

**GUIDE TO THE ISSUES**

**PROVIDE A BETTER PRESCRIPTION  
THAN MEDICARE-FOR-ALL**

The current U.S. health care system is plagued by high costs, industry consolidation, and a poorly functioning marketplace. Democrats believe the prescription for these challenges is a form of single-payer system. Socialized medicine won't solve the challenges our health care system faces – it would nationalize the entire health care sector and wreck the economy.

**BACKGROUND**

U.S. health care spending accounts for approximately 18 percent of America's gross domestic product (GDP).<sup>1</sup> Government spending on health care makes up a substantial portion of that amount.

In 2018, Medicare accounted for 21 percent of health care spending at \$750 billion, and Medicaid carried a 16 percent share at \$597 billion.<sup>2</sup> Nationwide, "personal healthcare spending is currently projected to be \$3.859 trillion in 2022,"<sup>3</sup> while national health expenditures are estimated to reach \$4.562 trillion in 2022.<sup>4</sup> According to one estimate, average households spend more of their income on hospital visits (18.6 percent) than they do on federal taxes (13.9 percent).<sup>5</sup>

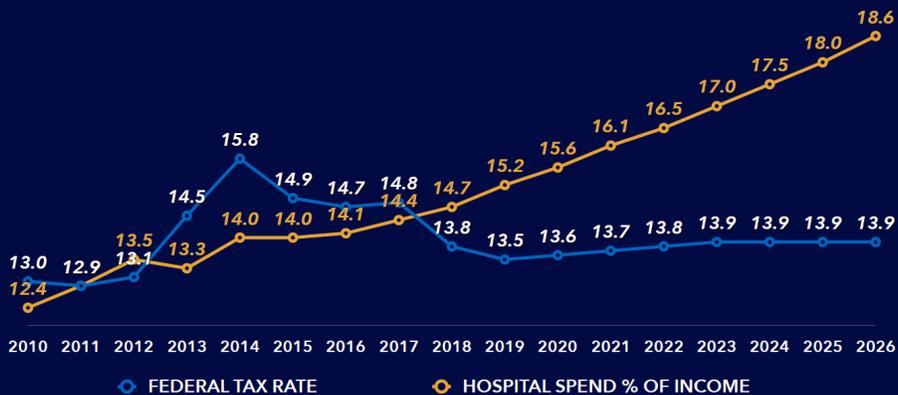
**Quick Take**

Medicare-for-All amounts to a federal takeover of American health care.

Democrats cannot answer how to fund their socialized medicine plans without wrecking the American economy. Congress should consider reforms that address the burdens plaguing our current system.

**AVERAGE FAMILIES PAY MORE TO HOSPITALS THAN TO THE IRS**

Median household federal tax rate vs. median household's share of U.S. hospital spending (%)



Source: Avik Roy, Foundation for Research on Equal Opportunity<sup>6</sup>

Democrats have introduced two major so-called “Medicare-for-All” proposals which have received national attention. The first is Sen. Bernie Sanders’s (I-VT) plan, S. 1804, which was introduced in March 2017. S. 1804 would impose “roughly \$11 trillion” in tax increases to fund roughly a third of Medicare-for-All.<sup>7</sup> According to Charles Blahous of the Mercatus Center, Sen. Sanders’s plan is conservatively estimated to cost \$32.6 trillion in additional federal spending over the first ten years of implementation with steep cuts to providers.<sup>8</sup> This would be higher than the total debt accrued by the Federal Government over the entire course of American history.

The second is Rep. Pramila Jayapal’s (D-WA) plan, H.R. 1384, which has received over 115 cosponsors in the 116<sup>th</sup> Congress. The House Rules Committee examined H.R. 1384 in a hearing on April 31, 2019.<sup>9</sup>

Although the details of Democrats’ Medicare-for-All plan vary significantly, they contain some consistent themes:

- **Everyone is on the Government Plan** - Both the Sanders and Jayapal plans intend to cover all Americans over varying time periods. If senior citizens like their current Medicare plans, they can’t keep them. Democratic Medicare-for-All plans phase out Medicare and Medicaid in their current forms. Working Americans who like their employer-offered health plans would likewise be stripped of their current plans and thrown onto the government-run system. Democrats would bar employers from offering health plans that compete with Medicare-for-All.
- **Government Controls Health Care Prices** - Any argument that claims Medicare-for-All isn’t socialized medicine is disingenuous. While the government may not initially provide health services, it would control the payments and the prices forcing the entire American health system to essentially work for the Federal Government.
- **Democrats Have No Idea How to Fund Medicare-for-All** - Repealing the Tax Cut and Jobs Act,<sup>10</sup> a common talking point for Democrats, would increase available revenues by less than \$1.5 trillion over ten years.<sup>11</sup> That leaves Democrats needing to find more than \$30 trillion to fund their proposals. Sen. Sanders offered a wish list of tax hikes that includes taxes on middle class families, taxes on businesses, and expanded taxes on investments.<sup>12</sup> Even if Sen. Sanders’s wish list was enacted into law, it only amounts to \$16.2 trillion.<sup>13</sup>
- **Decimation of American Health Care** - Democrats would not be able to raise enough taxes to pay for Medicare-for-All without wrecking the American economy. As a result, they will almost certainly argue for government control to impose steep provider payment cuts to doctors and hospitals, as well as the long-term care facilities they plan to cover. In short, they will transform our current system into a socialized medicine program like the United Kingdom’s National Health Service.

More importantly, international experience with socialized medicine suggests that Medicare-for-All will not function as sold to the public by Democrats.

A *Vox* analysis of Sen. Sanders’s plan noted, “Medicare, employer coverage, and these other countries [with public health plans] show that nearly every insurance scheme we’re familiar with covers a smaller set of benefits with more out-of-pocket spending on the part of citizens.”<sup>14</sup> Medicare-for-All doesn’t exist anywhere in the world because no government can make health care cost nothing for beneficiaries, maintain a thriving supply of private health care providers, and foot the massive bill at the same time.

The Fraser Institute reports that patients in Canada's government-run health care system wait an average of 19.8 weeks from the time their general practitioner doctor refers them to a specialist until they receive treatment.<sup>15</sup>

- Canadians can expect long wait times for diagnostic technologies such as a CT scan (4.3 weeks), an MRI (10.6 weeks), or an ultrasound (3.9 weeks).
- The study also reported that between 1993 and 2009 increased wait times in Canada may be associated with more than 44,000 female deaths.

Additionally, hundreds are reportedly going blind in the UK each year due to wait times at the National Health Service.<sup>16</sup>

## **CONSTITUTIONAL AUTHORITY AND REPUBLICAN PRINCIPLES**

The Constitution empowers Congress to “make all laws which shall be necessary and proper” to provide for the general welfare.<sup>17</sup> The government's role in health care should be to support coverage for the sickest, poorest, and most vulnerable Americans while simultaneously pursuing policies which support a competitive private health care marketplace.

## **POLICY SOLUTIONS**

Medicare-for-All is not a viable option for any American who rejects the idea of socialized medicine. Congress can offer better solutions for Americans through some of the following options:

- **Establish a Reinsurance Model for the Sickest Americans** - Protecting Americans with preexisting conditions has bipartisan support. However, government-mandated coverage currently amounts to an unfunded mandate. Establishing a federal reinsurance model or risk-sharing plan may reduce health insurance premiums for remaining beneficiaries.
- **Provide Employees Flexibility with Health Insurance** - Allow employers to fund health care reimbursement accounts (HRAs) to pay for health care premiums as a normal business expense and permit employees to exclude such contributions from their income. This allows consumers the ability to shop for the health plan that best fits their needs and take it with them when they leave their current job.
- **Embrace Medicare Advantage** - Make Medicare Advantage the default coverage option for Medicare while preserving the option for seniors to choose the fee-for-service model.
- **Negotiate Drug Prices** - Permit the Federal Government to negotiate drug prices with pharmaceutical companies. Although the government shouldn't set prices, it should be able to use its purchasing power to obtain lower prices for public program beneficiaries.
- **Combat Anti-Competitive Health Care Practices** - Enforcing existing antitrust laws to ensure that market consolidation doesn't result in anti-competitive practices is crucial to maintaining a vibrant health care marketplace that benefits consumers.

**Please contact Cameron Smith or Kelsey Wall with the Republican Policy Committee at (202) 225-4921 with any questions.**

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<sup>1</sup> *NHE Fact Sheet*, Centers for Medicare and Medicaid Services (2018), <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NHE-Fact-Sheet>.

<sup>2</sup> *Id.*

<sup>3</sup> Charles Blahous, *The Costs of a National Single-Payer Healthcare System* 4, Mercatus Working Paper, Mercatus Center at George Mason University (July 2018), [https://www.mercatus.org/system/files/blahous-costs-medicare-mercatus-working-paper-v1\\_1.pdf](https://www.mercatus.org/system/files/blahous-costs-medicare-mercatus-working-paper-v1_1.pdf).

<sup>4</sup> *Id.* “NHE differs from personal health spending in that NHE also includes expenditures for research, structures and equipment, and administrative costs.”

<sup>5</sup> Avik Roy, Presentation from Republican Policy Cmte. Member Meeting, The Foundation for Research on Equal Opportunity (April 31, 2019).

<sup>6</sup> *Id.*

<sup>7</sup> *How Much will Medicare for All Cost?*, Committee for a Responsible Federal Budget (Feb. 27, 2019), <https://www.crfb.org/blogs/how-much-will-medicare-all-cost>.

<sup>8</sup> Blahous, *supra*, note 3. These conservative estimates are based on a review of Sen. Bernie Sanders’s M4A bill, S.1804, introduced in 2017. There is no comprehensive report or cost estimate on H.R. 1384, which was introduced on February 27, 2019.

<sup>9</sup> Medicare for All Act of 2019: Hearing on H.R. 1384 Before the H. Rules Comm., 116<sup>th</sup> Cong. (2019).

<sup>10</sup> H.R. 1, 115<sup>th</sup> Cong. (2018) (enacted).

<sup>11</sup> Cecilia Pastrone, Staff on the Joint Committee of Taxation, Congressional Budget Office Cost Estimate, Congressional Budget Office (Nov. 13, 2017), <https://www.cbo.gov/system/files/115th-congress-2017-2018/costestimate/hr1.pdf>.

<sup>12</sup> Blahous, *supra*, note 3.

<sup>13</sup> *Options to Finance Medicare for All*, Bernie Sanders Senator for Vermont, <https://www.sanders.senate.gov/download/options-to-finance-medicare-for-all?inline=file>.

<sup>14</sup> Sarah Kliff, *Bernie Sanders’s Medicare-for-all plan, explained*, Vox (Apr. 10, 2019), <https://www.vox.com/2019/4/10/18304448/bernie-sanders-medicare-for-all>.

<sup>15</sup> Bacchus Barua, David Jaques, Antonia Collyer, *Waiting Your Turn: Wait Times for Health Care in Canada, 2018 Report*, Fraser Institute (Dec. 4, 2018), <https://www.fraserinstitute.org/studies/waiting-your-turn-wait-times-for-health-care-in-canada-2018>.

<sup>16</sup> Sally C. Pipes, *Why Does the Left Want Universal Health Care? Britain’s Is on Its Deathbed*, FORTUNE (Jul. 10, 2018), <https://fortune.com/2018/07/10/nhs-70-years-uk-britain-single-payer/>.

<sup>17</sup> U.S. Const. art. 1, § 8. These constitutional powers have provided the constitutional authority for programs such as Medicare and Medicaid.