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Commissioner Mike Chaney

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MEDICARE FOR ALL

A Breakdown

[Abstract](#)

A closer look at “Medicare For All;” how it would work, who will pay for it, and how it would affect the healthcare system as we now know it.

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I. BACKGROUND

Medicare for All. At this point, most every American has heard this phrase. But what does it mean for us as individuals? As a country? While this seems to be a mainstream topic, recently made popular by Senator Bernie Sanders (I-Vermont), the concept has actually been in discussions and unresolved since 1904. Efforts to provide a form of universal health coverage date back to 1904 by the Socialist party.¹ In 1912 Theodore Roosevelt ran for a third (3rd) term and his platform included a “single national health service.”² In 1935, as part of the New Deal, Franklin Roosevelt tried to pass a universal national health insurance program as part of the Social Security Act.³ Additionally, Harry S. Truman also went on to advocate for it during his time in office (1945-1953).⁴

Truman proposed that every wage earning American pay monthly fees or taxes to cover the cost of all medical expenses in time of illness. The plan also called for a cash balance to be paid to policyholders, in the event of injury or illness, to replace the income those individuals lost.

His measured and careful description of the plan merits quoting:

¹Dr. Markel, *What 'Medicare For All' Means, Politically and Practically*; <https://www.cnn.com/2019/02/25/health/what-does-medicare-for-all-mean/index.html> (last visited April 23, 2019)

² *Id.*

³ *Id.*

⁴ *Id.*

“Under the plan I suggest, our people would continue to get medical and hospital services just as they do now — on the basis of their own voluntary decisions and choices. Our doctors and hospitals would continue to deal with disease with the same professional freedom as now. There would, however, be this all-important difference: whether or not patients get the services they need would not depend on how much they can afford to pay at the time...None of this is really new. The American people are the most insurance-minded people in the world. They will not be frightened off from health insurance because some people have misnamed it ‘socialized medicine.’ I repeat — what I am recommending is not socialized medicine. Socialized medicine means that all doctors work as employees of government. The American people want no such system. No such system is here proposed.”⁵

Despite its initial appeal to the public, the proposal quickly lost heat as the “American Medical Association (AMA) capitalized on the nation’s paranoia over the threat of Communism and, despite Truman’s assertions to the contrary, attacked the bill as “socialized medicine.” Even more outrageous, the AMA derided the Truman administration as “followers of the Moscow party line”” thereby losing some belief in the proposal.⁶

The mere fact this concept is still being debated after more than a hundred years clearly shows the divide of the people and the basic premise.

⁵ Dr. Markel, *69 Years Ago, a President Pitches His Idea For National Health Care*, <https://www.pbs.org/newshour/health/november-19-1945-harry-truman-calls-national-health-insurance-program>

⁶ *Id.*

II. WHAT IS “MEDICARE FOR ALL”

The topic was revitalized by Senator Bernie Sanders, I-Vermont, as part of his 2016 presidential campaign. Despite his electoral loss, the concept resonated with many democrats. In fact, according to a recent Kaiser Family Foundation Poll, 40% of Republicans also support the idea of federally provided health insurance.⁷ Medicare for All made its way to water cooler conversations across the country again in 2017, when, along with 16 Democratic co-sponsors, he introduced a Medicare expansion bill to cover all Americans.⁸

While most often the term “Medicare for All” is associated with Senator Sanders, in the summer of 2018, Democratic Rep. Pramila Jayapal of Washington helped found the ‘Medicare for All Caucus,’ which now has 78 Democratic representatives as members.⁹ So, the question remains...with all the hype surrounding Medicare for All, how does it work, who will pay for it, and how will it affect us as individuals and as a nation?

III. HOW WILL IT WORK

Currently, our healthcare system could best be described as a hybrid. About half of the money comes from the private sector-people who have private insurance through their

⁷ Dr. Gupta, *What 'Medicare For All' Means, Politically and Practically*; <https://www.cnn.com/2019/02/25/health/what-does-medicare-for-all-mean/index.html> (last visited April 23, 2019)

⁸ *Id.*

⁹ *Id.*

employers or who are self-insured.¹⁰ The other half is from the public sector-federal, state, and local governments paying into Medicare and Medicaid.¹¹

If the country adopts Sanders' proposal, people who are currently provided insurance through their employers would need to move to the government system. Sanders' plan would cover basic health services, as Medicare does now, and include dental and vision coverage with no copays. As long as your doctor was state-licensed and a certified Medicare provider, your visit would be covered.¹² But if your doctor chose not to participate in Medicare, you would have to either pay out of pocket or see a participating doctor. With that exception, supposedly the only potential for out-of-pocket fees would be for some prescription drugs and certain elective procedures.

If states wanted to fund additional benefits for their residents, under the Sanders proposal, they could, but they would have to do so without federal assistance.¹³

Aside from getting more people access to health care, supporters of Medicare for All say that switching to this method would create efficiencies to help bring down costs of health care. The US health care system now costs nearly double what other high-income countries pay, per capita.¹⁴

¹⁰ *Id.*

¹¹ *Id.*

¹² *Id.*

¹³ *Id.*

¹⁴ *Id.*

If Sanders' Medicare for All were to become law, it wouldn't happen overnight. It is estimated to take approximately four (4) years to become fully developed and would allegedly work as follows:

In the first year, Medicare would expand, with the age requirement lowering to 55 and will also include all children age 18 and younger. Approximately a year later, the minimum age requirement would drop to 45, and then drop again to age 35. Arguably, at that point we would have a fully integrated "Medicare for all" system.¹⁵

Similarly, Representative Jayapal's legislation would work as follows:¹⁶

- a. It would create a single-payer, government-funded health-care program within two years, eliminating the age 65 threshold for Medicare eligibility.
- b. It would not charge beneficiaries copays, premiums or deductibles.
- c. The plan would cover prescription drugs, vision, dental, mental health, substance abuse and maternal care. It would also provide universal coverage for long-term care for people with disabilities.

It is important to note that there has been no definitive explanation of funding in this proposal; just vague statements of higher taxes on the wealthy or contributions from employers; however, people are paying more attention and will expect to know exactly

¹⁵ *Id.*

¹⁶ Jacob Pramuk, *House Democrats Unveil a Sweeping 'Medicare-for-all' Bill - Here's What's in It* <https://www.cnbc.com/2019/02/27/democrat-pramila-jayapal-introduces-medicare-for-all-health-care-bill.html> (last visited April 23, 2019)

how said legislation will affect them and their family. A conservative group known as *Mercatus Group* estimated Medicare for All would cost approximately \$33 trillion over a decade. While Sanders or his representatives have not provided their own estimate, they claim the *Mercatus Group*' estimate is inflated.¹⁷

According to Rep. Jayapal (D-WA), Medicare for All Act of 2019, they are committed to working toward solutions that:

- Provide access to affordable health coverage to every American, no matter where they live or how much they earn;
- Empower patients with more options and control over their health care decisions;
- Keep the promise of Medicare for our nation's seniors;
- Maintain and strengthen the quality of coverage provided through Medicaid
- Expand access to high quality doctors, nurses, and specialists;
- Build on the strength and stability of the employer provided health coverage that more than 80 million Americans rely on today; and
- Improve patient care with the world's best and most innovative tools, treatments, and technology.

The House Rules Committee held a hearing on "Medicare for All" legislation on April 30, 2019, to examine the bill from Representatives Pramila Jayapal (D-Wash.) and Debbie Dingell (D-Mich.). According to the Rules Committee, the hearing was the first ever that Congress has held on Medicare for All legislation. The banter between Rep. Tom Cole of Oklahoma, the top-ranking Republican on the committee and Rules Committee Chair Jim McGovern, also reflected how far the bill still has to go. The two committees

¹⁷ Steve Goldstein, *Market Watch* - *Here's how Bernie Sanders says he would fund 'Medicare for All'*
<https://www.marketwatch.com/story/heres-how-bernie-sanders-says-he-would-fund-medicare-for-all-2019-04-10>
(Last visited May 30, 2019)

with the most significant claims of jurisdiction over the bill are Ways and Means and Energy and Commerce. Frank Pallone, D-N.J., chair of Energy and Commerce, has yet to agree to a hearing, although Jayapal told reporters that Ways and Means Chair Richard Neal, D-Mass., had agreed to hold one. But without a hearing or vote in major committees, it's unlikely to get a vote on the floor of the House this term.¹⁸

IV. HOW WILL THIS BE FUNDED

One of the biggest debates regarding the concept of Medicare for All is how to fund it. In order to determine funding, we have to first understand how much we are spending, and in what context, on healthcare. There are several numbers and types of spending to consider when we think about health care costs. Some types of spending are as follows:

a. **National health care spending:** It represents how much we as a country spend on things like drugs, doctors' visits and hospital care; including all sources of funding, both public and private. In 2017, the cost of health care was \$3.5 trillion. Over the decade from 2017 to 2026, the cost is expected to be \$45 trillion.¹⁹

b. **Federal health care spending:** This represents the federal government's share of national health care spending, which includes Medicare and Medicaid. Much of this comes from taxes. In 2017, federal health care spending was \$974 billion. Over 2017 to 2026, federal health care spending is projected to be \$13 trillion.²⁰

¹⁸ Ryan grim, Akela Lacy, The Intercept, *The First-Ever Medicare for All Hearing Was Strangely Collegial*, (April 30, 2019)

¹⁹ Jacob Pramuk, *House Democrats Unveil a Sweeping 'Medicare-for-all' Bill - Here's What's in It* <https://www.cnbc.com/2019/02/27/democrat-pramila-jayapal-introduces-medicare-for-all-health-care-bill.html> (last visited April 23, 2019)

²⁰ *Id.*

c. **Total government spending:** This is what states and local municipalities pay. It represents about half of total national health care spending; the other half comes from the private sector. In 2017, total government spending was \$1.56 trillion. Over the decade from 2017 to 2026, total government spending is projected to be \$21 trillion.²¹

Taking into consideration the above expenditures, Senator Sanders and proponents of Medicare for All have released the following analysis:

1. **Sanders' Medicare for All plan analysis:**

Sanders' analysis was based on 2016 Centers for Medicare & Medicaid Services health expenditure projections. CNN used Sanders' assumptions and applied the same savings ratios to the most current projections in this analysis of Sanders' data.²²

a. **National health care spending:** Using Sanders' assumptions, under Medicare for All, national health care spending for 2017 would have been just about \$3.2 trillion. Over the decade from 2017 to 2026, Sanders' total national health care spending would have been close to \$39 trillion. Keep in mind that Centers for Medicare & Medicaid Services projected that national health care spending under our current system is about \$45 trillion from 2017 to 2026. If Sanders' assumptions are correct, Medicare for All would lower national health care spending by about \$6 trillion over the decade. Sanders believes that those

²¹ *Id.*

²² Dr. Gupta, *What 'Medicare For All' Means, Politically and Practically*; <https://www.cnn.com/2019/02/25/health/what-does-medicare-for-all-mean/index.html> (last visited April 23, 2019)

savings would largely result from reduced administrative costs, reduced payments to physicians and lower prescription drug prices resulting from a single-payer system.²³

- b. **Government spending:** Sanders doesn't make a distinction between federal and state spending in his analysis. All of his spending is considered federal or public, since under the Medicare for All plan, the federal government is largely the single payer.²⁴

To pay for his plan, Sanders expects to fund it by means of the following:

- \$630 billion from a 6.2 percent income-based premium paid by employers
- \$210 billion from a 2.2 percent income-based premium paid by households making more than \$28,800
- \$110 billion from progressive income tax rates for Americans with yearly earnings over \$250,000
- \$92 billion from taxing capital gains and dividends in line with employment income
- \$15 billion from limiting tax deduction for Americans with yearly earnings over \$250,000
- \$21 billion from a new Responsible Estate Tax applied to the homes of Americans inheriting more than \$3.5 million

²³ *Id.*

²⁴ *Id.*

- \$310 billion from savings as health-related tax expenses become obsolete

According to Sanders, this breakdown shows Medicare for All is achievable without negatively impacting America's economy or household budgets.²⁵ "A family of four earning \$50,000 would save more than \$5,800 each year", he said. Further, Sanders states that while everyone will pay more in taxes, they will still make up for that by paying less in premiums in out-of-pocket expenses for health care.²⁶

While Sanders attempts to convey a definitive plan for how the system would be funded, critics of his plan dispute the accuracy of his plan.

Numerous articles have been written proposing manners in which government spending could be reduced in order to fund the program, including the "Sanders' plan" described above, but there is not a final consensus on how, or if, they could actually work. The plan still has a long way to go and for many Americans they simply do not have all of the information to make a decision.

V. THE PROS

As long as your doctor was state-licensed and a certified Medicare provider, your visit would be covered. There would no longer be consideration of whether or not the provider is "in network" or concerns over deductibles and/or co-pays.²⁷

²⁵ *What Medicare For All Really Means*; <https://www.unitedmedicareadvisors.com/what-does-medicare-for-all-mean/> (last visited April 23, 2019)

²⁶ Dr. Gupta, *What 'Medicare For All' Means, Politically and Practically*; <https://www.cnn.com/2019/02/25/health/what-does-medicare-for-all-mean/index.html> (last visited April 23, 2019)

²⁷ *Id.*

As Medicare for All changes the nation's health care to a single, public insurance system with a simpler payment structure, it promises to help America reduce healthcare spending by \$6 trillion over the next 10 years. American businesses also stand to save more than \$9,400 per employee every year.²⁸ In a recent statement by Bernie Sanders (I-Vt.), he states there is more good news: "By expanding that coverage to everyone, we will save Americans money. Under a Medicare for All system, we will no longer be paying those exorbitant CEO compensation packages, or the absurdly high administrative costs in the private insurance system. We will also be able to negotiate lower drug prices."²⁹

Ideally, the integrated single-payer Medicare for All system would give the government leverage to negotiate fairer pharmaceutical prices for all Americans. "It could also track health care provider usage, helping it make smarter spending choices to reduce wait times and better serve communities."³⁰

Another listed "pro" is the administrative savings to private health insurance companies as well as to providers, both of which generally have a staff that solely handles billing, claims, etc. In addition, the elimination of provider networks and applying "Medicare-like prohibitions" on balance billing would eliminate surprise billing.³¹

²⁸ *What Medicare For All Really Means*; <https://www.unitedmedicareadvisors.com/what-does-medicare-for-all-mean/> (last visited April 23, 2019)

²⁹ Bernie Sanders, *Medicare for All will save Americans from health care crisis*, <https://www.usatoday.com/story/opinion/2019/05/06/bernie-sanders-medicare-for-all-health-care-crisis-editorials-debates/1123223001/> (May 6, 2019)

³⁰ *What Medicare For All Really Means*; <https://www.unitedmedicareadvisors.com/what-does-medicare-for-all-mean/> (last visited April 23, 2019)

³¹ Linda J. Blumberg and John Holahan, *The Pros and Cons of Single-Payer Health Plans*, <https://www.urban.org/research/publication/pros-and-cons-single-payer-health-plans> (last visited April 22, 2019)

VI. THE CONS

If your doctor chose not to participate in Medicare, you would have to either pay out of pocket or see a participating doctor.³² An argument can be made that more and more doctors would simply not participate; thereby giving people a smaller pool of physicians to choose from.³³

Another strong argument against a single-payer health system is the wait times to receive treatment. In 2016, the Fraser Institute found a median 20-week wait in Canada between a generalist's referral and the time the patient actually received a definitive test or treatment/procedure from a specialist.³⁴

Additionally, some potentially beneficial elements of competition and incentives would be lost; for example, "differences in cost sharing would no longer encourage patients to use more efficient providers to be more efficient."³⁵

VII. HOW WILL THIS AFFECT "ME"

The impact on each person will likely be dictated by their opinions of the Medicare for All plan; for example, if a person is paying high premiums to insure his family for

³² Dr. Gupta, *What 'Medicare For All' Means, Politically and Practically*; <https://www.cnn.com/2019/02/25/health/what-does-medicare-for-all-mean/index.html> (last visited April 23, 2019)

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³⁴ Mark Siegel, *Bernie Sanders Medicare-for-all Plan Is All Wrong For America* <https://www.usatoday.com/story/opinion/2017/09/20/bernie-sanders-medicare-for-all-plan-all-wrong-for-america-marc-siegel-column/679134001/> (last visited April 23, 2019)

³⁵ Linda J. Blumberg and John Holahan, *The Pros and Cons of Single-Payer Health Plans*, <https://www.urban.org/research/publication/pros-and-cons-single-payer-health-plans> (last visited April 22, 2019)

routine healthcare, they may like the idea of paying little to no premiums or co-pays. Alternatively, if that same person has a family member that needs frequent specialized care, they may feel differently if, despite the low premium, he has to wait for months to get an appointment. Every American has a different situation and different healthcare needs and this plan will eliminate the choice.

VIII. CONCLUSION

As previously stated, arguments for and against Medicare for All, or any single-payer health system for that matter, are wide-ranging. There is still much confusion as to the specifics of how this system would work, and how it will be paid for. Without being able to put forward a concrete proposal and let people know how they will be affected, it can be overwhelming and daunting for individuals.

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