MEDICARE FOR ALL

CONTROVERSIAL ISSUES IN THE NEWS

CLOSEUP
WASHINGTON DC
Should the United States pursue a “Medicare for All” health care system?

INTRODUCTION

In September 2017, Senator Bernie Sanders, I-Vt., introduced the Medicare for All Act, a bill that would transition the United States to a single-payer health care system if signed into law. Since that time, several high-profile Democrats have embraced the idea, fueling a nationwide debate ahead of the 2020 presidential primaries. In this Close Up in Class Controversial Issue in the News, we will explore the Medicare for All Act, examine other proposals that aim to expand the government role in the health care system, and challenge you to weigh the pros and cons of the paths forward.

BACKGROUND

How Does the U.S. Health Care System Work? Few issues affect individuals as deeply and personally as access to health care. Yet high-quality health care services can be expensive, due to the substantial costs of technological innovation, pharmaceutical development, medical testing, and medical administration.

To help pay the costs of health care, most Americans obtain health insurance—a contract with an insurance company which agrees to pay some or all of a patient’s medical bills according to the terms of the policy. In return, the patient pays a fee (a premium) to the insurer on a regular basis. Depending on the insurance policy, some patients also pay a deductible (an amount a patient must pay for health care services in a calendar year before the insurer begins to contribute) and/or copayments (fixed fees at the time of service). For most insured people, the cumulative cost of premiums, deductibles, and copayments is much less than they would pay if they became ill and paid out of pocket for health care. Therein lies the mechanism on which health insurance operates—even though most people will not become seriously ill in a given year, their premiums, deductibles, and copayments help pay the costs for those who do.

As of 2017, approximately 91 percent of Americans had health insurance. A majority of Americans (55.3 percent) purchased insurance in the private market, allowing them to choose their insurers and their desired level of coverage. A smaller portion (35.6 percent) was insured through a government program.
So, where do Americans get their health insurance?

- **Employer-Based Plan (49 percent):** The largest share of Americans receive health insurance through their jobs. Their monthly premiums are deducted from their paychecks, and their employers pay additional insurance costs.4

- **Medicaid (21 percent):** Medicaid is a joint federal-state government program that provides health insurance to low-income and disabled Americans. To finance the program, states make payments to health care providers (such as doctors and hospitals) and the federal government reimburses states for a sizable share of those expenditures, with no fixed dollar limit.5

- **Medicare (14 percent):** Medicare is a federal government health insurance program for people aged 65 or older, as well as for people under the age of 65 with certain disabilities or end-stage renal disease.6 It is financed through two trust funds. The first trust fund collects payroll taxes—2.9 percent of workers’ wages, split by workers and their employers—that the government uses to reimburse doctors and hospitals for health care services. The second trust fund, financed by premiums and the general budget, goes toward prescription drug benefits and other services.7

- **Individual/Non-Group Plan (seven percent):** Some Americans purchase an individual or family insurance policy directly from an insurance company.

- **Other Public Program (one percent):** Some Americans receive government health insurance from the U.S. military or the Department of Veterans Affairs (VA).

- **Uninsured (nine percent):** Some Americans do not have health insurance because they do not want to purchase it, or because they cannot afford it.8

**What Is Medicare for All?** In September 2017, Senator Sanders introduced a bill that, if signed into law, would transition the United States to a single-payer health care system.9 So, what does that mean? A single-payer system is one in which the government operates a health insurance plan for all residents—one that is funded by taxation. This single government agency sets prices and pays doctor and hospital bills. Single-payer systems exist in other countries, including Canada, Denmark, New Zealand, Norway, Sweden, Taiwan, and the United Kingdom. In Canada and Taiwan, private providers contract with the government to provide health care; in Denmark, New Zealand, Norway, Sweden, and the United Kingdom, it is the government that owns, operates, and pays the health care providers.10

Senator Sanders’ Medicare for All Act would do the following:

- It would create a single, national health insurance program that would cover everyone who lives in the United States. The program would be implemented over a four-year period.

- The program would pay for comprehensive, medically necessary services, including doctor visits, hospital services, prescription drugs, mental health care, dental care, and vision care.11

- Individuals would no longer pay premiums, deductibles, or copayments. They would, however, still face costs for prescription drugs (limited to $200 per year) and long-term care.

- The government would set payment rates for health care services, drugs, and medical equipment. Each year, the secretary of Health and Human Services would determine a national budget for all covered services and spending would be limited by that cap.12

- The government program would replace all other insurance with limited exceptions (such as cosmetic surgery). It would eliminate employer-based insurance and, eventually, Medicaid and Medicare. The VA and Indian Health Services health care systems would remain in place.13

Thus, the Medicare for All Act is not an actual expansion of Medicare; it is much more generous than the current Medicare program (which requires beneficiaries to pay a share of the costs). So, how much would this program cost? And how does Senator Sanders propose to pay for it?
Senator Sanders released a list of potential funding options, including a 7.5 percent payroll tax on employers, a four percent income tax on households, a wealth tax on the top 0.1 percent of earners, and the implementation of higher marginal income tax rates (40 percent on income between $250,000 and $500,000; 45 percent on income between 500,000 and $2 million; 50 percent on income between $2 million and $10 million; and 52 percent on income above $10 million). Senator Sanders estimates that these proposals would generate $16 trillion in funding over ten years.¹⁴

However, it is not certain that $16 trillion would cover the ten-year costs of Medicare for All. In 2018, the libertarian-oriented Mercatus Center at George Mason University released a report that estimated the price tag of Medicare for All at $32.6 trillion over ten years.¹⁵ Two years earlier, Kenneth Thorpe, a health finance expert at Emory University, predicted that the 2016 version of Medicare for All would cost roughly $25 trillion over ten years.¹⁶

Thus, much remains unknown about the potential effects of Medicare for All.

- How much would taxes increase—and for whom—in order to fund a single-payer system?
- Would those taxes be a smaller or greater burden than paying premiums, deductibles, copayments, and out-of-pocket costs in the current system?
- Would the government be able to use its bargaining power to lower the costs of health care services as dramatically as Senator Sanders predicts?
- Would insulating patients from out-of-pocket costs drive usage and overall health care spending to unsustainable levels, leading to long waiting periods for procedures and rationed services?
- Would a single-payer system lead to better health outcomes for the American people?

How would the Medicare for All Act affect you?
Should the United States pursue a “Medicare for All” health care system?

When Senator Sanders unveiled the Medicare for All Act of 2017, he did so with the support of 16 consponsoring Democrats, including several 2020 presidential candidates (Senators Cory Booker, D-N.J., Kirsten Gillibrand, D-N.Y., Kamala Harris, D-Calif., and Elizabeth Warren, D-Mass.). Although the bill has no chance of passing the Republican-controlled Senate or earning the signature of President Donald Trump, it is playing a sizeable role in the health care policy debate leading up to the 2020 election.

Some Democrats are pushing for an even more dramatic expansion of public health insurance programs. In February 2019, Representative Pramila Jayapal, D-Wash., unveiled a Medicare for All bill that is more aggressive than Senator Sanders’ proposal in two ways: It would transition the country to a single-payer system in two years (instead of four) and create a government-run long-term care system for people with disabilities. The bill, which does not specify how it would be funded, has 106 consponsoring Democrats in the House of Representatives.

Others are calling for more incremental expansions of public health insurance programs.

- Senators Tammy Baldwin, D-Wis., Sherrod Brown, D-Ohio, and Debbie Stabenow, D-Mich., introduced the Medicare at 50 Act in February 2019, which would make Medicare coverage available to people between the ages of 50 and 64. The bill targets Americans who are approaching retirement or who retire before the age of 65, who have increasing health care needs and costs, and who are often affected by premium increases.

- Senator Michael Bennet, D-Colo., and Representative Brian Higgins, D-N.Y., introduced the Medicare-X Choice Act in October 2017, which would allow anyone to buy into a government insurance plan that uses the network of Medicare providers and physicians, at similar rates. The program would be made available first in areas with few health care providers or only one insurer offering health care coverage.

- Senator Brian Schatz, D-Hawaii, and Representative Ray Lujan, D-N.M., introduced the State Public Option Act in October 2017, which would expand Medicaid from a program available only to Americans at or slightly above the poverty level to a program that anyone could buy into.

As Democrats continue to craft their health care policy priorities ahead of the 2020 presidential primaries, Americans are debating the merits of the Medicare for All Act. Supporters of the bill argue that it is well past time for the United States to guarantee universal health care coverage to all Americans. But opponents insist that a single-payer system would require massive tax increases, bankrupt the government, and destroy the workings of the U.S. health care system.
SHOULD THE UNITED STATES PURSUE A “MEDICARE FOR ALL” HEALTH CARE SYSTEM?

**YES:** It is well past time to guarantee universal, affordable health care in the United States.

In too many ways, the U.S. health care system is broken.

In 2017, the United States ranked second-to-last among the 35 member nations of the Organisation for Economic Co-operation and Development (OECD) when it came to the percentage of the population with insurance coverage for core health care services. At the same time, health-related spending in the United States reached 17.2 percent of gross domestic product, dwarfing the OECD average of nine percent. The United States also spent nearly $10,000 per person on health care that year, more than twice the OECD average of roughly $4,000. Despite these levels of spending, U.S. life expectancy stood at 78.8 years, almost two years less than the OECD average.

These are not the statistics of a system that is working. At a time when 43 percent of low-income adults report having unmet health care needs due to cost, it is time to embrace the Medicare for All Act. “Since the administration of President Franklin Delano Roosevelt, there has been widespread discussion in this country about the need to guarantee health care to all as a fundamental human right,” said Senator Sanders. “Today, at a time when every other major country on earth guarantees health care to every man, woman [sic], and child, it is time for the United States to fulfill that goal.”

Under the Medicare for All Act, every U.S. resident would be covered for comprehensive medical services. Americans would no longer face concerns about whether or not they can afford insurance, whether or not an insurance company will pay for a procedure, and where they will find new insurance if they lose their job. “Americans will no longer have to pay premiums, co-payments, or deductibles to private health insurance companies that put profits over the needs of the American people,” said Senator Sanders. “Instead of writing a big check to private health insurance companies, most Americans and businesses would be paying a much smaller percentage of their income to fund Medicare for All.”

The benefit of a single-payer system like this is that it tends to have lower administrative costs than a system with many private insurers. In fact, a 2011 study by Health Affairs estimated that U.S. doctors spend four times as much money interacting with health insurers and payers as Canadian doctors. Single-payer systems also tend to feature lower prices for services, as doctors and pharmaceutical companies do not have much choice but to accept the terms set by the government.

“It’s about understanding that access to affordable health care should not be a privilege, it should be a right,” said Senator Harris. “Your access to public education, public health, or public safety should not be a function of how much money you have.”

**NO:** This socialist experiment would raise taxes, bankrupt the government, and harm health care.

The danger of Medicare for All is that it makes grand promises that the government cannot keep. In reality, single-payer health care would require massive tax increases, destroy the quality of health care, and bankrupt the government. “It’s government control to an unprecedented degree over your health care decisions,” said Representative Kevin Brady, R-Texas.

Senator Sanders has grossly underestimated the costs that would come with his program. Independent studies have concluded that the Medicare for All Act would likely cost between $25 trillion and $33 trillion over ten years. To place that number in perspective, the entire federal budget for fiscal year 2019 was $4.4 trillion.

Thus, a program that promises free insurance is actually full of huge hidden costs. It would eliminate premiums, deductibles, and copayments, but it would replace them with new taxes. Doctors and hospitals would likely face pay cuts. The health insurance industry would be eliminated—along with hundreds of thousands of jobs. And because Medicare for All would insulate patients from all out-of-pocket costs, it would likely drive usage of the system through the roof, leading to long waiting periods for care, skyrocketing costs for the system, and the need to ration health care services. “No other developed nation has zero out-of-pocket costs,” noted Drew Altman, president of the Henry J. Kaiser Family Foundation.

The United States has already witnessed the failure of single-payer health care. Senator Sanders’ home state of Vermont adopted single-payer legislation in 2011 but scrapped it three years later, after Governor Peter Shumlin, D-Vt., concluded that the new taxes needed to support the program (an 11.5 percent payroll tax on businesses and an income tax of up to 9.5 percent) would damage the economy.

Single-payer advocates often cite Canada, New Zealand, Norway, and the United Kingdom as examples of where this system works. But they fail to acknowledge the very real strengths of the U.S. health care system. The United States is a significant innovator of medical technologies and pharmaceuticals, and a leader in cancer survival rates. U.S. patients also face much shorter waiting periods for elective surgeries than patients in many other developed countries. In 2015, for example, the median waiting period for hip replacement surgery was 76 days in New Zealand, 79 days in the United Kingdom, 92 days in Canada, and 125 days in Norway.

In the end, single-payer health care would eliminate choice, competition, and innovation, all in the interests of creating a nation of government dependents. “If you want a socialist experiment with Medicare, by all means vote Democrat,” wrote Senator Rick Scott, R-Fla.
1. Do you support the Medicare for All Act? Explain your reasoning.

2. Do you support any of the other proposals to expand public health care programs? If so, which one(s)? Why? If not, why not?

3. Do you believe the United States should be pursuing a single-payer health care system? Why or why not?


23. Ibid.


25. Ibid.


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