

RESEARCH SUMMARY

National Single-Payer Healthcare: Putting a Price on the Medicare for All Act

The leading current Senate bill to establish single-payer health insurance in the United States is that of Senator Bernie Sanders (I-VT). It's called the Medicare for All Act, or M4A. The desirability and practicality of this kind of healthcare system will depend in large measure on cost—on what American taxpayers would have to pay for it.

Charles Blahous puts a price on Sanders's proposed legislation in "[The Costs of a National Single-Payer Healthcare System](#)." These are his key findings.

M4A WOULD PLACE UNPRECEDENTED STRAIN ON THE FEDERAL BUDGET

By conservative estimates, this legislation would have the following effects:

- M4A would add approximately \$32.6 trillion to federal budget commitments during the first 10 years of its implementation (2022–2031).
- This projected increase in federal healthcare commitments would equal approximately 10.7 percent of GDP in 2022. This amount would rise to nearly 12.7 percent of GDP in 2031 and continue to rise thereafter.

These estimates are conservative because they assume the legislation achieves its sponsors' goals of dramatically reducing payments to health providers, in addition to substantially reducing drug prices and administrative costs.

A doubling of all currently projected federal individual and corporate income tax collections would be insufficient to finance the added federal costs of the plan.

M4A'S DRAMATIC FEDERAL COST INCREASE ARISES FROM SEVERAL FACTORS

- First and foremost, the federal government would become responsible for financing nearly all current national health spending, including individual private insurance and state spending.
- M4A would increase federal health spending on the currently uninsured as well as those who now carry insurance by providing first-dollar coverage of their healthcare expenditures across the board, without deductibles or copayments.
- M4A would expand the range of services covered by federal insurance (for example, dental, vision, and hearing benefits).

- M4A would dramatically expand the demand for healthcare services, consistent with economics research findings that the more of an individual's health costs are covered by insurance, the more services they tend to buy, irrespective of the services' efficacy and value.

**WE DO NOT KNOW HOW MUCH M4A WOULD DISRUPT THE AVAILABILITY
AND QUALITY OF HEALTH SERVICES**

M4A would markedly increase the demand for healthcare services while simultaneously cutting payments to providers by more than 40 percent relative to private insurance rates, reducing payments to levels that are lower on average than providers' current costs of providing care. It cannot be known how much providers will react to these losses by reducing the availability of existing health services, the quality of such services, or both.