HMO Fox Enters Obamacare Henhouse

There are many roads to national health care. Managed care is the one America is on.

Thus, the federal government’s recent hire of Andy Slavitt to run Obamacare is very troubling. Mr. Slavitt is a managed-care executive. He’s an executive vice president at Optum, the information technology (IT) and data analysis division of UnitedHealth Group, the nation’s largest managed-care corporation.

When the Obamacare website was in trouble last October, Mr. Slavitt offered his services to the Obama administration. Then troubled state exchange websites (I call them “dummy terminals”) in Maryland, Massachusetts, Minnesota and Vermont asked UHG’s Optum to step in, evaluate their technology system and help them fix their huge IT problems.

Why Optum? The company has inside information. UHG strategically (and quietly) purchased QSSI, which HHS had hired to build the Federal Data Services Hub – the central server of Obamacare, which federal and state exchange websites (“dummy terminals”) must use to transfer data for Obamacare enrollment and verification.

Now Mr. Slavitt, a key Optum executive, has been hired as second in command at the Centers for Medicare and Medicaid Services. He’ll be in charge of all Obamacare, Medicare and Medicaid operations.

The fox has entered the henhouse. UHG now has a man on the inside with substantial power to more deeply embed managed care into America.

For three decades Congress has embraced managed care (central control of health care dollars and decisions) as the political solution to Medicare’s cost crisis. In short, give health plans the money and let them ration care so Congress can keep its hands clean. To drive senior citizens into HMOs, Congress pays Medicare Advantage plans – established by Republicans in 2003 – 12% to 18% more per recipient than traditional Medicare.

The rush to managed care began when Senator Ted Kennedy (D) authored the HMO Act of 1973 and President Richard Nixon (R) signed it on December 29, 1973, calling it an “integral part of his National Health Strategy” for cost containment. Seven months later he resigned in scandal, but the HMO Act lives on.

The U.S. Supreme Court recognizes Congress’ responsibility. In 2000, the justices unanimously refused to rule in favor of patient Cynthia Herdrich, who believed the HMO’s financial incentives led to her doctor rationing care. Justice Souter, who wrote the Pegram vs. Herdrich decision, said Congress “has promoted the formation of HMOs for 27 years” and:
“The defining feature of an HMO is receipt of a fixed fee for each patient enrolled... Whatever the HMO, there must be rationing and inducement to ration. [I] nducement to ration care goes to the very point of any HMO scheme.”

**Obamacare is a monument to managed care.** Traditional (true) health insurance is prohibited. Managed-care corporations get $1 trillion from new Obamacare spending. And Accountable Care Organizations, which some have called “HMOs on steroids,” are established to put doctors and hospitals in charge of rationing care by making them bear the financial risks of medical care. As ACOs, doctors and hospitals essentially become both insurer and provider of care – and patients become threats to the economic welfare of the doctors they depend on for their lives.

It’s telling that the Obama administration has hired a managed-care executive to run its government health care programs. When will Democrats stop believing the president “cracked down” on “abuses by health insurers” -- and when will Republicans stop supporting managed care?

Working to secure health freedom for all,

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