

As a young Virginian surviving well below poverty level, I find the idea of expanding Medicaid entirely illogical and a threat to Virginians at all economic levels. A look at the history of insurance and medical legislation reveals what obvious actions should be taken and encouraged by all of Virginia's representatives.

In 1910, the American Medical Association's (AMA) Council on Medical Education produced the *Flexner Report* claimed to be written by Abraham Flexner, a man self-proclaimed to not understand the qualities of medical education. The Flexner Report's recommendations, suggesting higher demands and rigid curriculums, were implemented by every state through a state licensing system with boards appointed by the AMA. In effect, America's 166 medical schools became a disgraceful 76 with only 50% of previous enrollment by 1930. America's medical industry became a monopoly where, still today, competitors have first to pay an average of \$208,000 to an AMA approved school to receive a license which can be taken away at any time. This leads to a shortage of doctors and the high prices associated with that shortage.

In 1929, a prepaid health care plan comes to fruition to guarantee a steady income for hospitals during the Great Depression. Then in 1939, the American Hospital Association (AHA) lobbied state legislatures for these plans, under the Blue Cross name, to not be treated as insurance. They met with fewer regulations and tax-exemptions. If these plans had been given the appropriate treatment they deserved, they would have failed. Of course, not bearing the weight of taxes and regulations, pre-paid plans thrived while competitive insurance plans, struggling with taxes and regulations, failed in an unfair market.

In 1942, in response to inflation due to wartime, the federal government implemented price and wage controls on businesses to prevent competitive wage raises when there was a shortage of labor. Then, they implemented the Stabilization Act which let employers offer health insurance instead of increased wages. Then from 1945 to 1954, legislation from the War Labor Board and the IRS offered employees who accepted health insurance as part of a benefits package, tax benefits further disguising health insurance as a better option over higher wages. Hard-earned money by the consumer to be spent anywhere, became hard earned pre-paid insurance to be spent only for insurance. Eventually this concept became a permanent part of the employment package and is still institutionalized today.

In 1965, Medicare was passed. So doctors would accept Medicare patients, legislators allowed doctors to be reimbursed at their own price and bill the patient who would then be reimbursed by Medicare. This allowed doctors to charge more than what Medicare would pay and the patient would end up paying out-of-pocket anyway.

In 1973, to control costs the Health Maintenance Organization Act was passed. Businesses with more than 25 employees now had to offer an HMO as an option for health insurance. The act also installed new federal agencies dedicated to developing HMOs. This resulted in a high increase of HMO members and, now with high demand, increased costs for

services previously unwanted. These HMOs combined the doctor and the insurer in the same organization effectively cutting out the patient of his/her healthcare options. Upsettingly, the physician works for the insurer, not the patient.

In 1983, in another attempt to control costs, a fixed priced system is adopted through Medicare. This fixed system led to lower quality care and a higher consumption of health care services. The resulting “quicker but sicker” hospital care increased mortality rates and increased multiple hospital admissions, as well as cost.

In light of the 2010 Affordable Health Care Act, Virginia now faces a critical decision. Two choices are available, continue or discontinue hurting consumer’s choices for health care. Expanding Medicaid will only increase the demand for health care and make costs soar even higher. Higher costs means it will be far less affordable for even more people which means less quality care. That is the only outcome. To believe it would be any different is illogical and ignorant of history.

When many states in the U.S. will begin to see medical costs and citizens suffer caused by further legislation expanding Medicaid and controlling the market, Virginia has the opportunity to stand out. Why not work on reversing the dependence on Medicaid to reduce demand? Why not remove regulations and taxes or tax-exemptions so consumers are no longer hurt by an unfair market? Virginia could flourish in the medical and insurance field and not only provide the best care to its citizens, but be a highly esteemed example to all of the United States. I implore you to end any Medicaid expansion and look to removing restrictions and preferential treatments over the commonwealth of Virginia that prevent a free market from working.