health care; mental health and substance abuse services; as well as prescription medications, medical equipment, supplies, diagnostics and treatments"—all without any deductibles or copayments.

As it becomes all the more likely that Hillary Clinton will be the Democratic Party's nominee, Sanders is shifting his focus to influencing the Democratic Party platform. In a statement Tuesday night, he said that he wants a platform that includes, among other policies, "a Medicare-for-all health care system, breaking up Wall Street financial institutions, ending fracking in our country, making public colleges and universities tuition free..."

He is fully aware, however, that the Democratic Party will not embrace these proposals. Rather, he now cynically aims to channel the popular support for such policies behind the presumptive Democratic Party nominee, and head off the growing social movement among workers and young people to defend social programs and basic democratic rights.

Sanders argues that the richest country on earth can afford health care for all as a basic right, but he never explains why it has never even been established. There is an intrinsic contradiction between health care for profit and health care as a social right. Establishing health care as a right requires abolishing the profit principle as the basis of the health care system.

Business interests, medical providers and even unions opposed previous reforms. Today, Wall Street and corporations are clawing back every reform that the working class has won. To think that Sanders could reform capitalism to provide universal health care is a utopian dream. As long as there is for-profit medicine, there cannot be universal health care based on human needs.

These stakeholders will never allow universal health care

A critique of Sanders' "Medicare for All" plan requires an analysis of the corporate forces that would oppose any of its proposals to "reform" the health case system. If one looks at the major stakeholders, one can see why the US has never had universal health care and why Sanders' proposals can never be enacted under capitalism.

Health care spending is a major part of the US economy. Health care spending has reached 17.5 percent of gross domestic product. Health care was first on the list for the biggest mergers and acquisitions in 2015. Pharmaceutical companies, device makers and health insurers underwent mergers worth $687.5 billion. There were also more than 900 health care deals involving physician practices, hospitals and nursing homes, valued at $175 billion.

Drug makers, hospitals and health insurers, drugstore chains and pharmacy benefit managers are aggregating to have more power in negotiating with each other and the government, and to reap monopoly profits from their captive customer base, virtually the entire US population.

And they spend millions each year lobbying to make sure the government looks out for them. Drug makers and related industries spent the most of any industry in the country on lobbying. In 2015, here is what they spent, according to the Center for Responsive Politics:

· Pharmaceuticals/health products: $238,086,761
· Hospitals/nursing homes: $91,763,765
· Health professionals: $89,391,202
· Health services (includes health insurance): $72,456,898

A government universal health plan would drastically cut into the earnings of the following stakeholders, which make billions in profits annually.

Hospitals

The general trend in the health care industry today is mergers and acquisitions, including hospitals, but also drug makers, medical practices and insurance companies. In Michigan, for example, the Henry Ford Health System recently announced a merger with Allegiance Hospital. This merger creates a six-hospital Henry Ford system with $5.2 billion in revenue, the largest by revenue in southeast Michigan. The Henry Ford system also includes a subsidiary health insurance company.

As a result of mergers, communities may end up with one hospital that has no competition. One study analyzed 92 billion health insurance claims from 2007 through 2011 from 88 million people covered by Aetna, Humana, and UnitedHealth, three of the country's largest insurance companies (*healthcarefinancenews.com*).

The study found that hospitals in "monopoly markets" charge prices more than 15 percent higher than hospitals doing business in markets where there are four or more competitors. Hospitals facing just one competitor had prices 6 percent higher than in more competitive markets, and hospitals with two rivals were almost 5 percent higher.

Other factors in hospital pricing included whether the facility is for-profit, the quality, scope and level of technologies the hospital boasts, and the size of the hospital's Medicare population. A lower share, along with these other factors, was associated with higher prices, according to the study.

Hospitals that are for-profit mark up their prices the most. For example, North Okaloosa Medical Center in Florida charges 12.6 times, or 1,260 percent, more than what it costs the hospital to treat patients.

Doctors

The phenomenon of mergers and acquisitions affects doctors as well. Hospital systems buying physician practices will raise physician charges to the higher hospital rate. For example, administering oncology drugs in a hospital can be more than twice as expensive than in a physician office, according to a report.

A survey of hospital executives showed the most popular practices they were interested in acquiring: doctors specializing in family practice (31 percent), internal medicine (22 percent), cardiology (10 percent) and orthopedic surgery, (10 percent). (*medicaleconomics.modernmedicine.com*)

In addition, insurance companies and even private equity firms are starting to buy primary care practices. They are especially interested in practices that have experience in managing care to reduce costs.

Drug makers

The Department of Health and Human Services estimates that the United States spent about $457 billion on retail plus nonretail prescription drugs in 2015, which was 16.7 percent of the estimated $2.729 trillion spent on overall personal health care services. There's a reason drug makers are often called Big Pharma. The graph below shows the revenue of the top biotech and drug makers.

As drug companies introduce more specialty drugs, manufacturers have increased prices to astronomical amounts. For example, in December 2013, Gilead introduced Harvoni to treat Hepatitis C, a virus that slowly destroys the liver. It has a list price of $94,500 for the typical 12-week course of therapy. The price for another of its Hep C drugs: $1,000 a pill.

Because of the high cost of the drugs, insurance companies restricted their use to patients with the most liver damage. Gilead agreed to discount the drugs an average of 46 percent if insurance companies increased usage by doing away with such restrictions. When insurance companies continued to restrict usage because of the still-high drug cost, Gilead wrote to them in July 2015 saying it would cut off patients from their assistance program:

"Specifically, patients who are insured and who do not meet their payers coverage criteria will no longer be eligible for support via Gilead's Patient Assistance Program…" In the insurance company versus drug company battle for profits, patients always lose.

Insurance companies

The major health insurance companies are UnitedHealth Group, Wellpoint, Humana, Aetna and Cigna (each of which is large enough to belong to the Fortune 100). This year, Aetna is planning a $37 billion acquisition of Humana.

UnitedHealth Group, the largest health insurer, made $10.3 billion in profits in 2014 on revenues of $130.5 billion. Both profits and revenues grew 7 percent from 2013.

During the first couple of years of the Affordable Care Act, insurance companies made higher profits because of the influx of new customers. Recently, however, their profits have declined as medical claims are costing more than projected. To offset the decline, insurance companies are finding that it is to their financial advantage to offer Medicare Advantage health plans that cover those 65 and over.

Sanders touts the "success" of the program popularly known as Obamacare, which he helped write. The key component of Obamacare is the "individual mandate," which requires families and individuals who are not insured through a government program or their employer to purchase coverage from for-profit private insurers on exchanges set up under the ACA. If they don't they face a substantial tax penalty.

While Obamacare has certainly been a success for the private insurers and drug companies, for working class families it is a different story. The average family deductible for a Silver plan, the most commonly chosen, is $6,480. The average copayment for each specialist visit is $56 and for specialty drugs, 31 percent. More and more working class families covered under the ACA are forgoing needed health care services because of high out-of-pocket costs.

In the first two years of the operation of the ACA, the insurance companies have responded to any threats to their profits by demanding approval of premium hikes from state insurance commissions.

UnitedHealthcare announced in November that it was considering leaving Obamacare by 2017 due to financial losses. Earlier this month, the company announced it was dropping its ACA plans in Arkansas and Georgia and that more states could follow.

Insurers have also cut costs for the Obamacare plans by further raising deductibles and other out-of-pocket costs, and creating narrower provider networks, leaving those insured with less choice of doctors and hospitals.

The richest Americans

Sanders calls for large tax increases for those with the most wealth as a means of raising the revenue for his health plan. Besides raising income taxes, he proposes higher capital gains and dividend taxes and limiting tax deductions for the rich.

America's 20 wealthiest people now own more wealth than the bottom half of the American population combined, a total of 152 million people. This wealthy aristocracy will never willingly allow higher taxes to reduce its fortunes.

The plan proposes a 2.2 percent income-based premium paid by households.

A family of four taking the standard deduction with income under $28,800 would not pay the tax. A family of four making $50,000 a year and taking the standard deduction would pay $466 this year. That would be thousands of dollars less than the average working family paid this year to health insurance companies.

Sanders’ proposals are not socialism

Sanders says nothing about dismantling the current setup—drug makers, hospitals, insurance companies, medical associations, medical tech companies. Their common interest is not providing needed medical care, but making money. These stakeholders are huge financial entities that will oppose any restrictions on their profits. Does anyone think they will give up the billions they make under the current system even though each day people die because they cannot afford treatments that could save their lives?

Sanders' program cannot be implemented under the existing political system, which is dominated by corporate interests. His “socialism” is never translated into policies that overturn private ownership.

In fact, he has stated that he supports private ownership and that his “political revolution” just means electing more Democrats. But when the Democrats controlled the White House and both houses of Congress in 2009-2010, they did not include a public option when creating the Affordable Care Act.

A public option would have created a government-run health insurance agency to compete with private insurance. The Obama administration had decided that its health care program had to be approved in advance by the big insurers, drug and medical device makers, and hospitals.

The only way to fix the health care system is to change how society uses its resources. Revolutionizing the health care system cannot be brought about through the Democrats any more than the Republicans. The Democrats, no matter the pipe dream of Sanders’ health plan, speak for the mega-monopolies in the health care industry. The Democrats are just one of the political arms of the financial elite.

There is only one force powerful enough to make health care a social right. The working class must organize politically to take the drug companies, hospitals, insurance companies, and medical technology firms away from the current owners, to seize their assets and profits and place the industry under the control of a workers' government, establishing truly socialized medicine in America.