

PowerPost Analysis

# The Health 202: Bernie Sanders says Medicare-for-all would reduce health spending. But that's unclear.

By Paige Winfield Cunningham

## THE PROGNOSIS

**Sen. Bernie Sanders (I-Vt.) insists most Americans would ultimately pay less for their health care if the country transitioned to a Medicare-for-all system.**

**That's an argument worth considering. But it's unlikely to happen under the hugely generous plan suggested by Sanders, who is seeking the 2020 Democratic presidential nomination.**

Sanders offered this argument in a widely viewed Fox News town hall on Monday evening, where the hosts quizzed him on how he'd pay for the latest version of his Medicare-for-all plan. The original version of the bill would cost an estimated \$32 trillion over a decade, many times more than the Affordable Care Act. And this latest version adds on even more benefits (as [The Health 202 detailed here](#)).

"Health care costs money," Sanders acknowledged to Fox anchor Martha MacCallum. "But at the end of the day, the overwhelming majority of people will end up paying less for health-care because they're not paying premiums, co-payments or deductibles."

**The town hall – in which the audience appeared surprisingly enthusiastic when asked whether they'd like to trade in their commercial health coverage for a Medicare-for-all system – caught the eye of President Trump, who appeared to knock the conservative network for giving "Crazy Bernie" a platform.**

Fox News anchor Bret Baier replied to an earlier Tuesday tweet from the president:

But then again last night:

**It's not surprising Sanders struck a chord when he talked about the burden of health-care costs for the typical American family. Americans spend a substantial portion of their income on health care, according to [this calculator](#) from the Kaiser Family Foundation, and health care constitutes about 18 percent of U.S. gross domestic product – more than in any nation.**

According to the calculator, someone who makes \$50,000 annually can expect health-care costs to consume roughly 11 percent of their income under employer-sponsored coverage and about 20 percent of their income if they purchase insurance on their own. A family in good health earning \$100,000 spends an average of 12 percent of their income on health-care under a workplace plan.

Sanders argues that under his proposal, all that spending would be replaced with some taxes to pay for a single-payer plan made available to everyone. **He believes people would be willing to pay more to the government if that meant they didn't have to purchase private health coverage and deal with a complicated, multilayered health-care system that results in hundreds of billions of dollars in waste every year.**

Under the senator's plan, people could obtain everything from emergency surgery to eye care to mental health without any co-payments. The only time they'd be charged out of pocket costs would be minimal sums when purchasing prescription drugs, an amount that couldn't exceed \$200 per year. The coverage Sanders has proposed is more generous than what's offered under current Medicare system: now, seniors foot 20 percent of the bill for doctor visits. And certainly more generous than commercial plans, which typically include deductibles of \$1,000 or more.

Consumers would indeed save a considerable sum of money if they didn't have to buy private health plans. **But Sanders may be off the mark when he claims those savings would more than offset higher taxes to pay for his Medicare-for-all plan. Here's why: It depends heavily on how much the government would pay doctors and hospitals.**

Pay medical providers too much, and the government faces outrageous bills. Pay them too little, and consumers struggle to access care as providers facing financial losses exit the system.

There have been several analyses of Sanders's Medicare-for-all ideas, and they make different assumptions about how much the government would pay medical providers. **But those assumptions are critical because they determine whether Medicare-for-all would increase – or decrease – national health-care spending compared to current levels.**

Under the current system, private plans pay providers at much higher rates than the Medicare and especially the Medicaid programs. Those higher payments help providers make up the losses incurred from caring for seniors and the low-income.

In [its analysis](#) of Sanders's first Medicare-for-all proposal, the Urban Institute assumed doctors would be paid at Medicare rates but hospitals would be paid at rates equal to hospital costs, which is more than what they're getting from Medicare and Medicaid currently. **Because of those relatively generous assumptions, Urban analysts estimated Sanders's plan would result in a 16.6 percent increase in national health expenditures, or \$6.6 trillion more over a decade.**

“Sanders is right that a good chunk of this money is in the system now,” Urban’s John Holahan told me. “But it’s not all in the system.”

But the Mercatus Center, a conservative research organization housed at George Mason University, [assumed](#) in one of its Medicare-for-all projections that providers would all be paid at Medicare rates, costing the government somewhat less. As a result, it estimated total health spending would actually fall by \$2 trillion over a decade.

**And then there's the question of the how many more health services people may seek under Sanders's comprehensive, no-copays plan. That's a big unknown, but it's fair to assume people would visit doctors or check into the emergency room more often if there was no out-of-pocket cost to them.** That could also make Medicare-for-all more expensive compared to current national health-care spending.

[Urban estimated](#) modest increases in the use of services "based on actuarial standards and the health economics literature," noting that health-care use for seniors increased substantially after the Medicare program was set in motion back in 1965.

**The bottom line: Moving the U.S. away from its current patchwork system of public and private health insurance to a single-payer system would save some money. But it ultimately could end up costing the government more depending on how much providers would be paid and how demand for medical services would change.** It also seems pretty clear that some people would pay more in taxes to support the whole Medicare-for-all system than they're paying for their own health insurance now.

“We should always be suspect of any public policy – especially when it comes to something as complicated as health-care – when anybody tells us everybody is going to get more and pay less for it,” said Linda Blumberg, a health policy expert at Urban. “It’s really not possible.”

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**AHH, OOF and OUCH**

**AHH: The Food and Drug Administration has ordered manufacturers to halt the sales of certain surgical mesh used in some pelvic operations, citing an increase in “adverse events” involved in the devices, our Post colleague [Laurie McGinley reports](#).**