

GLOSSARY OF SOME HEALTH TERMS (August 15, 2022) p.1 of 4

Our current U.S. System of Healthcare is a fragmented, expensive, and complex multi-payer system of public and private for-profit insurance programs, with multiple types of insurance coverage, range of benefits packages, eligibility standards, premiums, and out-of-pocket costs, provider networks and payment rates.

We pay for healthcare directly and indirectly with insurance premiums, co-pays, out-of-pocket expenses, payroll taxes (Medicare), income taxes, school and property taxes (for local share of Medicaid and public employee health benefits expenses).

CMS& HHS websites include: [medicare.gov](https://www.medicare.gov); [Medicaid.gov](https://www.medicicaid.gov); [HHS.gov](https://www.hhs.gov); and links to an extensive annotated glossary and list of acronyms.

ACO: Accountable Care Organization

- A network of doctors and hospitals that shares financial responsibility for patient care, mainly for Medicare and Medicaid enrollees (examples – Human, United Health, Aetna have formed their own ACOs for the private market) [PNHP DCE Policy Primer]

ACO-REACH: Accountable Care Organization Realizing Equity Access and Community Health

- See CMS.GOV Feb. 24, 2022 Fact Sheet

CAPITATION:

- Where payer (e.g. Medicare) pays a third party (e.g. an insurer or DCE) a set monthly fee per patient to manage a patient’s health care needs. Typically, the third part is allowed to keep a certain percentage of the capitation fee as profit [PNHP DCE Policy Primer]

CMS: Centers for Medicare & Medicaid Services

- the agency within HHS responsible for administering Medicare and Medicaid [PNHP DCE Policy Primer]

CMMI: Center for Medicare & Medicaid Innovation

- [created by the ACA in 2010 to test and implement health payment models (e.g. DCE’s, ACO-REACH); [PNHP DCE Policy Primer]

CO-INSURANCE:

- percentage of medical bill not paid by insurance--the patient pays: co-pays, deductibles, etc.

DCE: Medicare Direct Contracting (DC) Entity

- a CMMI pilot program that aims to enroll Traditional Medicare beneficiaries into a third-party “Direct Contracting Entity.” Instead of paying doctors and hospitals directly for care, Medicare gives DCEs a monthly payment to cover a defined portion of each seniors’ medical expenses, allowing DCE’s to keep as profit what they don’t pay for in care. up to 40% Virtually any type of company can apply to be a DCE, including commercial insurers, venture capital investors, and even dialysis centers. Applicants are approved by CMS...” [Nov. 2021; DCE_OnePagerFinal; pnhp.org/DCEFactSheet]; [CMS_DirectContractingPolicyOverview]; [PNHP DCE Policy Primer]

ENVIRONMENTAL JUSTICE:

- “All people--regardless of race, color, national origin, or income--are entitled to equal protection from environmental and health hazards and equal access to the development, implementation, and enforcement of environmental laws, regulations, and policies.” [CDC definition; [cdc.gov](https://www.cdc.gov)]

FEE-FOR-SERVICE

- A method in which doctors and other health providers are paid for each service performed (at a pre-published rate). Examples of services include tests and office visits.

HHS: Health and Human Services

- parent agency (cabinet level position) responsible for administering Medicare and Medicaid through CMS [PNHP DCE Policy Primer]

HMO: Health Maintenance Organization

- type of Medicare managed care plan when group of doctors, hospitals, other health care providers agree to provide health care to Medicare beneficiaries for a set amount of money every month (usually to in-network providers); [cms.gov – Glossary link]. Can be used in commercial insurance plans and Medicare since 2003

MANAGED CARE:

- Includes HMO, CMP (Competitive Medical Plans, and other plans that provide health services on pre-payment basis, based either on cost or risk depending on type of contract they have with Medicare (see also Medical + Choice); [Glossary; cms.gov]

MANAGED CARE ORGANIZATIONS (MCO):

- Managed Care Organizations are entities that serve Medicare or Medicaid beneficiaries on a risk basis through a network of employed or affiliated providers.
- The term generally includes HMOs, PPOs, and Point of Service plans. In the Medicaid world, other organizations may set up managed care programs to respond to Medicaid managed care. These organizations include Federally Qualified Health Centers, integrated delivery systems, and public health clinics.
- [Glossary; cms.gov]

MEDICAID

- provides cooperative federal and state health care funded healthcare coverage for low-income people (elderly, people with disabilities, pregnant women and children) including long-term care services e.g. institutional nursing home care.
- **Medicaid coverage varies from state to state** because each state administers their programs differently in terms of eligibility, scope of services, and payment rates.
- Medicaid state plan authority and options to provide non-clinical optional benefits or broader services to address social determinants of health within and without managed care are being piloted in an effort to reduce health and healthcare disparities [Medicaid.gov] **[INSERT FIGURE 1:** <https://www.kff.org/medicaid/issue-brief/medicaid-authorities-and-options-to-address-social-determinants-of-health-sdoh/>

MEDICAL LOSS RATIO:

- percentage of revenues that an insurer or other capitated health care entity must spend on patient care. For example, Medicare Advantage plans must spend 85% of their revenues on patient care and may keep up to 15% as overhead and profit. [PNHP DCE Policy Primer]

TRADITIONAL MEDICARE

reimburses providers directly at a set rate for set rate for services provided; single payer, public, non-profit insurance, spend ~97% on patient care and 3% on administration and pays providers and hospitals directly with no “middleman.” and includes Medicare Part A-Hospital Insurance and Medicare Part B-Medical Insurance: [PNHP DCE Policy Primer]

- **MEDICARE PART A – HOSPITAL INSURANCE (aka Traditional/original Medicare)**
- **MEDICARE PART B – MEDICAL INSURANCE (aka Traditional/original Medicare)**

MEDICARE PART C – MEDICARE ADVANTAGE:

run mainly by for-profit insurers who pay providers for enrollees' care and keep what they don't spend on care as overhead and profit; subsidized by the government/taxpayers using the Medicare Trust Funds. Medicare Advantage for-profit insurers are allowed to keep **up to 15% profits**.

- [PNHP DCE Policy Primer]

MEDICARE PART D – PRESCRIPTION DRUG BENEFIT:

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MEDIGAP:

- policy sold by private insurance company to fill gaps in original (traditional Medicare) coverage or expand coverage - supplemental insurance

RISK SHARING:

- paying a third part (e.g. an insurer or DCE) a set amount for a patient's care; the third party may keep what it doesn't pay out for care as profit, or absorb what it pays out for care above the set fee as a loss. [PNHP DCE Policy Primer]

UNIVERSAL HEALTH COVERAGE:

- means that all people have access to the health services they need, when and where they need them, without financial hardship. It includes the full range of essential health services, from health promotion to prevention, treatment, rehabilitation, and palliative care. [definition; www.who.int]

-----Some References-----

- Health Affairs Blog: *Medicare Advantage, Direct Contracting, And the Medicare 'Money Machine,' Part 1: The Risk-Score Game*, Richard Gilfillan, Donald M. Berwick; <https://www.healthaffairs.org/doi/10.1377/hblog20210927.6239/full/>;
- Health Affairs Blog: *Medicare Advantage, Direct Contracting, And the Medicare 'Money Machine,' Part 2: Building On The ACO Model*, Richard Gilfillan, Donald M. Berwick; <https://www.healthaffairs.org/doi/10.1377/hblog20210928.795755/full/>;
- Feb. 2, 2022, 2:30 p.m. ET U.S. Congressional Hearing; U.S. Senate Committee on Finance, Subcommittee on Fiscal Responsibility and Economic Growth; "The Hospital Insurance Trust Fund and the Future of Medicare Financing"; finance.senate.gov/
- Medicare.gov; CMS, MLN Fact Sheet, MLN909330, April 2022
- Glossary; [cms.gov](https://www.cms.gov/)
- Social Security Works; Feb. 2022 Medicare-DCEs-Fact-Sheet
- PNHP Physicians_Proposal
- **[FIGURE 1: (<https://www.kff.org/medicaid/issue-brief/medicaid-authorities-and-options-to-address-social-determinants-of-health-sdoh/>)**
- **Article:** The recent March 31, 2022 article in The Nation, "Medicare for All is Not Enough" by David U. Himmelstein, Steffie Woolhandler, Adam Gaffney, Don McCanne, John Geyman; <https://www.thenation.com/article/economy/healthcare-corporations-private-equity/>