

## **As I See It: The case for Medicare for All**

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Even though his presidential quest was unsuccessful, Bernie Sanders could have contributed greatly if he had been able to convince Americans that Medicare for All is a good idea. Unfortunately, he did not manage to do this.

It did not help that he grossly understated the tax increases ordinary Americans will have to pay in order to finance a single-payer insurance system. It is impossible to finance a system accounting for 18 percent of the gross domestic product by increasing a family's taxes by a mere \$500, so his claim was not credible on its face. It invited charges that he was just another demagogue promising to pay for expensive programs by soaking only the rich. Everyone knows that something sounding too good to be true probably isn't.

Speaking frankly about the necessary tax increases would have made it harder for Sanders to convince people they would come out ahead financially despite the increased taxes. But there is actually a very strong case Sanders could have made that this would be true for most people.

The biggest obstacle to convincing people that Medicare for All would save them money is that most Americans grossly underestimate how much medical insurance already costs them. They only see co-pays, deductibles, and the so-called "employee share" of employment-based insurance. But for many people this is a small part of the total cost of their insurance. Substantial premiums are remitted by employers directly to insurance companies without ever showing up in cash wages and other taxable income.

The so-called "employer share" is usually misunderstood to mean that the employer is not just remitting the money but is actually bearing the cost. But for the employer this money is not a cost of insurance but a cost of labor. Like cash wages, the insurance is of great value to employees. If an employer paying market wages were to discontinue insurance without raising wages by the amount saved, total worker compensation would no longer be competitive.

In other words, employees are really paying — directly or indirectly — for all of their medical insurance: typical amounts range from \$8,000 per year for individuals to \$16,000 or more for family coverage. So as long as taxes to finance Medicare for All go up by less than this, people would come out ahead, since all of the costs they are currently paying would disappear.

Taxes would go up by less because Medicare for All would reduce or eliminate many current costs, thereby reducing the costs of the entire system. Eliminating high-priced executives and corporate profits would produce a small part of the savings. More substantially, huge staffs are now employed by hospitals and doctors to deal with complicated and varied policies of dozens of private insurance companies, which themselves have huge staffs processing claims and figuring out excuses for rejecting them. With only one insurer to deal with, expensive staffs could be decimated, producing immense savings.

If Americans understand where their bread is really buttered, they will support a single-payer system. Even though he will not become president, a totally frank Sanders campaign could have increased national understanding and paved the way for eventual progress. Even though he failed to do this, kudos to him for putting the issue squarely on the national agenda.

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