Medicare-for-All Would Cost Less While Covering More

As a country, we spend more than $10,000 per person on health care each year—by far the highest, per capita, in the world—and much higher than other comparably wealthy nations. Despite our enormous spending, the United States has the worst health outcomes of comparable countries. We are not getting what we pay for under our fragmented health care system.
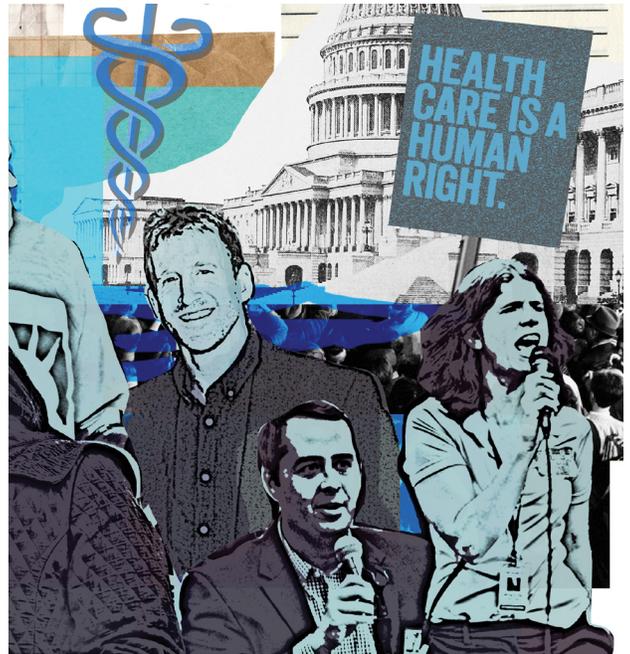
In per capita terms, public spending alone on health care in the U.S. is higher than what nearly every other wealthy country pays for its entire universal health care system. In other words, if our health care system were as efficient as these other countries, the health care costs currently paid by federal, state, and local governments—which account for nearly two-thirds of all U.S. health care costs—would be sufficient to provide universal access to care without adding a penny of additional spending. Further, that spending would be sufficient to improve access to mental health, dental, and vision care, even for Americans who already have coverage.

A number of studies have analyzed single-payer proposals at the state and federal level and most found we could reduce our total health care spending while expanding coverage to everyone in the United States and improving access to needed care by reducing administrative waste and leveraging the full bargaining power of the federal government on behalf of all Americans.

Among other things, Medicare-for-All would:

Build on the Efficient Foundation of Medicare

Medicare's low administrative costs have contributed to keeping Medicare's spending growth much lower than spending growth for private health insurance, even though enrollees in private insur-

Graphic courtesy of Isabelle Cardinal.

ance are generally younger and healthier than current Medicare beneficiaries. Over the past 20 years, the growth in health care spending for enrollees in private health insurance was nearly double that of Medicare beneficiaries, a disparity that will likely grow in future years.

Reap Huge Savings by Reducing Administrative Waste

Between one-quarter and one-third of U.S. health care dollars are spent on administrative functions, including insurance company overhead; administrative costs of providers; and the costs of employers managing workers' benefits. Through simplified administration under Medicare-for-All, we could save more than $500 billion a year.

Use the Government's Bargaining Power to Reduce the Cost of Care and Prescription Drugs

Allowing the federal government to use its full negotiating power would bring down health care and prescription drug prices. Basic health care prices for the same procedure vary wildly between health care providers, which reveals inefficiencies and overpriced services. The U.S. government would be able to negotiate reasonable prices for services, improving upon Medicare's current approach for setting prices for services. The federal government already successfully negotiates lower drug prices

for veterans. Given that Medicare-for-All would mean the government would be negotiating on behalf of everyone in the U.S., drug prices would be even lower than those already achieved for veterans once we implement Medicare-for-All. Various studies (including a recent study from the Mercatus Center, a conservative think tank) have found the potential for trillions of dollars of savings over the next decade under Medicare-for-All.

Incentivize Efficient Care by Creating Comprehensive Budgets for Hospitals and Providers
Having the federal government negotiate annual budgets with hospitals and other institutions would help control overall health care spending while ensuring access to needed care by separating funding for operating costs from funding for capital investments like building expensive new wings on existing facilities or buying equipment tied to profit instead of community need.

Reduce Expensive Care by Better Preventing and Treating Illness
Having access to medically necessary care, including preventive services, would reduce the incidence of many preventable diseases and allow earlier treatment for a variety of illnesses. This would reduce the need for expensive treatments later on. Nearly half of all Americans report that they avoided going to the doctor when sick or injured in the past year due to cost. And many Americans continuously put off care rather than risk medical debt and even bankruptcy just to get the health care they need.

Improving Access to Efficient Home and Community Based Services Thereby Reducing Costs
Improving access to home- and community-based services would increase the quality of life for patients with long-term care needs by allowing them to be treated in their choice of setting while also saving money compared with nursing home care.

A year of care in a nursing home costs more than twice as much as having a home aide for a year and five times as much as a year of care through adult day health care.

Use Progressive Funding Mechanisms to Ensure Sufficient Funding
There are many options to fund Medicare-for-All that would allow most Americans to pay less for health care than they currently do because health care overall would cost less. Medicare-for-All could rely on payroll taxes, taxes on Wall Street trades, taxes on high-income earners, a net worth tax, and a tax on unearned income (including investments, interest, profits, and rents). These funding sources would mean higher-income earners would finally pay their fair share while working families would pay less than they currently do for health care.

A RECENT POLL FOUND THAT MEDICARE FOR ALL
HAS BIPARTISAN SUPPORT

Improve the Economy and Increase Economic Growth
By freeing Americans from their dependence on their employers to maintain access to health care, Medicare-for-All would encourage entrepreneurialism. Workers who have employer-sponsored insurance are much less likely to start their own business than workers who receive health insurance through their spouse, are uninsured, or are eligible for Medicare. Medicare-for-All would also lift burdens from employers. The rapidly rising cost of health care premiums for companies on behalf of their employees is a drag on U.S. competitiveness. Medicare-for-All would improve Americans' overall health, reducing sick days taken and increasing productivity. The United States has among the most days lost due to disability among OECD due to Americans not having sufficient access to affordable health care.

For additional information, please contact ekemp@citizen.org.

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