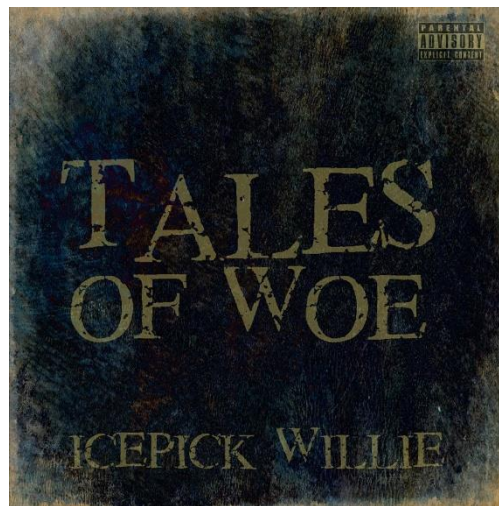




The 2016 election is in the news and debates are in the air. Despite this, healthcare is not front and center in either the Republican or Democratic debates. It should be, but healthcare professionals don't determine the nation's conversations. That does not mean we won't be discussing healthcare in the future and, though you may not think so, Obamacare should have been front and center. The failure rate of all facets of Obamacare is amazing to behold; its ramifications will affect all of us. So stay with me and let me tell you a tale of woe.



Chapter I: Co-ops, Co-op Toil and Co-op Trouble

Once upon a time, when Obamacare was just a wee babe in the Congressional woods, the concept of single payor was introduced but the idea was quickly shattered. In an attempt to resurrect the single payor system and introduce a government alternative to commercial insurers the idea of a not-for-profit government sponsored healthcare plan was introduced – the so called co-ops. The creators of co-ops thought that they would increase competition and

therefore, lower costs for one and for all. As a result, 23 co-ops were introduced into the land.



The co-ops wanted to garner a large share of the new insurance market so they charged a lot less than commercial health plans. In fact, according to the Government Accountability Office, co-ops the average cost of co-op membership was 54-63% less in the areas where they were offered. Because the cost was so much less, many people signed up for these new plans. In fact, in some places co-ops represented a significant percentage of the market. For example, Health Republic Insurance was New York's second-largest individual carrier with 19% of the market and in Utah Arches Health Plan was 25% of its market.

Did you notice that I used the phrase "was" in the last sentence? It so happens that over ½ of the co-ops have closed because of insolvency and Health Republic and Arches Health Plan lead the way. Oops, did I mention that one million people are suddenly losing their insurance because of these insolvent co-ops? Because of the initial low co-op rates, ex-co-op members can expect astronomical rate increases when they choose other plans and will probably have to choose new doctors who will accept these new plans.

Did I mention that when these co-ops closed they left behind 1.24 billion (with a 'b') dollars of debt? Did I also mention that because of current healthcare laws, the remaining commercial insurers will have to pick up this debt... and pass it on to you in the form of premiums?

Oh, did I tell you that of the remaining 11 coops, 10 have been in a deficit since they have opened? There goes another million people's insurance and there goes another billion dollars of debt that will fall into your lap! How fun!



Chapter II: The Toxic Premium Increases

Next, my readers, you will find a truly toxic Obamacare problem. Despite the promises and even the name “Affordable” in the title of the act, rates are rapidly climbing for Obamacare premiums. This was a bill designed to help the uninsured and those who could not afford insurance. What we are finding is that healthcare is expensive and when you make a plan to cover every known malady for everyone, you need to charge more. So how does this tale of woe play out in the real world? Here are some examples of three states headed for rate hikes in 2016. For silver plans (the most popular) in Alaska the rate will increase 31.5%; in Oregon it will rise 22.9% and in Oklahoma the premium will rise 35.7%. Not everyone will see this large of an increase but many will. Remember though that the premium cost is not the only cost the consumer considers. Deductibles also play a key factor. Remember the average deductible for the bronze plan is \$5200, a number most people who buy this level of plan cannot really afford.



Chapter III: Enrollment – The Coup de Grace

And now for the third pillar of failure or the hat-trick for the hockey aficionado. How do you sustain a program when hardly anybody signs up? Not so long ago in 2010 when enrollments were being estimated, the RAND corporation and CMS predicted Obamacare plans would have between 25-27 million participants for calendar year 2016. These projections were used to assess the financial viability of the plan. Low and behold, the Obama administration has now significantly downgraded its estimate of how many individuals will actually sign up for this monstrosity next year. The new number, 10.4 million, represents a miniscule increase from the 9.1 sign ups in 2015. Even if the government manages to sign up 10.4 million people, the figure represents only 36% of eligible individuals. In order to be sustainable and to have enough healthy individuals to pay for any type of health insurance program, the industry underwriting standard requires that a minimum of 75% eligible individuals sign up. Therefore, in no one's wildest imagination will the government sign up enough individuals for financial viability.

So there you have it, a total failure of the co-op model with over half already failing and 10/11 remaining running deficits, toxic rate increases and very poor

enrollment data. What a catastrophe. And it's the kind of catastrophe that just keeps on giving!



Does this sound familiar?

Have your heart this before...If we just give people health insurance, it will save money because the insurance will be used for preventive care while curbing the use of the ER as a source of primary care. However, numerous studies have demonstrated that people who have health insurance spend more on medical care than people who don't. Though they tried to tell us differently, we have known this for a long time. In the 1970's the RAND Corporation found the cheaper you made healthcare, the more people used it. Sort of sounds like every

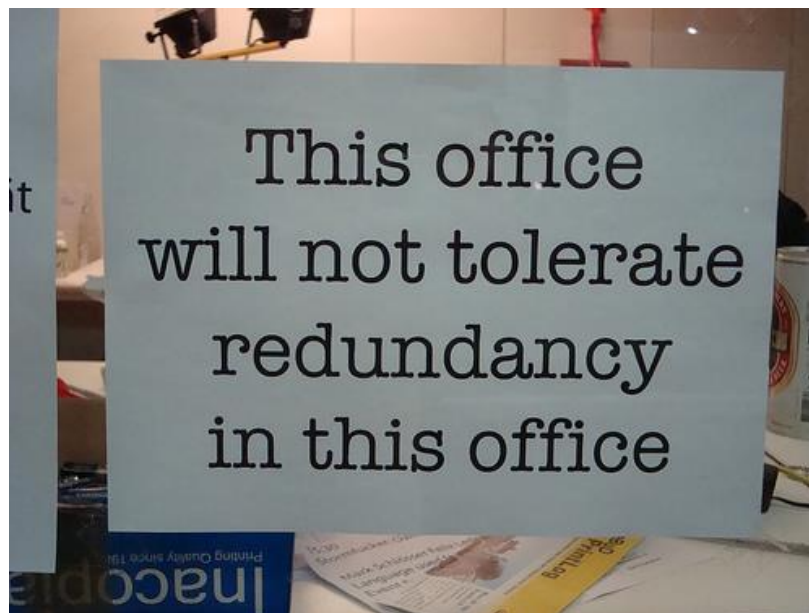


other good in the economy. If people can drive for less they will use their car more. If clothes cost less, they will buy more.

Guess what, the Oregon healthcare experiment reported the same conclusion 40 years after the RAND report. In this study, a group of uninsured low-income people in Oregon were studied. “Low-income Oregonians who wanted to sign up for the state’s Medicaid program were placed in a lottery. Only some got the insurance, but the researchers tracked both groups. In the first year, they found that the lottery entrants who were given Medicaid spent more on health care than those who remained uninsured. “

From the Department of Redundancy Department

I have been saying these for several years: electronic data and healthcare are a bad mix. Excellus Blue Cross and Blue Shield, a Rochester, N.Y.-based insurer, disclosed in September that it was the victim of a sophisticated cyberattack by hackers who may have gained access to over 10 million personal records. Holy hackers, Batman!



Did you know that in a recent survey of over 100 payer organizations by consulting firm KPMG, 69% said their systems have been compromised by

malware in the past 12-24 months. Holy HIPPA, Batman! So much for medical privacy.

What? Democrats trying to repeal part of Obamacare?

Yep. The same people that passed this bill have now decided that they don't like parts of it. Namely, they hate the Cadillac Tax.

So let me explain. Beginning in 2018, Obamacare imposes a 40-percent excise tax on group health plan premiums that go over \$10,200 for single coverage and \$27,500 for family coverage. This means for every \$1000 dollars your plan costs over this, you owe the government an additional \$400. The Kaiser foundation estimates this will affect 25% of all employees, increasing to almost 50% ten years later in 2028.



I don't know what they have to say, It makes no difference anyway, Whatever it is, I'm against it.

(Groucho Marx)

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It was designed to keep employers from providing overly generous coverage with low out-of-pocket costs that can lead plan members to seek more medical care - which drives up the cost of coverage...supposedly, but it was a great new tax to fund the healthcare scheme. Unions hate the tax because they have negotiated outstanding healthcare packages. Yes, these are the same unions and lawmakers who passed the law. Now, since this part affects them directly, it must go! The rest of the bill is awful as well, but since members of congress are immune and the unions aren't affected, the rest of the monstrosity can stay.

Maybe we should take Groucho's advice about government, right or left, Democrat or Republican. Maybe our first response should be "Whatever it is, I'm against it."

Some Closing Thoughts

If you have made it this far, thank you so much for reading. Hang in there with me for just a few more sentences.

Private practice medicine is under assault. Medical practices are being bought out and folded into large organizations. Payment plans are designed to minimize reimbursements to the private practitioner. We don't have million dollar lobbies like the hospitals, universities and insurance companies. We survive because we have the belief that the best care is individualized care that preserves the doctor-patient relationship. Private Practice Doctors is a private LLC. We have a corporate model whereby the more we participate together, the greater we all benefit. When you purchase supplies through our GPO and our contracted vendor we all save. The more we purchase together, the higher our savings percentage.

When you purchase with your "friend" the salesman, you cannot get the best rates. You are simply too small, no matter what they tell you. It's simple economic sense! The bigger you are, the more you purchase. The more you purchase, the more you control the price and the better the savings.

I ask you, for yourselves, for your patients and for the private practice of medicine, strongly consider uniting with us. For those of you who are members, thank you. For those of you who have dropped off, please come home. For those of you who have never been a member, we welcome you.

Write me at reed.wilson@privatepracticedoctors.com . Let's work together!