Financing National Improved Medicare for All in the United States

Numerous economic studies have been conducted on single payer systems at the state and federal levels since 1991. All have demonstrated that single payer systems are the most cost efficient and that the savings offset the costs of providing comprehensive coverage to everyone. (See http://www.pnhp.org/facts/single-payer-system-cost)

Gerald Friedman’s analysis of HR 676: The Expanded and Improved Medicare for All Act in 2013 estimated that the cost of expanding the system would be $394 billion and the savings incurred by moving to a single payer system would be $592 billion, leaving a net savings of $198 billion.

Friedman estimates the system can be financed through progressive taxes in the following way:

- Existing sources of federal revenues for health care
- Tax of 0.5% on stock trades and 0.01% tax per year to maturity on transactions in bonds, swaps, and trades
- 6% high-income surtax (applies to households with incomes > $225,000)
- 6% tax on unearned income from capital gains, dividends, interest, profits, and rents
- 6% payroll tax on top 60% of income earners (applies to incomes over $53,000, tax paid by employers)
- 3% payroll tax on the bottom 40% of income earners (applies to incomes under $53,000, tax paid by employers)

This would mean significant savings for the bottom 95% of households and health security – no more financial barriers to care or risk of medical bankruptcy.

The chart below shows changes in spending on health care. The bars represent income groups of the (from the left) 0-20%, 20-40%, 40-60%, 60-80%, 80-95%, 95-99%, the top 1% and the final bar is the top 400 households. The average income is listed for each bar:

Figure 2. Change in after-tax household income due to adoption of progressive financing for HR 676: 95% of Americans are better off under a single-payer system