



**TO:** Interested Parties

**FROM:** Lauren Crawford Shaver, The Partnership for America's Health Care Future

**RE:** Answering Key Questions About New Government-Controlled Health Insurance Systems

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As public opinion research continues to show, health care remains a top priority for voters and is sure to be a major topic during tonight's presidential debate. But some candidates have been avoiding key questions or providing misleading answers when it comes to the unaffordable costs and risks associated with their calls for new government-controlled health insurance systems – like Medicare for all, the public option and buy-in.

Proponents of Medicare for all “are scrambling to ease concerns that it would create higher costs for many middle-class Americans,” *The Washington Post* reports, and Senator Elizabeth Warren (D-MA), in particular, has gone out of her way to avoid acknowledging the higher taxes Americans would need to pay under Medicare for all:

*Warren has been pressed in a variety of settings – on debate stages, in interviews, on late-night television shows – but has avoided the question of costs to the middle class. MSNBC's Chris Matthews asked her the question in late July several times without an answer, to the point that he said in frustration, “I'm not getting anywhere.” When asked specifically how she would finance Medicare-for-all, Warren's campaign said that she is “reviewing the options” suggested by Sanders and is also examining “other options” for how to pay for the plan. Her campaign would not outline what that entails.*

Other proponents of a one-size-fits-all system, like Senator Bernie Sanders (I-VT), continue to push misleading claims that under Medicare for all, “the middle class would see overall costs go down,” but “economists say that most taxpayers would pay more in taxes than they would save from having the federal government absorb the cost of health-care premiums,” *The Post* also reports:

*Although [Medicare for all's supporters] have frequently stressed that the middle class would see overall costs go down, a wide range of experts ... say it is impossible to make those guarantees based on the plans that the candidates have outlined so far. “Obviously, all of the 180 million people who have private insurance are not going to pay less. It's impossible to have an ‘everybody wins’ scenario here,” said Kenneth Thorpe, chairman of the health policy department at Emory University. “The plan is by design incredibly disruptive. As a result, you create enormous winners and losers.” “There's no question it hits the middle class,” he added. John Holahan, a health policy expert at the nonpartisan Urban Institute agreed: “Even though high-income people are going to pay a lot more, this has to hit the middle class.” ... “Most of the proposals to move to Medicare-for-all would involve substantial tax increases that would affect most people,” said Katherine Baicker, an economist at the University of Chicago who specializes in health policy. “These are going to be big tax increases. The tax brackets may have to shift. You may have to do more than just*



*dialing up the top tax bracket in a realistic accounting.” “I think it seems likely under most proposals taxes would have to go up substantially unless you dramatically cut the health care you’re getting,” she added. “And I don’t think most proposals envision substantially cutting back on care. And most envision expanding care which means you’re spending more unless you dramatically cut the price per service.”*

So, while proponents of one-size-fits-all systems continue to obfuscate and mislead about what their proposals would mean for hardworking Americans, here are some fast facts to keep in mind.

### **Medicare For All Would Force Americans To Pay More...**

Independent analysts estimate the cost of Medicare for all could be more than \$32 trillion over 10 years, and the nonpartisan Committee for a Responsible Federal Budget (CRFB) finds that even a low-end estimate of \$30 trillion over a decade “would mean increasing federal spending by about 60 percent (excluding interest)” and “require the equivalent of tripling payroll taxes or more than doubling all other taxes.” The bill’s author, Senator Bernie Sanders (I-VT) even acknowledged recently that Americans making more than \$29,000 per year would “pay more in taxes” for Medicare for all.

- “According to a study from the Urban Institute (and a follow-up paper), Medicare-for-all would still add \$32.6 trillion to national health spending over 10 years. The study goes on to state that Sanders’s proposed tax increase would be insufficient and that additional revenue would be needed.” (Atthar Mirza, “Would Bernie Sanders’s Medicare-For-All Save Americans Money?” The Washington Post, 6/3/19)
- “Although [Medicare for all’s supporters] have frequently stressed that the middle class would see overall costs go down, a wide range of experts ... say it is impossible to make those guarantees based on the plans that the candidates have outlined so far ... ‘It’s impossible to have an ‘everybody wins’ scenario here,’ said Kenneth Thorpe, chairman of the health policy department at Emory University ... ‘There’s no question it hits the middle class,’ he added. John Holahan, a health policy expert at the nonpartisan Urban Institute agreed: ‘Even though high-income people are going to pay a lot more, this has to hit the middle class.’ ... ‘Most of the proposals to move to Medicare-for-all would involve substantial tax increases that would affect most people,’ said Katherine Baicker, an economist at the University of Chicago who specializes in health policy. ‘These are going to be big tax increases.’ ... ‘I think it seems likely under most proposals taxes would have to go up substantially unless you dramatically cut the health care you’re getting,’ she added.” (Matt Viser & Sean Sullivan, “Will Medicare-For-All Hurt The Middle Class? Elizabeth Warren And Bernie Sanders Struggle With Questions About Its Impact.” The Washington Post, 10/5/19)
- “[F]or many [Americans], higher taxes would exceed any savings ... [T]he 181 million taxpayers with employer-sponsored coverage could miss out on the benefits of the Sanders plan, and even those receiving Medicaid could pay more, according to health-



care policy experts on both sides of the political spectrum ... payroll taxes and income tax increases would necessarily have to be part of the plan ... Many of the 181 million taxpayers with employer-sponsored coverage are likely to see their taxes go higher than their current health care spending, because about 56% of their medical costs are covered by their company ... Those on Medicaid, the government-sponsored insurance program for the poor, are likely to see their tax burdens rise far beyond their current health spending.” (Laura Davison, “Bernie Sanders Predicts His \$10,000 Tax Hike Will Save You Money. Watch The Fine Print,” *Bloomberg*, 7/2/19)

- CRFB’s Marc Goldwein: “There’s no possible way to finance [Medicare for all] without big middle class tax increases.” (Jeff Stein, “Democrats’ 2020 Policy Proposals Almost Certainly Require Middle-Class Tax Hikes,” *The Washington Post*, 3/28/19)
- “Tax experts ... say that you can’t raise enough money from taxing the rich and that the levies on all Americans may exceed the savings for more people .... This may be particularly true of low-income folks.” (Tami Luhby, “Can Taxing The Rich Pay For Bernie Sanders’ Medicare For All Plan?” *CNN*, 4/16/19)
- *The New York Times* editorial board acknowledged recently that “[i]n Vermont and Colorado, legislators dropped bids for a state-run single-payer system when it became clear that people would not support the tax increases needed to sustain such a program.”
- Vermont’s Democratic governor admitted that the 11.5 percent payroll tax and 9.5 percent income tax that were proposed to finance the system were too much for taxpayers to accept: “‘The biggest problem was money,’ Shumlin said at Harvard. And he couldn’t promise lawmakers that they wouldn’t need to hike taxes again later to accommodate rising health care costs.” (Lauren Clason, “Single-Payer Health Care Systems Are No Easier In The States,” *Roll Call*, 3/29/19)
- Democratic New York Governor Andrew Cuomo said “no sane person will pass it,” and “you’d double everybody’s taxes” to pay for it. (Edward-Isaac Dove, “Andrew Cuomo’s Case For 2020 – No, Really,” *The Atlantic*, 3/3/19)

### ... To Wait Longer For Worse Care ...

“[P]roviders warn [Medicare for all] could significantly hurt their ability to provide adequate, widespread care. A recent report from the Congressional Budget Office [(CBO)] reinforces this concern: ‘Such a reduction in provider payment rates would probably reduce the amount of care supplied and could also reduce the quality of care.’” (Atthar Mirza, “Would Bernie Sanders’s Medicare-For-All Save Americans Money ” *The Washington Post*, 6/3/19)

- CBO: “patients might face increased wait times and reduced access to care,” and such a system “could also reduce the quality of care,” while “[t]he number of hospitals and other health care facilities might also decline as a result of closures, and there might be less investment in new and existing facilities.” (“Key Design Components And



Considerations For Establishing A Single-Payer Health Care System,” Congressional Budget Office, 5/1/19)

- Experts are growing increasingly worried about the “violent upheaval” a Medicare for all system would cause hospitals, cautioning: “Some hospitals, especially struggling rural centers, would close virtually overnight, according to policy experts. Others, they say, would try to offset the steep cuts by laying off hundreds of thousands of workers and abandoning lower-paying services like mental health.” (Reed Abelson, “Hospitals Stand to Lose Billions Under ‘Medicare for All,’” The New York Times, 9/23/19)
- Medicare for all “would all but end private insurance and regulate hospitals in a vastly different way, dramatically changing operators’ business model and costing community hospitals as much as \$151 billion a year, according to one estimate published in JAMA, “all while “slashing hospitals’ pay rates and putting up to 1.5 million jobs at stake.” (Adam Cancryn, “‘Medicare For All’ Backers Find Biggest Foe In Their Own Backyard,” POLITICO, 5/25/19)

### **... And Push Americans Into A One-Size-Fits-All System Run By Politicians.**

Medicare for all “would force the roughly 150 million Americans who are insured through their employer to switch to a government-run program ... Larry Levitt, a health policy expert at the nonpartisan Kaiser Family Foundation, said ... ‘As a practical matter, Senator Sanders’ Medicare for all bill would mean the end of private health insurance ... Employer health benefits would no longer exist, and private insurance would be prohibited from duplicating the coverage under Medicare.’” (Sahil Kapur, “Kamala Harris Says ‘Medicare for All’ Wouldn’t End Private Insurance. It Would,” Bloomberg, 7/5/19)

- The New York Times: “[P]rivate health insurance would be abolished.” (Matt Stevens, “Bernie Sanders On Medicare For All,” The New York Times, 6/27/19)

### **... While The ‘Public Option’ And Other So-Called ‘Moderate’ Fallbacks Would Ultimately Lead To The Same Results...**

The Wall Street Journal reports that new government health insurance systems like the public option, Medicare buy-in and ‘Medicare for all who want it,’ represent “stepping stones to single payer.” This fact has been acknowledged by journalists, analysts and Democratic presidential candidates:

- Mayor Pete Buttigieg emphasized that a “buy-in” or “public option” system “will be a very natural glide path to the single payer environment.” (“2019 Democratic Debates, Night 2: Full Transcript,” The New York Times, 6/28/19)
- Senator Cory Booker (D-NJ): “Medicare for all is what we should be going for, but the first step getting there has to be showing that we can create a public option, or



allowing Medicare to be available for more people.” (“Sen. Booker Confirms: Public Option ‘First Step’ Getting To Medicare For All,” [YouTube](#), 7/22/19)

- Senator Kirsten Gillibrand (D-NY): “[I]f you have a buy-in over a four or five year period, you move us to single payer more quickly,” adding that under such a system, “our step to single payer is so short.” (“2019 Democratic Debates, Night 2: Full Transcript,” [The New York Times](#), 6/28/19)
- NBC News reporter Jonathan Allen explained to viewers that “[t]he public option is essentially a back door to Medicare for all. You can say all day long if you want it’s not Medicare for all. But this is a different packaging of how to get there.” (“Biden Releases Plan To Keep Obamacare,” [YouTube](#), 7/15/19)
- Dr. Scott Atlas of Stanford University explains, such a system would raise costs for families and “mainly erode, or ‘crowd out,’ private insurance, rather than provide coverage to the uninsured.” (Scott W. Atlas, “Public Option Kills Private Insurance,” [The Wall Street Journal](#), 7/16/19)

“The public option would cause premiums for private insurance to skyrocket because of underpayment by government insurance compared with costs for services ... A single-payer option is not a moderate, compromise proposal. Its inevitable consequence is the death of affordable private insurance ... Massive taxation would be needed to expand Medicare, whether optionally or not.” (Scott W. Atlas, “Public Option Kills Private Insurance,” [The Wall Street Journal](#), 7/16/19)

- The public option “could also lead to a 10 percent increase in premiums for the remaining pool of insured people.” (Reed Abelson, “How A Medicare Buy-In Or Public Option Could Threaten Obamacare,” [The New York Times](#), 7/29/19)
- “[A] government buy-in that attracted older Americans could indeed raise premiums for those who remained in the A.C.A. markets, especially if those consumers had high medical costs.” (Reed Abelson, “How A Medicare Buy-In Or Public Option Could Threaten Obamacare,” [The New York Times](#), 7/29/19)
- “[A] government plan that attracted people with expensive conditions could prove costly.” (Reed Abelson, “How A Medicare Buy-In Or Public Option Could Threaten Obamacare,” [The New York Times](#), 7/29/19)
- And a report found that an effort to implement the public option in Colorado, “could imperil thousands of jobs in the health-care industry or take hundreds of millions of dollars out of the state’s economy.” (Ed Sealover, “Colorado Public-Option Insurance Plan Could Cost Health-Care Jobs, Study Argues,” [Denver Business Journal](#), 9/10/19)

Recent headlines and studies also warn about the severe consequences such a government-controlled health insurance system would have on American families’ access to quality care, particularly in rural communities:



- *The Gazette* (Cedar Rapids): “Iowa’s rural hospitals could experience a loss of more than \$476 million dollars under a public health insurance proposal, putting dozens at high risk for closure, according to an analysis ... the analysis said those hospitals could be confronted with an even bigger detriment if a public option is implemented using Medicare reimbursement rates... If a public option plan would go into effect, the study found that between 25 and 52 of Iowa’s 90 rural hospitals would be at high financial risk for closure due to a loss of millions in revenue.”
- *Las Vegas Review-Journal*: “[H]ospitals lose money on Medicare patients ... But if more people were on Medicare, those losses could be unsustainable. An industry group estimates that more than 50 percent of rural hospitals would face a high risk of closure if a public option were in place.”
- *Virginia Public Radio*: “[A]s many as 10 rural hospitals in Virginia could close if the federal government starts offering a public option health plan – the kind of public option that’s now being talked about on the campaign trail by former Vice President Joe Biden and others.”

The study, conducted by Navigant for the Partnership for America’s Health Care Future, finds that the public option could put more than 1,000 rural U.S. hospitals in 46 states “at high risk of closure.” These hospitals serve more than 60 million Americans, and as *Kaiser Health News* and *NPR* report, hospital closures can have “profound social, emotional and medical consequences,” while *RevCycleIntelligence* also reports, “[p]atient access to care suffers when a rural hospital closes its doors for good, and consequently, patient outcomes can deteriorate.

- Another study by KNG Consulting found that “[f]or hospitals, the introduction of a public plan that reimburses providers using Medicare rates would compound financial stresses they are already facing, potentially impacting access to care and provider quality.”
- An earlier study by Navigant found that government-controlled health insurance systems such as “buy-in” or “public option” could force hospitals to limit the care they provide, produce significant “layoffs” and “potentially force the closure of essential hospitals.

### **Americans Don’t Want A New Government-Controlled Health Insurance System...**

As 2020 presidential hopefuls continue to face tough questions about their support for new government-controlled health insurance systems, *POLITICO* reports on the “growing opposition to ‘Medicare for All’” as two new polls – one national and another taken in the critical early Democratic caucus state of Iowa – show declining support for the one-size-fits-all government-run system.



And a [new national poll](#) by the Kaiser Family Foundation “probes Democrats’ views about the general approaches to expanding health coverage and lowering costs” and finds that “[m]ost Democrats and Democratic-leaning independents (55%) say they prefer a candidate who would build on the Affordable Care Act to achieve those goals. Fewer (40%) prefer a candidate who would replace the ACA with a Medicare-for-all plan.” A [separate poll](#) released by Kaiser in July found support for Medicare for all on the decline, as “a larger share of Democrats and Democratic-leaning independents would prefer lawmakers build on the existing ACA” and “the share of Democrats who now say they ‘strongly favor’ a national Medicare-for-all plan is down” 12 percentage points in the three months since Kaiser last asked the question.

And, as in past polling, Kaiser’s new survey also found that “large shares” express uncertainty about what proposed new government-controlled insurance systems would mean for them. The American public’s confusion over one-size-fits-all proposals such as Medicare for all is not surprising. “Such a sweeping overhaul of the country’s patchwork health insurance system hasn’t been attempted before,” [The Washington Post reports](#), “and even though the 2020 contenders frequently mention it, they tend to shy away from details on exactly how the whole thing would work.”

- Previous [national polling data](#) released by Kaiser in June revealed that “majorities of Americans are unaware of the kind of dramatic changes that [Medicare for all] would bring to the nation’s health care system.” However, “[t]here’s one thing Americans understand about Medicare-for-all: It would mean higher taxes ... Americans seem most familiar with the fact that Medicare-for-all would require massively higher taxes,” [The Washington Post reports](#). As Kaiser noted, “[t]he survey finds eight in 10 Americans (78%) are aware that taxes would increase for most people under such a plan.”

Yet another national poll conducted earlier this year by Kaiser revealed that support for Medicare for all “drops as low as -44 percentage points” when people find out it would “lead to delays in some people getting some medical tests and treatments,” and “is also negative if people hear it would threaten the current Medicare program (-28 percentage points), require most Americans to pay more in taxes (-23 percentage points), or eliminate private health insurance companies (-21 percentage points).”

And [Voter Vitals](#) – the Partnership’s new quarterly tracking poll conducted nationwide and in 2020 battleground states – finds that a majority of Democratic voters are unwilling to pay any more in taxes for universal coverage and a supermajority of Democrats (69 percent) support building and improving on what we have today over new government insurance systems.

Meanwhile, [The Washington Post explains](#) in a recent story headlined “Why 2020 Democrats are backing off Medicare-for-all, in four charts” that “[p]olls show why they’re doing this. On the surface, the idea sounds as if it would appeal to voters.” But when voters are made



aware of the many negative consequences of such a system, including the elimination of private insurance and need for higher taxes, support drops.

And other recent reports underscore the political risks of embracing a one-size-fits-all system:

- *The Washington Post* reports that “Democrats in swing districts are increasingly worried that the outspoken embrace of Medicare-for-all by Bernie Sanders and other top Democratic presidential hopefuls could hurt their chances of keeping the House in 2020.”
- *The New York Times* reported recently that some Democratic governors are “anxious” and “alarmed that their party’s presidential candidates are embracing policies they see as unrealistic and politically risky. And they are especially concerned about proposals that would eliminate private health insurance ... Noting that many voters were already uneasy about losing their coverage, [Michigan Governor Gretchen] Whitmer said, ‘I don’t think feeding into that is a good idea.’”
- *The Washington Post* reported recently that by “veer[ing] left,” Democratic presidential hopefuls are “leaving behind [the party’s] successful midterm strategy.”