Medicare for All Analysis

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What Exactly is the Green New Deal?

March 21, 2019

Hosted by American Resistance Sevilla & ClimateRecovery.org

Seville, Spain

Many Americans claim that we have the best health care system in the world. That may be true for some but not for every American.

Let me give you some statistics:

* In 2017 the US spent $3.24 trillion on health consumption.
* The average annual per capita expenditure for health care in the US is $9451. The next closest is $6935 Switzerland the average in the industrialized world is $3814.
* It is projected that healthcare spending will on average rise 5.5 percent annually from 2017 to 2026 and will comprise 19.7 percent of the U.S. economy in 2026, up from 17.9 percent in 2016. By 2026, health spending is projected to reach $5.7 trillion.

What do we get for being the most expensive health in the world?

* US ranks 37th in the world health systems, according to the World Health Organization; we’re between Costa Rica and Slovenia.
* Life expectancy in the US has dropped for 3 years in a row while the overall life expectancy in the rest of the world is going up.

Clearly we can’t continue in this direction.

Democrats are lining up behind “Medicare for All” but exactly what is it?

Right now there are eight proposals floating around. Three would eliminate private insurance and cover all Americans through the government. Five would allow all Americans to buy into government insurance (like Medicare or Medicaid) if they wanted to, or continue to buy private insurance.

For purposes of this discussion I am only going to talk about two of the eight proposals which could fit into is the Green New Deal. One is proposed by Senator Sanders and one proposed by Congresswomen Jayapal. Jayapal’s bill would move every resident living in the US onto a single public insurance provider within two years, while Sanders has proposed a four-year transition process. Outside of that they are almost identical. Both would leave only a small role for private insurance.

All Americans living in the US would be able to go to the hospital, see a doctor and take medicines without paying money beyond the taxes that would support the program. The new Medicare envisioned by the bill would cover new benefits, including dental, vision, and long-term nursing home care.

This is different from the existing Medicare which covers hospitals but you have to pay extra for doctors, and buy private insurance for vision, long term nursing, and home care.

A study was conducted by the University Of Massachusetts Political Economic Research Institute analysed the Sanders plan in 2017. Their conclusion was that demand would increase by 12%.

Medicare for All could reduce U.S. health consumption expenditures by about 19.2 percent while also providing decent health care coverage for all U.S. residents.

Where do these savings come from?

* Administration 9%
* Pharmaceutical pricing 5.9%
* Uniform Medicare rates for hospitals, physicians, and clinics 2.8%

Healthcare expenditures would still exceed the amount saved. So how will it be paid for?

* Business that currently provide health coverage to employees would receive an 8% cut in premiums. Business currently now not insuring employees would pay $500 per employee. Small business would be exempted.
* There would be a 3.75% sales tax excluding food and beverages consumed at home, housing, utilities, education, and non-profits.
* A .38% net worth tax for the top 12 percent. Long-term capital gains would be taxed as ordinary income.

What benefits would this produce?

* Increase longevity.
* Overall reduced healthcare costs and better outcomes for all Americans.
* Improved outcomes will improve productivity.
* Improved outcomes will support greater income equality.

So what are the down sides?

* No other country provides no “out of pocket costs” for health care.
* A significant number of people will lose their jobs.
* The transition will be extremely complex.

For those who claim that this is a socialized system there are two responses:

* We are already in a socialized system with Medicare and Medicaid.
* Members of congress are already on a socialized system. They have health care coverage for life provided by the US government.