

# 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. Almost all demonstrate 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 National Improved Medicare for All in 2018, looking at a variety of models, estimated that net savings over 10 years would range from \$6 trillion to over \$13 trillion. The models include systems without co-pays or with 5% and 10% co-pays\*. They also include versions where overall savings are based on the current rise in Medicare spending versus a reduction of 1.1% in the rise in healthcare spending.

Under these various scenarios, Friedman provides estimates of required revenue through taxes. The rise in taxes goes down as cost-sharing in the form of co-pays goes up. He describes financing the system through taxes on wages and unearned income including capital gains, interest and dividends. Households earning less than \$25,000/year would be exempted from paying taxes. Taxes would be in lieu of premiums and deductibles.

**Here are the projected savings under a system without co-pays broken down by income:**

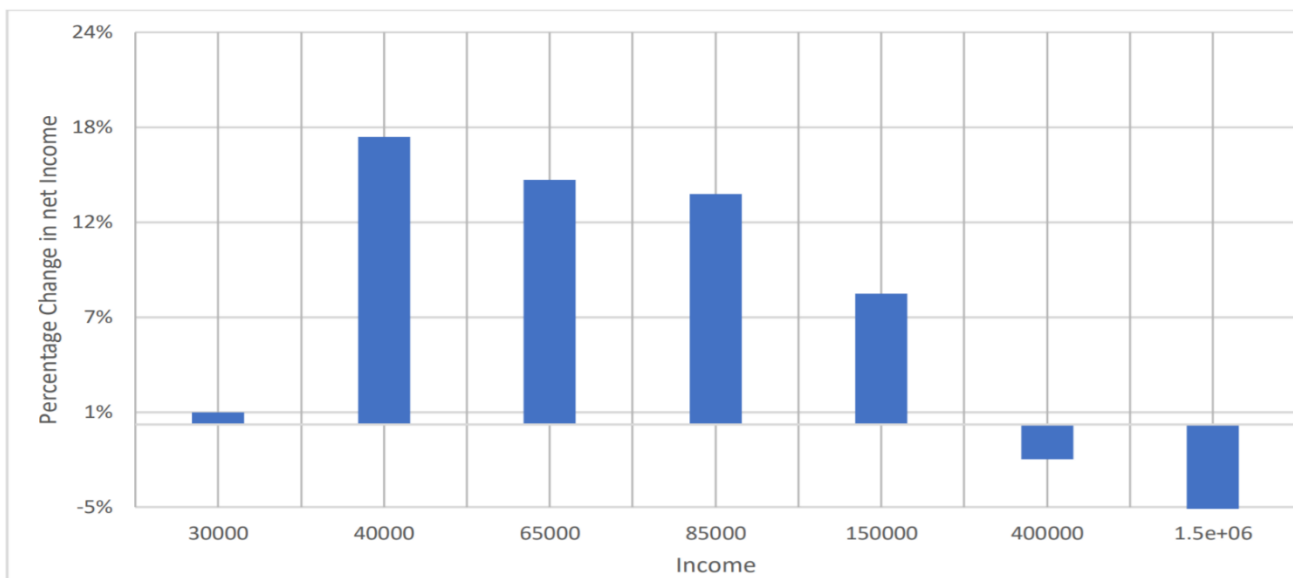


Figure 10. Net change in income, Improved Medicare for All, additional taxation minus reduced spending on health care as percent of income, by income level.

Note: This figure gives percentage change in income for different income levels to be expected from an Improved Medicare for All program with a tax rate of 10.87% on wages and on capital gains, interest, dividends, and without cost-sharing on medically necessary services. Savings will be greater than are shown here for the elderly and disabled because of the elimination of Medicare premiums.

Source: <https://businessinitiative.org/wp-content/uploads/2019/01/We-Can-Have-Improved-M4A-Friedman-ilovepdf-compressed.pdf> Note: 1.5e+06 equals 1.5 million.

\*HOPE supports a human rights approach to financing health care, which would exclude out-of-pocket costs and use a progressive tax rather than a flat tax.