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### **Getting the Facts Straight on the Costs and Savings of Medicare for All**

We absolutely *can* afford Medicare for All. Large, scary numbers are often tossed around by opponents, without comparing those numbers to the even bigger and scarier numbers we will spend if we do nothing to reform our broken for-profit health care system.

#### **\$3.6 trillion: What our health care system costs annually.**

Last year alone the U.S. spent around [\\$3.6 trillion](#) – more than \$10,000 per person – on health care, according to the Centers for Medicare and Medicaid Services (CMS).

This is by far [the highest spending in the world](#), per capita, and much higher than other comparably wealthy nations. Per capita [public spending on health care](#) in the U.S. – which accounts for nearly two-thirds of all U.S. health care costs – 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 was as efficient as the systems in these other countries, the [health care costs](#) currently paid by federal, state and local governments would be sufficient to provide universal guaranteed health care without adding a penny of additional spending.

#### **\$6 trillion: What our health care system will cost annually by 2027 if we don't act.**

Our health care spending is estimated to continue rising and will reach [nearly \\$6 trillion a year by 2027](#), meaning we will spend around [\\$47 trillion](#) on health care over the next decade. Comparable countries generally spend [about 10-12%](#) of their GDP on health care, while here in the U.S. that number is 18% and projected to grow.

#### **\$32 trillion: An incomplete, misleading number used by Medicare for All opponents as a scare tactic.**

Medicare for All opponents repeatedly claim that Medicare for All will cost \$32 trillion. But they're not telling the full story and so are presenting misleading information.

An oft-cited [study](#) by the Koch-funded Mercatus Institute estimates that Medicare for All would lead to increased federal spending of \$32 trillion from 2022-2031. That large and scary number gets a lot of headlines, but what often is omitted is that the study found that Medicare for All would [save \\$2 trillion](#) – even given that additional federal spending – when taking into account total health care costs during that that decade.

#### **Between \$2 trillion and \$5 trillion: What Medicare for All would save over a decade.**

In addition to the Mercatus study that found Medicare for All [would save \\$2 trillion](#) over a decade, a study from the Political Economy Research Institute (PERI) at the University of Massachusetts Amherst found the U.S. could reduce total health spending over a 10-year period by more than [\\$5 trillion](#) dollars. PERI found that Medicare for All spending would be approximately \$37.8 from 2017 to 2026, compared

with the CMS estimates of the current U.S. health care system costing \$42.9 trillion during that same period.

A [number of additional studies](#) have analyzed single-payer proposals at the state and federal level and most found Medicare for All would [reduce our total health care spending](#) while expanding coverage to everyone in the U.S. and improving access to needed care.

Our current system is rife with waste that Medicare for All would significantly reduce. 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](#).

Over the past 20 years, the cumulative spending in health care for enrollees in private health insurance grew by 29% from 2007 to 2013, [double](#) that of Medicare beneficiaries' spending growth (14%), a disparity that likely will grow in future years. Meanwhile, private insurance spending is estimated to grow by 104% by 2023 while Medicare spending is anticipated to grow only by 63%.

Further, by allowing the federal government to use its full negotiating power, Medicare for All would bring down health care and prescription drug prices. 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.

Another way to lower costs is to have the federal government [negotiate budgets](#) with [hospitals](#) and other institutions to help control health care spending and reducing the extremely wasteful administrative costs that come with having to bill for every single procedure and medical product. Such budgets would also [ensure sufficient funding](#) for needed care by separating operating expenses from funding for buying unwarranted equipment tied to profit instead of community need.

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. [Nearly half of all Americans](#) report that they avoided going to the doctor when sick or injured in the past year due to cost, meaning that many Americans put off care rather than risk [medical debt](#) and even bankruptcy just to get the care they need. Earlier treatment would reduce the need for more expensive care later on.

#### **14 percent: The amount the working families could save under Medicare for All.**

There are many [ways](#) to [pay for](#) Medicare for All that would allow most Americans to pay less for health care because overall [health spending would be reduced](#). About [two-thirds](#) of Medicare for All funding would come from taking current public spending streams for health care programs and funneling them to Medicare for All. To fund the rest of the spending, the government could rely on a number of potential mechanisms, including payroll taxes, taxes on Wall Street trades, taxes on high-income earners and improving the taxation of corporations. As a result, working families that make around \$60,000 a

year would pay up to [14% less](#) for health care. Most businesses also would pay around 10% less for any taxes to fund Medicare for All than they currently pay in rapidly rising premiums to insurers and other health care expenses.

[Specific mechanisms](#) that could be used include:

- Taxing Wall Street trades;
- Closing the capital gains and carried interest tax loopholes;
- Restoring and strengthening the Alternative Minimum Tax, which would ensure that corporations and wealthy taxpayers pay an adequate minimum amount of taxes;
- Applying a wealth surtax on billionaires and millionaires;
- Increasing the corporate tax rate, removing incentives to outsource investments, and taxing excess corporate profits;
- Raising the top tax rates for wealthy individuals;
- Strengthening the estate tax; and
- Bolstering the [payroll tax](#), while ensuring it is progressive by including exemptions for low-income households.

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