

FAQ -- Medicare for All

This document is intended to provide basic information regarding America's approach to providing - or, more accurately - paying for access to health care. In particular, this document will provide - hopefully in an easily-read format -- information about Medicare for All - regarded by many to be the future foundation of how our citizenry will gain access to health care here in the United States - its Doctors, Nursing Care, Hospital and associated health care facilities. The format for presentation is that of a FAQ (Frequently Asked Questions), and is intended to consolidate various informational aspects such that one will be able to speak knowledgeably when one engages in conversation on this often misrepresented topic; one that is sure to dominate debates and discussion during the 2020 election cycle.

So let's dive right in, starting with -

What is Medicare for All?

Medicare for All (hereinafter referred to as M4A) is an extension of the US Government's program for those citizens 65 years and over, whereby their healthcare is paid from the pool of funds that individuals have contributed throughout their working lives. Under M4A, all citizens would now participate and enjoy the benefits of being insured for their basic health care needs, as well as being insured for catastrophic health care events and long-term illness. Under M4A, the US Government will be the "single payer" on any health care expenses.

What are the fundamental goals of an M4A system?

- ✓ To insure everyone, thereby making health care available to all;
- ✓ To significantly improve health care outcomes for everyone living in the United States;
- ✓ To establish cost controls throughout the health care system.

Further, the U.S remains the only major country on earth that allows chief executives and stockholders in the health care industry to get incredibly rich, while tens of millions of people suffer because they can't get the health care they need.

What are the advantages of M4A?

- ✓ Simplification of access to health care (no longer having to deal with private insurance companies)
- ✓ Cost reduction throughout the health care system (through the leverage that the government - a single bargaining entity - brings to the table)
- ✓ Elimination of deductibles, copays and premiums - costs that are over and above the premiums paid to private insurance companies. These costs can be a major deterrent to seeking proper and timely medical care

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- ✓ Health care coverage for all U.S. citizens - what many consider to be a fundamental right, rather than the privilege it is with today's system, based on one's ability to pay for insurance
- ✓ Expansion of Medicare's current limited coverage; eventually covering the cost of all medical necessities (e.g. - dental, vision care, and access to mental health programs)
- ✓ Coverage for all health care needs whether routine preventive care or that for catastrophic or chronic conditions. Concern over coverage of pre-existing conditions would be a thing of the past.
- ✓ Portability of coverage - severing the link between one's job and one's ability to pay for health care. Today, many are tied to jobs they may no longer find desirable for fear that leaving that job would mean loss of health care insurance.

Is M4A – as many try to claim – a takeover by the U.S. Government of our health care system?

Emphatically - No! The healthcare system as we know it today - our doctors, nurses, hospital staff, our network of hospitals and other care facilities -- would not become government employees or entities under the control of the government. What would change is the means by which these health care professionals and organizations are paid. Rather than employing administrative staff to deal with the labyrinthine patchwork of insurance organizations, and the need to negotiate through their complexities simply to get paid, there would now be but one payer for their rendered services. Would that be perfect? Not necessarily, especially at first; but certainly much better than today's hodgepodge of a payment system.

What would happen to today's healthcare insurance industry?

Since the ultimate goal of M4A is to provide comprehensive coverage of all medically necessary procedures, the role played by today's insurance giants - Aetna, BCBS, Cigna, Humana, etc. - would be greatly diminished. Clearly this is a concern if one is employed in this segment of our economy (approximately 1% of the workforce - several hundred thousand workers). That will be part of the challenge and costs associated with making the transition to M4A.

From a cost perspective, why is M4A a better way of paying for our necessary medical expenses?

Think of the fundamental mandate of any U.S. company - that is, to make a profit for the shareholders. That means that for every dollar paid today into the system through health care insurance premiums, a certain portion of that dollar is not spent on providing actual health care services. Further, these health care organizations have considerable administrative and marketing costs associated with their operation (think - million dollar

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chief executive salaries, advertising costs, etc.) -- in total this overhead can amount to as much as twenty percent; none of those dollars are paying for a single doctor's visit. So therein lies a source of significant inefficiency - one that is largely avoided with M4A. In fact, it can be shown that for every dollar flowing into today's Medicare, over 98% of those dollars go to paying for actual health care services; one can expect a similar result from M4A. In short, one can look upon the commercial organizations providing health care insurance as, at best, an inefficient means of directing dollars into paying for health care services. Less charitably, these organizations are merely skimming money off the top of your hard-earned expensive health care insurance premiums and are providing very little of value in the way of medical treatments. Worse yet, one of their primary means of "revenue enhancement" (i.e. --increasing their bottom line), is through the denial of claims. Those statements may be a harsh indictment, but it is a fact in today's world of health care.

Sounds expensive – How in the world will we be able to afford M4A?

An excellent one-page economic summary is provided with this document. It concludes that even with accounting for the increase in demand for medical services (serving all those that were formerly un- or under-insured), that yearly U.S. medical spending costs can be expected to decrease by nearly 20%. While it may take time to complete the transition from our present system to M4A, and acknowledging the invariable hiccups along the way (not to mention the potential for outright attempts to sabotage this effort - remember the frenzied and determined efforts to derail the Affordable Care Act?), we will ultimately spend less under M4A than with our present system. Further, there is the strong likelihood that the inexorable yearly cost increases in all aspects of our health care system - from hospital stays, doctor's visits, diagnostic procedures and drug costs - can and will be better contained under an M4A single payer system.

So how will we pay for M4A?

Let us understand that the path to accomplishing this transition will not be an easy one. There will be bumps along the way, and there will be attempts to paint M4A in the worst light possible. Never forget that there are potent and well-funded forces that do not want to see this change for the better occur. They will be relentless and ruthless in their opposition to seeing this happen.

Today's system - for those that are under the age of 65 (not on Medicare), or for those that are covered under some other government program (like the Veteran's Administration, or the coverage plan afforded to our Congress) - is funded through the payment of your ever-increasing health care insurance premiums. For those fortunate

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enough to work for an employer that provides health care insurance as a benefit, you are somewhat shielded from bearing the brunt of this considerable yearly expense. But make no mistake; this is a significant cost that is being paid by your employer who is heavily subsidizing the cost of insuring you as part of your total compensation package; your bi-weekly payroll deduction may be as little as 20% of the overall cost of you and your family's insurance premium. If not on a "company-subsidized plan", you deal with the full sticker shock of paying for health care insurance on the open market. Under M4A, your insurance premiums (and those paid by your company - if applicable) would go away. Instead, you would pay into the M4A program in the form of increased taxes, much in the way that you pay into the Medicare/Medicaid system today.

Granted, this proposed move to M4A offers great benefits and will no doubt cost a great deal of money. However, we are already spending a great deal of money, and costs are relentlessly rising on a yearly basis - with no end in sight. Unless some form of cost containment is put in place - and M4A offers that possibility through the leverage a single payer can bring - we are going to continue to pay ever-increasing health care insurance premiums, either through our employer-subsidized plans or on the open market. By eliminating the built-in profit motive and high overhead expenses associated with the commercial health care insurance industry, we will lower our overall costs and our individual contributions. But to be clear, there are costs to be borne, and there is no pie-in-the-sky solution to this. M4A will not be free, and, like today's Medicare/Medicaid, will be funded through a tax stream, but accompanied by a corresponding overall cost reduction (through elimination of insurance premiums). It would be foolish at this time to make absolute predictions as to how this will work out in terms of any individual's or organization's bottom line. One can only look to overall cost reduction and containment of future increases with an expectation that your, and our entire Country's health care costs will stabilize.

TABLE S1
Key Assumptions for Estimating Overall Costs of Medicare for All

1) Overall increase in health care demand through universal coverage	12.0%
<i>Sources of system-wide cost savings</i>	
2) Administrative restructuring	9.0%
3) Pharmaceutical price reductions	5.9%
4) Uniform Medicare rates for hospitals and physicians/clinics	2.8%
5) Improved service delivery/reduced waste and fraud	1.5%
6) Total cost savings (= rows 2+3+4+5)	19.2%

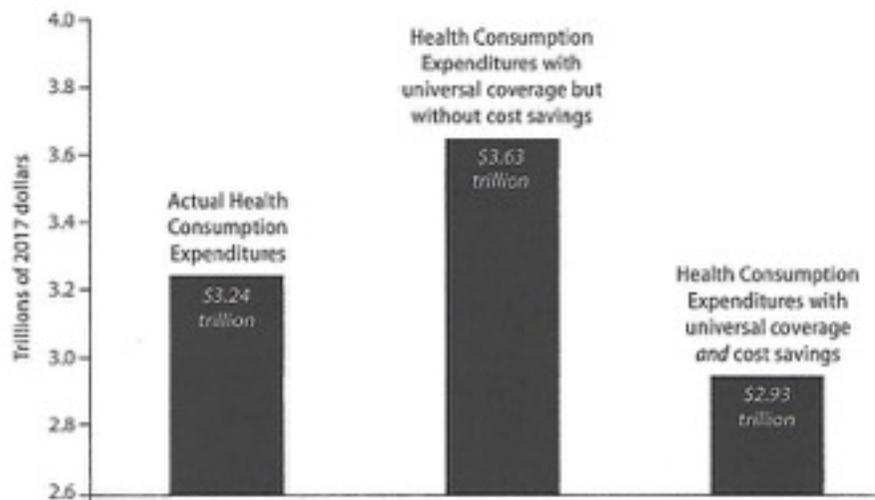
Sources: See Tables 8 and 15.

TABLE S2
Impact of Demand Increases and Cost Savings on Overall Health Care Costs

1) Actual health consumption expenditures in 2017 (figure is exclusive of public health budget)	\$3.24 trillion
2) Health consumption expenditures with universal coverage and existing system (with 12.0 percent increase in demand)	\$3.63 trillion (=row 1 x 1.12)
3) Total cost savings through Medicare for All provisions	19.2%
4) Health consumption expenditures with universal coverage and total cost savings	\$2.93 trillion (= \$3.63 trillion x 0.808)

FIGURE S1: U.S. Health Consumption Expenditures: Actual and Estimated under Medicare for All

Figures are for 2017, exclusive of public health spending



Source: See Table 16.