

Why “TRICARE for All” is a bad idea

By Grace-Marie Turner

TRICARE is the Department of Defense’s health care program serving 9.6 million active duty service members, retired service members, National Guard and reserve members, family members, and survivors. TRICARE uses a worldwide system of military hospitals and clinics, augmented by civilian providers and facilities.

Do No Harm to America’s Heroes...

The TRICARE program is designed to serve this specific population. Some are recommending a health reform initiative that would put all 330 million Americans on TRICARE. This would drastically change the program. Service members, veterans, and their dependents soon would find themselves competing with millions of others to get the care they need.

Some military families already face wait times. A [2018 survey](#) conducted by the Military Officers Association of America (MOAA) found that 28% of military families reported being “very satisfied” with TRICARE, but 22% were either very or mostly “dissatisfied.” More recently, [MOAA reported](#) that TRICARE beneficiaries “continue to voice dissatisfaction with the cost of their care, and many are experiencing access to health care issues more frequently as more military treatment facilities are reducing services.”

Hospitals and Doctors’ Offices Would Struggle and Could Close...

Private doctors and hospitals want to take care of our active duty military personnel and veterans, but they are generally paid less. Most are willing to take TRICARE’s lower payment rates because they want to care for America’s heroes. But if they had to accept those rates for everyone, the results would be similar to what the CBO predicts would happen if Medicare payment rates were to be universal: Doctors’ offices and hospitals would have difficulty making ends meet, and many would close, **especially in rural areas.**

Physicians are able to accept TRICARE’s payment rates because their practices also receive payments from private payers that fill the gap and keep their practices afloat. Without this mix of payments, many would go under.

Ask any doctor or hospital if they would be able to survive on Medicare payment rates alone, and virtually all would tell you it would be extremely difficult. See chart below to explain why.

A Twin of Medicare for All, With All of its Problems...

A TRICARE for All program would be a twin of Medicare for All, with the government making decisions about everything that is covered, or not covered, and how much doctors hospitals and others will be paid to provide the care.

The Congressional Budget Office analyzed the impact of a nationwide program in which all medical providers would be forced to accept Medicare payment rates, which are similar in many areas to TRICARE rates.

CBO says that “Setting payment rates equal to Medicare rates under a single-payer system would reduce the average payment rates most providers receive—often substantially.”

Further, “The number of hospitals and other health care facilities might also decline as a result of closures, and there might be less investment in new and existing facilities.” Rural hospitals would be hardest hit.

According to CBO, the government’s low payment rates “could lead to a shortage of providers, longer wait times, and changes in the quality of care, especially if patient demand increased substantially.”

The Vulnerable Would Struggle to Get Care...

We know where these government-run healthcare plans end up: The government tries to save money, it continues to ratchet down payments to providers, and ultimately care is rationed and waiting lines ensue. The most vulnerable patients would be the most severely impacted as they try to navigate a complex, bureaucratic system to get the care they need.

We don’t want this for our veterans or for any American.

So whether it’s Medicare for All or TRICARE for All, it inevitably will lead to government deciding what services will or will not be available, how much doctors and hospitals will be paid, and lower quality of care and rationing of services.

It is interesting that these political leaders are not calling for Obamacare for All. They know that leads to high-deductible plans with ultra-narrow networks and premiums that are so expensive that the government has to continue to pour tens of billions of dollars into the program to try to keep it afloat.

The American people are in no mood for the kind of major disruption we would see if the country were to switch to a TRICARE for All government-run health system.

We have a better idea...

Everyone should have a choice of plans that meet their needs and that they can afford.

Healthcare is simply too personal and complex to be run by government. Families should be in charge of their own decisions. They need a much broader range of choices of plans and medical providers who are competing on quality, choice, and price rather than bowing to government to follow expensive and burdensome rules and regulations.

It's Already Working in Other Programs...

Health care and coverage will be much more affordable in a market where providers compete to offer the best value for the best price to consumers who are empowered to make her own choices. We know this is possible to achieve these goals in both public and private plans. In Medicare, for example, private Medicare Advantage plans compete to provide people with more and better services than traditional fee-for-service Medicare. Today nearly half of seniors have voluntarily opted into private Medicare Advantage plans.

Of course we must and would support the most vulnerable and others who need assistance in purchasing help insurance. And we need rules to make sure consumers are protected—such as guaranteeing that their policies can be renewed, even if a patient has a pre-existing condition.

Before Obamacare, states like Iowa had done a good job of balancing consumer protections with consumer needs. Iowa used to have many choices of affordable private health plans for people purchasing their own coverage, but Obamacare basically ended that. Virtually all plans sold to individuals now must fit the government's mold and follow its rules and regulations that drive up costs and limit patients' choices of doctors and hospitals.¹

Obamacare's massive subsidies have increased the number of people with insurance, and [Iowa's uninsurance rate](#) is around 5%. But deductibles can be so high—for plans with very narrow networks of doctors and hospitals—that people say they might as well be uninsured.

Protection, Choice and Competition...

We want to preserve insurance gains but make coverage more affordable and give families greater choice among plans.

We need to a revival of consumer choice and competition by moving power and control over our health care system away from Washington bureaucrats to give doctors and patients more control over health care decisions and choices.

Our goal is to give everyone the same or better coverage as TRICARE with a choice of the plans and health care arrangements that suit them best—with extra help for the most vulnerable.

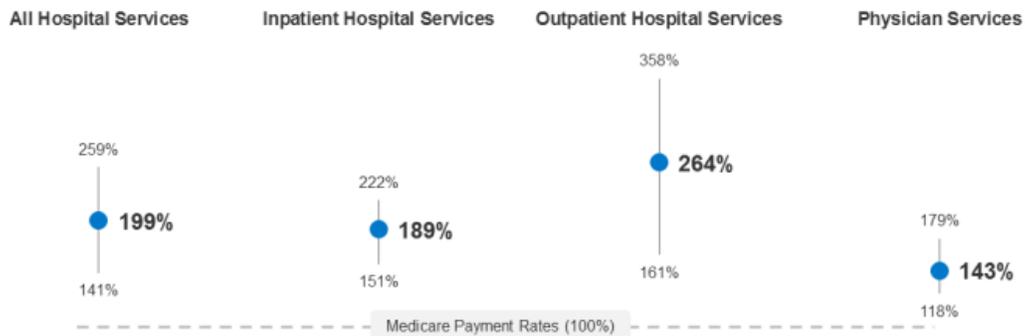
¹ Iowa also permits the Farm Bureau to sell coverage that is not subject to Obamacare regulations.

Medicare payment rates are much lower than private health plan payments. This chart from Kaiser Family Foundation uses Medicare rates as a baseline to show the comparison with average payment rates from private insurance plans. <https://www.kff.org/medicare/issue-brief/how-much-more-than-medicare-do-private-insurers-pay-a-review-of-the-literature/>

ES Figure 1

Private Payment Rates Are Higher Than Medicare Rates for Hospital and Physician Services

● Average Private Insurance Rates as a Percentage of Medicare Rates, Across Studies Using 2010-2017 Data



SOURCE: KFF analysis of 19 published studies comparing private insurance and Medicare payments to providers. Because some studies analyze payments to providers in multiple service categories, the number of studies across all categories is greater than 19.

