National Improved Medicare for All (NIMA):
"But How Are You Going To Pay For It?"

M4A MATH

Saves Lives • Saves Money • So Simple

LOVE IT! IMPROVE IT! MEDICARE FOR ALL
National Nurses United

ConnectTheDotsUSA.com

CONNECT THE DOTS™ for democracy usa

$32 TRILLION

What Does It Really Mean?

(It's Probably Not What You Think!)

$32 Trillion Is NEVER The Total:

It's only the alleged increase in federal govt spending under M4A

Selection from Table 1 of Urban Institute analysis, May 2016

	2017	2017–2026
Increase in federal spending ($ billions)	$2,536.0	$32,003.5
Percent increase	257.6%	232.7%

Selection from Table 2 of Mercatus analysis, July 2018

	2022–2031
= Added federal budget cost under M4A	32,644

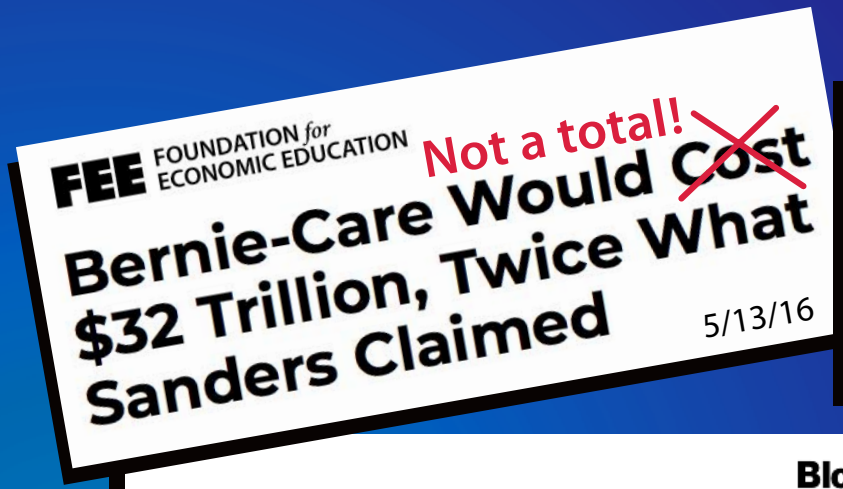
On top of all existing federal govt health spending

+32 TRILLION

(increase in federal govt health spending over a decade)

Sources: "The Sanders Single-Payer Health Care Plan," Urban Institute, May 2016, Table 1, pg 4 (**urban.org**)
"Costs of a National Single-Payer Healthcare System," Blahous, Mercatus Center, GMU, July 2018, Table 2, pg 7 (**mercatus.org**)

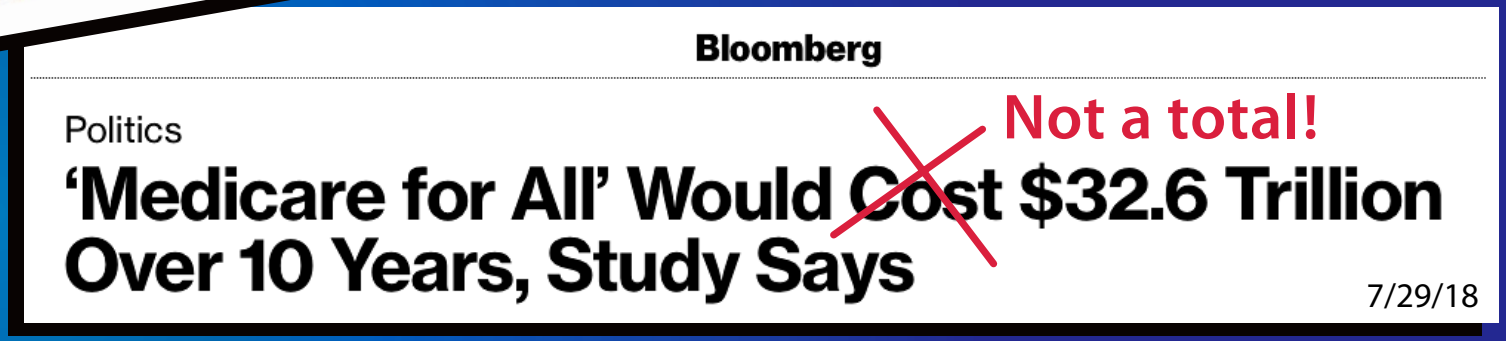
Confused Headlines That Suggest $32 Trillion Is The Total Cost Of M4A Lead To Faulty Comparisons



An estimated ~~cost~~ of $32.6 trillion over 10 years is less than the US would spend over the next 10 years under the current system.

Think Progress 7/30/18

Correct comparison of totals from Mercatus is $57.6 Trillion under M4A versus $59.7 Trillion under current system (2022-2031)



Sources: "The Sanders Single-Payer Health Care Plan," Urban Institute, May 2016, Table 1, pg 4 (**urban.org**)
"Costs of a National Single-Payer Healthcare System," Blahous, Mercatus Center, GMU, July 2018, Table 2, pg 7 (**mercatus.org**)

Beware Faulty Math And Wrong Comparisons

Universal health care would save ~~$17~~ trillion Daily Kos 7/23/17

Wrong

CURRENT COST OF HEALTH CARE IN THE U.S. OVER THE NEXT 10 YEARS	vs.	COST OF MEDICARE FOR ALL
$49 TRILLION		~~$32~~ TRILLION

Status Quo Total 2018-2027 National Health Expenditures (NHE) for whole country:

households + businesses + fed govt + state/local govts

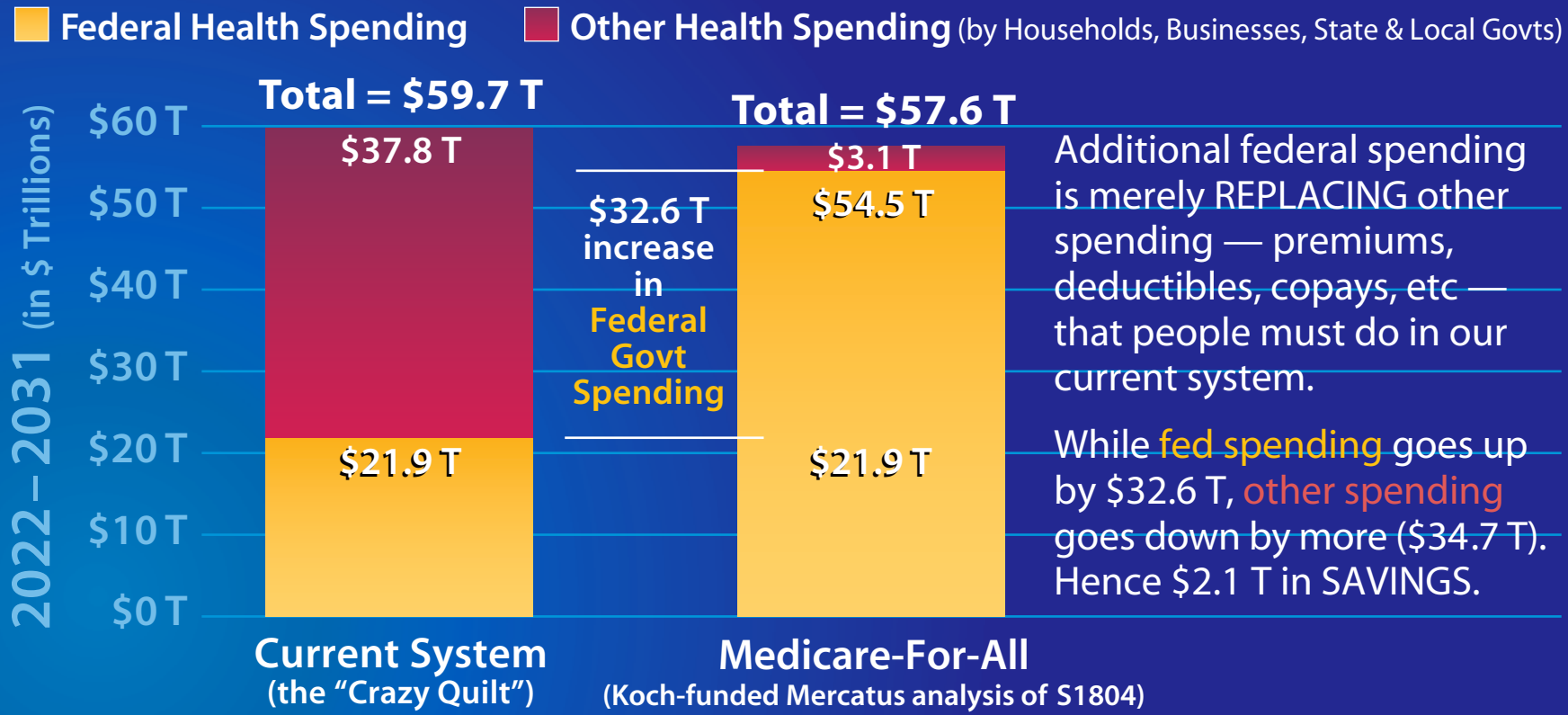
Est. was based on 5.6%/yr growth rate

Alleged Added Federal Govt Spending under Medicare-For-All 2017-2026 On top of existing federal govt health spending

Urban Institute analysis, May 2016

Source for $32 T number: "The Sanders Single-Payer Health Care Plan," Urban Institute, May 2016, Table 1, pg 4 (**urban.org**)
Rebuttal to Urban Institute's estimates: Himmelstein & Woolhandler, May 9 & 22, 2016 (**HuffingtonPost.com & pnhp.org**)

Federal Govt Health Spending Goes Up Under Single-Payer (Duh!) But Total Health Spending Goes Down



Additional federal spending is merely REPLACING other spending — premiums, deductibles, copays, etc — that people must do in our current system.

While fed spending goes up by $32.6 T, other spending goes down by more ($34.7 T). Hence $2.1 T in SAVINGS.

Sources: "The Mercatus Medicare-for-All Report in One Graph," Matt Bruenig, Aug 13, 2018 (**PeoplesPolicyProject.org**)
Based on Table 2, pg 7 of Mercatus report, July 2018 (**mercatus.org**)

Koch-Funded Attack Study Backfires:

Shows Medicare-For-All SAVES $2 Trillion (2022-31)

Covers everybody, better benefits, no cost-sharing

Table 2. Financial Effects of Medicare for All Act, in Billions of Dollars

M4A = Medicare For All Act (Sanders's S1804)

	in $ Billions	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	10-yr Totals 2022-2031	Red markup & 10-yr totals added for clarification	Row #
PHC = ~85% of full NHE	Currently projected personal healthcare spending[a] **PHC** = direct patient care (excludes research, structures & equipment, public health activities and admin costs)	3,859	4,077	4,309	4,546	4,824	5,120	5,433	5,766	6,120	6,494	50,548	Current PHC	1
	+ Added induced demand from increased coverage[b]	+435	+459	+485	+511	+542	+574	+609	+645	+684	+725	+5,671		2
	– Applying Medicare payment rates	–384	–411	–441	–473	–505	–540	–577	–616	–658	–702	–5,307		3
	– Drug cost savings	–61	–66	–70	–75	–80	–86	–92	–98	–105	–113	–846		4
	= Healthcare spending under M4A	3,849	4,060	4,283	4,509	4,780	5,068	5,373	5,697	6,041	6,406	50,066	PHC under M4A	5
NHE	Currently projected national health expenditures (NHE)[c] **Current NHE**	4,562	4,819	5,091	5,370	5,696	6,042	6,410	6,799	7,213	7,651	**59,653**	**Current NHE**	6
	– Change in healthcare spending	–10	–18	–26	–36	–44	–52	–60	–69	–79	–89	–482	**–(2,054)**	7
	– Admin. cost savings	–83	–88	–142	–149	–158	–168	–179	–190	–201	–214	–1,572	**Net M4A Savings**	8
	= NHE under M4A **NHE under M4A**	4,469	4,713	4,923	5,184	5,494	5,823	6,171	6,541	6,933	7,348	**57,600**	**NHE under M4A**	9
Federal Spending	Federal gov't share of NHE under M4A[d]	4,244	4,475	4,670	4,915	5,207	5,516	5,844	6,191	6,559	6,950	54,571	Fed Govt pays 95%* of NHE under M4A	10
	– Currently projected net federal health subsidies[e]	–1,709	–1,770	–1,833	–1,984	–2,130	–2,262	–2,465	–2,476	–2,590	–2,708	–21,927	Current Fed Spending	11
	= Added federal budget cost under M4A	2,535	2,705	2,837	2,931	3,077	3,254	3,379	3,715	3,970	4,241	32,644	Added Fed Spending needed under M4A	12
	Added federal cost as a percentage of GDP[f]	10.7%	11.0%	11.1%	11.0%	11.1%	11.3%	11.3%	12.0%	12.3%	12.7%	32,644		13

*Sanders's S1804 plan leaves Longterm Care under state admin.

Sources: "Costs of a National Single-Payer Healthcare System," Blahous, Mercatus Center, July 2018, Table 2, pg 7 (**mercatus.org**)
Analysis of Bernie Sanders's "Medicare For All Act of 2017" (S1804) introduced Sept 2017

The media only tell half the story:

+32.6 TRILLION

(increase in federal govt health spending over a decade)

Note: in addition to $25 T in existing govt health spending ($21.9 T federal & $3.1 T state)

Here's the other half:

-34.7 TRILLION

(decrease in health spending by households, businesses and state & local govts)

Saves $2 trillion!

2022-2031

Based on conservative Mercatus analysis*

LOVE IT! IMPROVE IT! MEDICARE FOR ALL

National Nurses United

*Per Mercatus, total health spending 2022-2031: $59.7 T for status quo vs $57.6 T for Medicare-For-All (saves $2.1 T)

Source: "Costs of a National Single-Payer Healthcare System," Blahous, Mercatus Center, July 2018, Table 2, pg 7 **(mercatus.org)**

Mind Your Apples And Oranges!

TOTALS

$60 TRILLION TOTAL NHE

Current System

$58 TRILLION TOTAL NHE

Medicare-For-All

Total
National Health Expenditures
2022-2031

INCREASES VS DECREASES

+$33 TRILLION INCREASE

Increase in health spending by federal govt

−$35 TRILLION DECREASE

Decrease in health spending by households, businesses, and state & local govts

Under Medicare-For-All 2022-2031

Based on conservative Mercatus analysis

Sources: "Costs of a National Single-Payer Healthcare System," Blahous, Mercatus Center, July 2018, Table 2, pg 7 (**mercatus.org**)
Analysis of Bernie Sanders's "Medicare For All Act of 2017" (S1804) introduced Sept 2017

Analogy: Increase In Monthly Rent vs Total Monthly Living Expenses

If Mary moves from Apt A to Apt B, her monthly rent goes up by $500, but all her other expenses (e.g. utilities, gym, transportation) decrease by $700. Mary's rent in Apt A is $1,000, and her monthly living expenses (including rent) currently total $2,500.

1) How much is the monthly rent for Apt B?

2) How much does Mary save overall each month if she moves to Apt B?

3) What are Mary's total monthly living expenses if she moves to Apt B?

4) "Apt B costs $500": True or False?

Answers: 1) $1,500 2) $200 3) $2,300 4) False

In the analogy, "Rent" = Federal Govt Health Spending; "Total Living Expenses" = National Health Expenditures (NHE); "Increase in Rent" = Increase in Federal Govt Health Spending; "Apt B" = Medicare-For-All

Media Ignore More Favorable Medicare-For-All Studies

+$14.2 TRILLION

(increase in federal govt health spending over a decade)

Note: in addition to $28.6 T in existing public (federal, state & local govt) health spending and $1.4 T in residual household spending

–20.3 TRILLION

(decrease in health spending by households & businesses)

Saves $6 trillion!

2019-2028

Based on Friedman, scenario with partial savings*

*Total health spending 2019-2028: $50.3 T for status quo vs $44.2 T for Medicare-For-All (saves $6.1 T)

Source: "Yes, We Can Have Improved Medicare for All," Friedman, UMass, Dec 11, 2018, pgs 15-17 & 27-33 (**BusinessInitiative.org**)

Media Ignore More Favorable Medicare-For-All Studies

+$8.9 TRILLION

(increase in federal govt health spending over a decade)

Note: in addition to $28.6 T in existing public (federal, state & local govt) health spending and $1.3 T in residual household spending

−$20.4 TRILLION

(decrease in health spending by households & businesses)

Saves $11.5 trillion!

2019-2028

Based on Friedman, scenario with full savings, slower growth rate*

*Total health spending 2019-2028: $50.3 T for status quo vs $38.8 T for Medicare-For-All (saves $11.5 T)

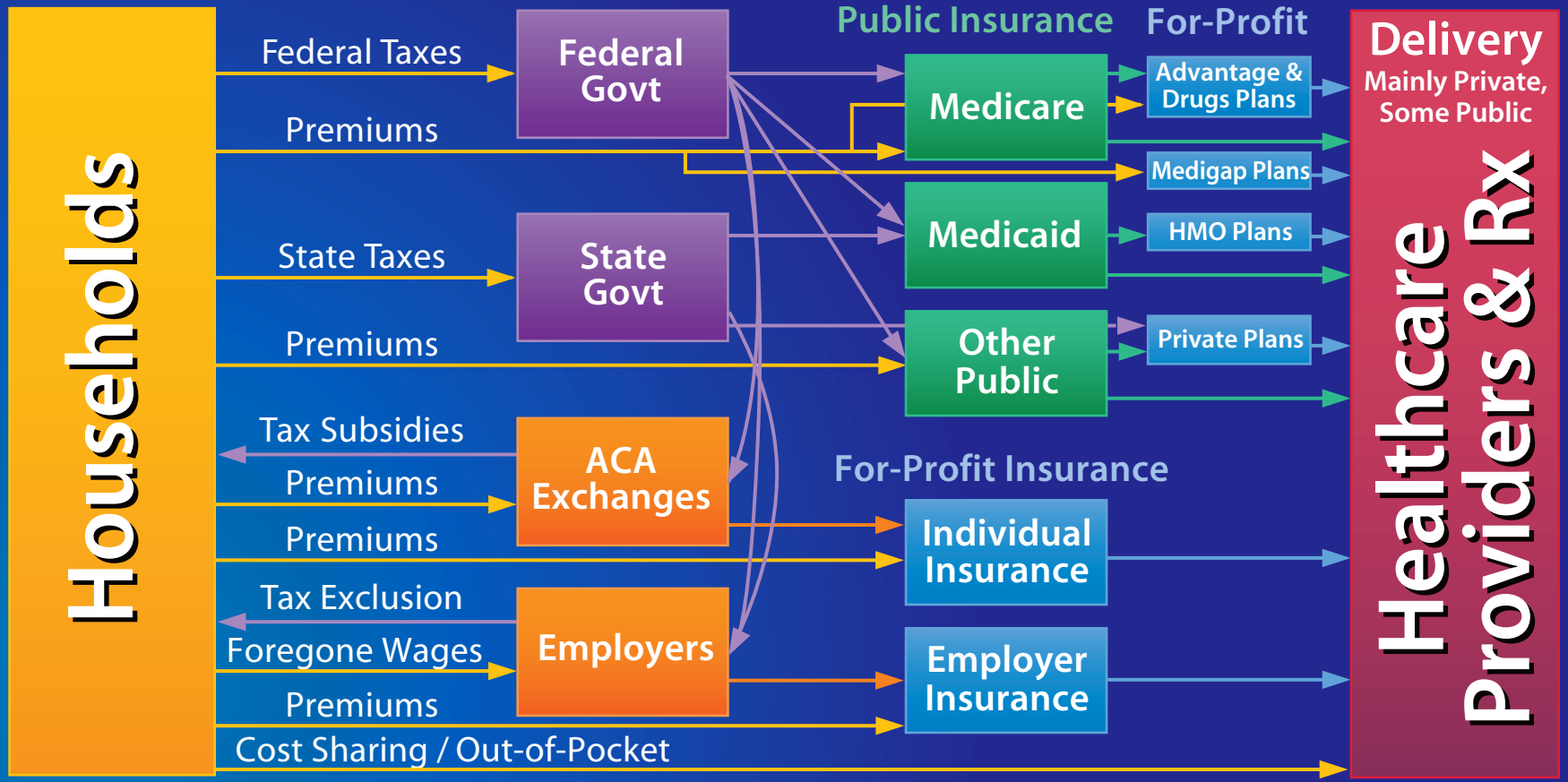
Source: "Yes, We Can Have Improved Medicare for All," Friedman, UMass, Dec 11, 2018, pgs 15-17 & 27-33 (**BusinessInitiative.org**)

2/3 Of All U.S. Healthcare Spending Already Publicly (Govt) Financed

Total 2017 Health Spending = $3,492 B	Billions $	% of Total
1. Direct Govt Health Spending		**49.0%**
Medicare (Federal)	$ 706	20.2%
Medicaid ($360 Federal & $222 State/Local)	582	16.7
Other (ACA, CHIP, Tricare VA, NIH, Public Health, Investments)	421	12.1
2. Govt Spending for Public Employees' Health Benefits		**6.6%**
Federal Govt	$ 38	1.1 %
State & Local Govts	191	5.5
3. Tax Subsidies for Private Health Insurance & Care		**9.5%**
Federal Govt	$ 281	8.0 %
State & Local Govts	51	1.5
Total Tax-Financed Health Spending	**$ 2,270**	**65%**

Sources: "The Current and Projected Taxpayer Shares of US Health Costs," Himmelstein & Woolhandler, March 2016, *American Journal of Public Health,* pgs 449-452 **(ajph.aphapublications.org);** 2017 amounts from **CMS.gov** & UMass PERI

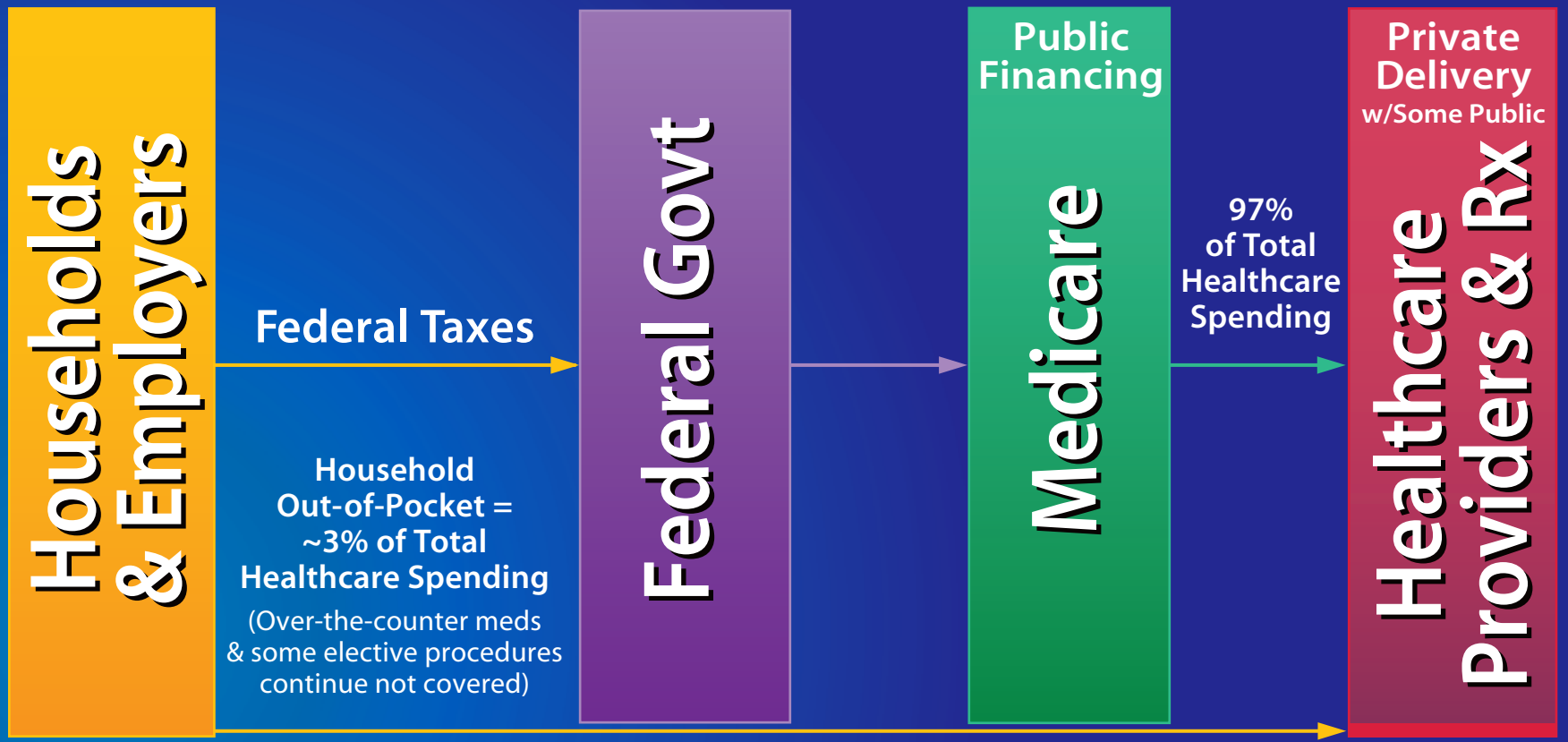
Financing Our Current Healthcare "Crazy Quilt" Is Complicated & Costly



Source: "Mapping the Terrain of the Single Payer Discourse," Matt Bruenig, Sept 6, 2017 (**PeoplesPolicyProject.org**)

Single-Payer Saves Money Through Admin Simplicity & Bargaining Power

~800B in Savings/Year Offsets ~400B for Universal Coverage & Expanded Benefits



Sources: "Mapping the Terrain of the Single Payer Discourse," Matt Bruenig, Sept 6, 2017 (**PeoplesPolicyProject.org**) and "Yes, We Can Have Improved Medicare for All," Gerald Friedman, PhD, UMass, Dec 11, 2018 (**BusinessInitiative.org**)

Improved-Medicare-For-All Saves 13% ($6.1 T) Over 10 Years

Based on Friedman scenario with no cost-sharing, partial savings, CMS growth rates

COSTS & SAVINGS
(in Trillions over 10 yrs, 2019-2028)

Current Health Consumption Costs $46.8 T
Excludes $1.1 T for Public Health Activities
and $2.4 T Investments (Research & Structures).
Must add both back in for full NHE comparisons.

Added Cost for Universal, Better Care + 4.9
Enhance Medicare & Expand Coverage to All
Higher Demand; Increase Medicaid Rates

Savings under Medicare-For-All – (11.0)
Provider-side Admin Efficiencies
Single-Payer Admin Efficiencies (@ 2% Rate)
Negotiate Lower Prices on Rx Drugs & Devices
Uniform Medicare Rates (+10 % for Hospitals)

Total Cost of Medicare-For-All $40.7 T

Net Savings: $6.1 T (2019-2028)

REVENUE SOURCES
(in Trillions over 10 yrs, 2019-2028)

Total Cost of Medicare-For-All $40.7 T

Apply Existing Govt Health Spending – (25.1)
- Medicare w/o prems (10.30 T), Fed Medicaid (5.46 T)
  ACA Subsidies (0.76 T), CHIP (0.17 T), VA (0.88 T),
  Military Health (0.60 T), Indian Health (0.06 T),
  State Medicaid* (2.45 T), Other* Progs (0.37 T)
  *includes "maintenance of effort" revenue
  transfers from state & local govts to fed govt
- Tax Subsidies for Employer Insurance (3.30 T)
  Other Health-Related Tax Subsidies (0.76 T)

Limited Household Out-of-Pocket – (1.4)
Over-the-counter drugs & elective/cosmetic
procedures continue not covered (4% of total)

Replacement Revenue Needed $ 14.2 T
Revenue could be accomplished through a
combination of progressive tax increases
to payroll, income, capital gains/dividends.

Source: "Yes, We Can Have Improved Medicare for All," Gerald Friedman, PhD, Dept of Econ, UMass, Dec 11, 2018
Based on scenario with no cost-sharing, partial savings, CMS growth rates; see pgs 15-18 & 27-31 **(BusinessInitiative.org)**

Improved-Medicare-For-All: (10 yrs)

We spend LESS and cover everyone with better benefits

Here's how we pay for it:
(2019-2028 decade)

Total Cost (NHE): Status Quo
$50 TRILLION

$6 Trillion stays in our pockets

65% already govt-financed
(including tax subsidies & public employee health benefits)

Federal Govt +
State & Local Govt

Households +
Businesses +
Other Private

Shift ~$30 Trillion into M4A

Shift ~$14 Trillion into M4A

Total Cost (NHE): Under Medicare-For-All
$44 TRILLION
OTC drugs & cosmetic

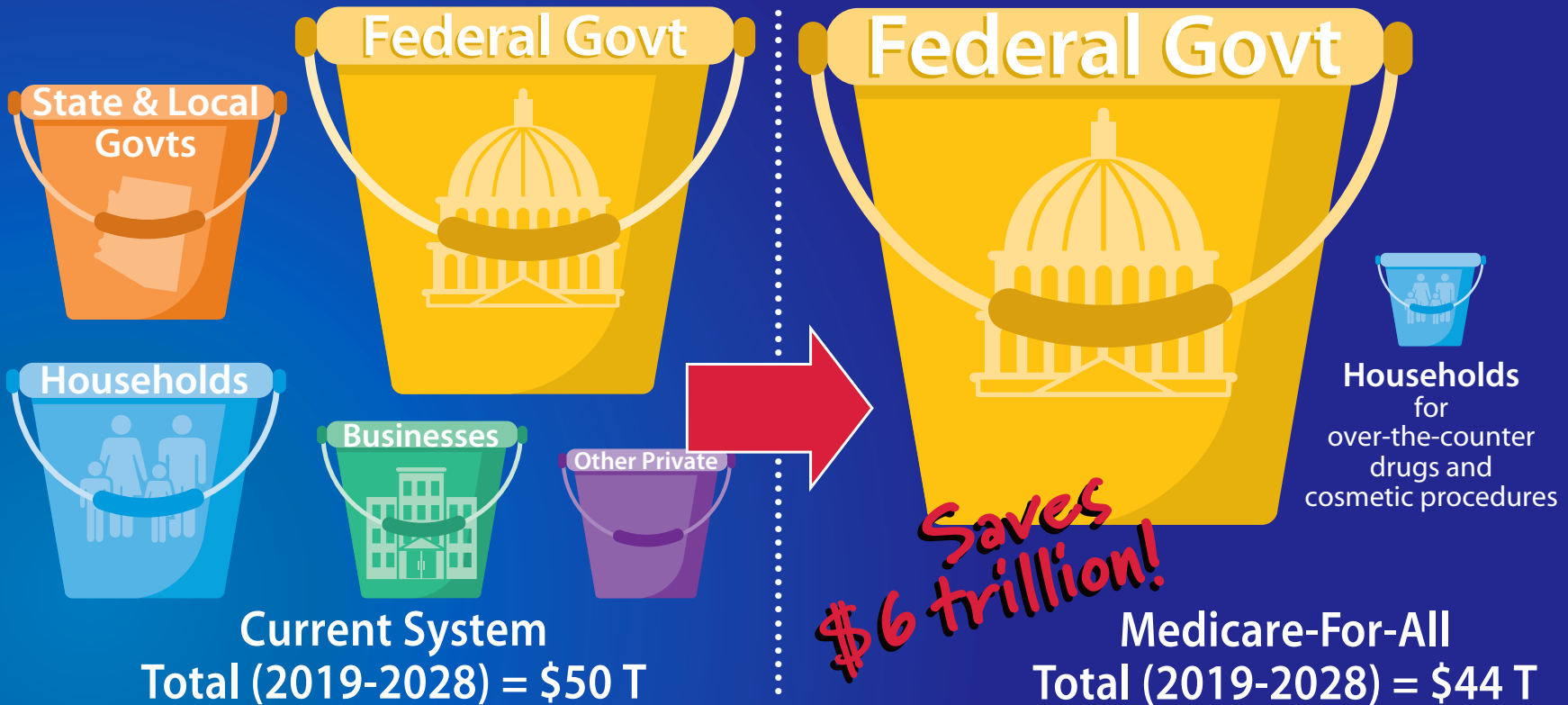
Saves $6 trillion!

NHE = National Health Expenditures
(Total health spending in the country)

M4A = Improved-Medicare-For-All

Sources: "Yes, We Can Have Improved Medicare for All," Friedman, UMass, Dec 11, 2018, pgs 15-17 & 27-33 (**BusinessInitiative.org**)
"...Taxpayer Shares of US Health Costs," Himmelstein & Woolhandler, March 2016, pgs 449-452 (**ajph.aphapublications.org**)

Increase In Federal Govt Spending Is Just A Shift Of Money Already Being Spent In Our Current Healthcare System



Source: "Yes, We Can Have Improved Medicare for All," Friedman, UMass, Dec 11, 2018, pgs 15-17 & 27-33 (**BusinessInitiative.org**); Similar findings by UMass PERI, Nov 2018, pgs 7, 8, 15, 71, 126 (**peri.umass.edu**); Bucket metaphor inspired by **TYTArmy.org**

Over 200 Economists Endorse Medicare-For-All

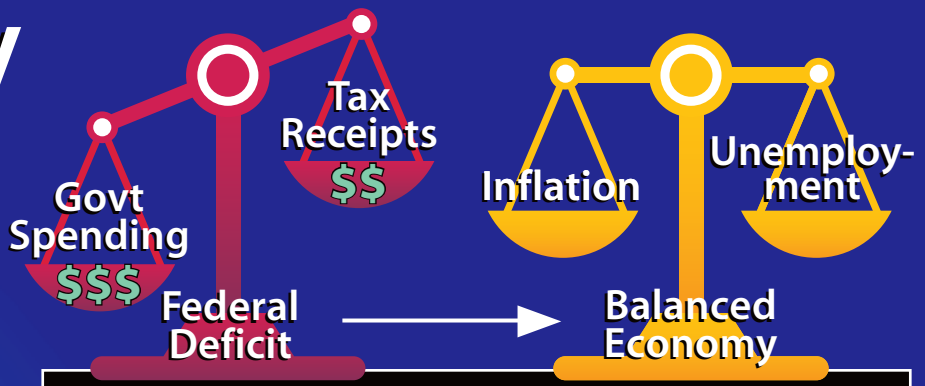
Photos by Jody Coss, June 2019

"Healthcare is not a service that follows standard market rules. It should therefore be provided as a public good."

"Public financing for health is not a matter of raising new money for healthcare, but of reducing total health-care outlays and distributing payments more equitably and efficiently."

Sources: Excerpt from letter sent to Congress, May 21, 2019
"200+ Economists Send Letter to Congress Endorsing Medicare for All," Jake Johnson, May 21, 2019 **(CommonDreams.org)**

Modern Monetary Theory (MMT)
aka "Modern Money"



Don't Fret over the Debt/Deficit. Focus on a Balanced ECONOMY!

Running federal deficits is good policy if it balances conditions in the broader economy.

- **Federal govt is the sole *issuer* of U.S. money so it can never run out** (like a scoreboard can never run out of points). It's not like a family or business that is simply a ***user*** of the money.

- **Money is created by fiat** when Congress authorizes the spending. Recipients' accounts get marked up.

- **Taxes do not pay for spending.** Taxation just removes money from the economy to control inflation and extreme inequality. By creating demand for the dollar, taxes give it value.

- **Govt does not need our money.** On the contrary, we need the money created by federal govt (the issuer).

- **How much can we spend?** We are limited by **real resources** available — workers, raw materials, etc. — to absorb the spending and prevent inflation.

Sources: "Modern Money Theory for Beginners," Presentation by Economist L. Randall Wray, April 6, 2018 and "But How Will We Pay for It? Making Public Money Work for Us," Presentation by Economist Stephanie Kelton, Oct 15, 2018

Improved-Medicare-For-All: Replacement Financing Options*

7.5% Employer-Side Payroll Tax (exempt first $2 million in payroll)

4.0% of Taxable Household Income (exempt first $29,000 for family of 4)

More Progressive Income Taxes on High Incomes (> $250,000)
Add marginal rates of 40% to 50% for income >$250,000; 70% for income >$10 million;
Tax unearned income (capital gains & dividends) same as work; Limit deductions to 28% rate

More Progressive Estate Tax (45%-65% on >$3.5 million exemption; 77% on >$1 billion

Annual 1% Extreme Wealth Tax on Top 0.1% (on amount >$21 million net worth)

Close Wealthy S-Corp Payroll & Medicare Tax Loophole

Tax Corporate Offshore Profits (currently $2.6 trillion held offshore)

Fee on Large Financial Institutions (>$50B in assets)

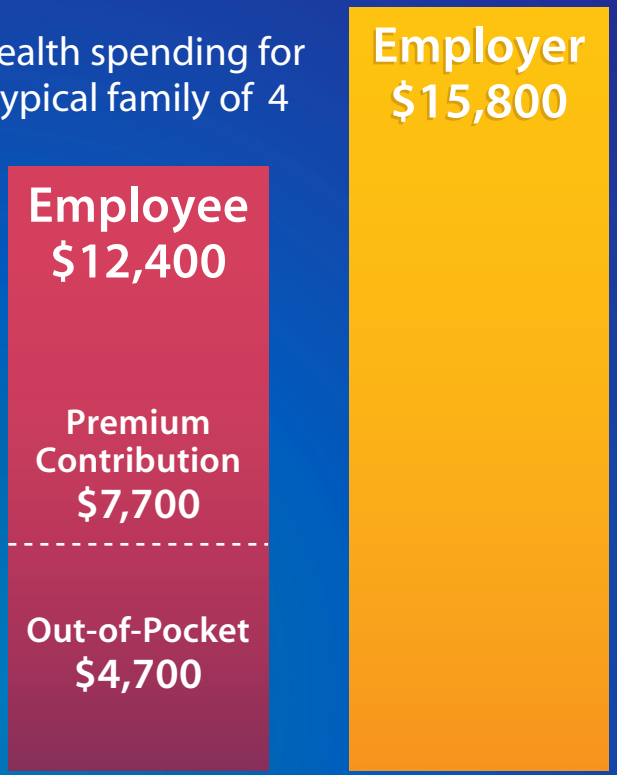
Repeal Corporate Accounting Gimmicks (LIFO on inventory)

Sources: M4A financing options white papers, Senator Bernie Sanders, Sept 2017 & April 2019 **(sanders.senate.gov)**
*Replaces spending on private insurance premiums, deductibles, co-pays, etc. by households & businesses

Families And Businesses Save Big Under Medicare-For-All

Status Quo = $28,200

Health spending for typical family of 4

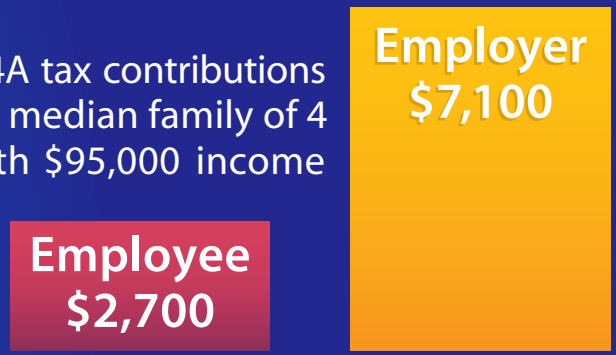


2018 Milliman Medical Index

Medicare-for-All = $9,800

Comprehensive benefits, no cost-sharing

M4A tax contributions for median family of 4 with $95,000 income



Based on Bernie's 2019 M4A plan*

Sources: Milliman Medical Index, May 2018 (**milliman.com**); "Medicare For All Act of 2019," April 10, 2019 (**sanders.senate.gov**)
*4% income-based tax paid by worker (after $29,000 for family of 4) & 7.5% income-based tax paid by medium/large employer

Most Americans Get BIG Savings With Improved-Medicare-For-All

Income Group	Avg Household Income	% Change in After-Tax Income	Approx SAVINGS	Approx Higher Cost
BOTTOM & MIDDLE	$30,000*	+1%	$300	—
	$40,000	+18%	$7,200	—
	$65,000	+15%	$9,750	—
	$85,000	+14%	$11,900	—
	$150,000	+8%	$12,000	—
TOP	$400,000	– 2%	—	$8,000
	$1,500,000	– 5%	—	$75,000

% change reflects difference between share of income spent on healthcare now and share under Improved-Medicare-For-All.
*Households with $30,000 income now likely qualify for Medicaid and already have very little cost-sharing or premiums.

Source: "Yes, We Can Have Improved Medicare for All," Gerald Friedman, PhD, Dept of Econ, UMass, Dec 11, 2018
Based on scenario with no cost-sharing, full savings, slower growth rate; see pgs 18, 19, 36 (**BusinessInitiative.org**)

Comprehensive Benefits & Wide Choice Of Providers


hospital/inpatient


doctor/outpatient


emergency


Rx drugs & devices


labwork


long-term care


mental health


vision & hearing


dental

LOVE IT! IMPROVE IT!
MEDICARE FOR ALL
National Nurses United

Families Save Big $$$$

- No premiums
- No deductibles, co-pays or co-insurance
- No medical bills

Average family SAVES $9,750/yr*

*Compared to how much the average family with income of $65,000 is currently spending on healthcare

Sources: HR 1384, "Medicare for All Act of 2019," especially see Title I and Title II (**congress.gov**) and "Yes, We Can Have Improved Medicare for All," Friedman, UMass, Dec 11, 2018, pgs 18, 19, 36 (**BusinessInitiative.org**)

"But How Are You Going To Pay For It?"

Responding To Medicare-For-All "Deficit Concern Trolls"

1 Challenge the Bias in the Question

"Why is it you never ask the pay-for question when it comes to trillions for endless wars, bank bailouts or tax cuts for the wealthy? But somehow 'our pockets are always empty' for everyday Americans."

2 Cost of Status Quo & Savings Under M4A

"We can't afford our current system! M4A will save ***the country*** about 13% ($6 T for 2019-28) compared to status quo. We can afford to spend LESS and cover everyone with better benefits and no cost-sharing."

3 Added Fed Spending Offset by Bigger Decrease

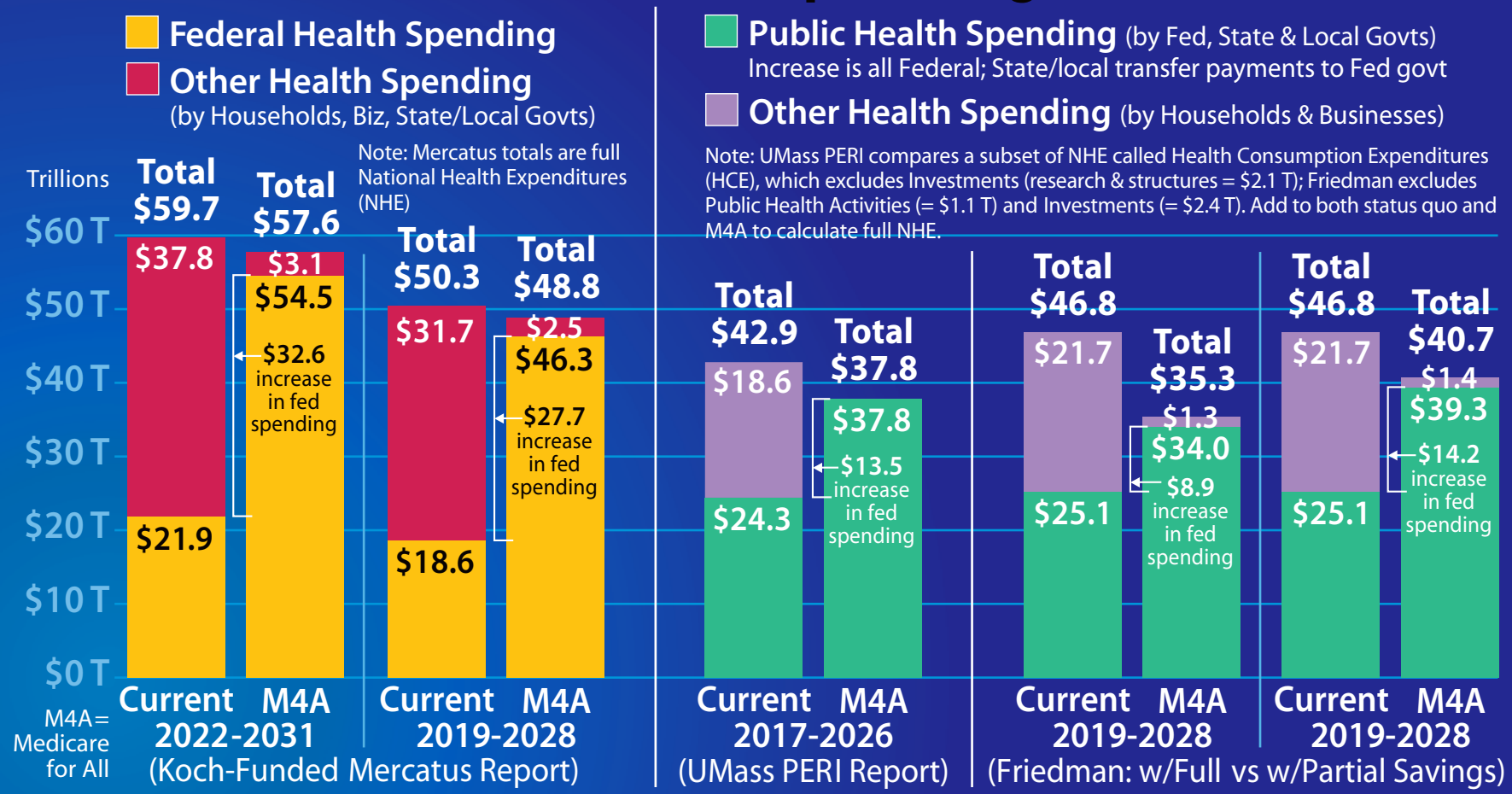
"You're only telling half the story! Additional federal govt spending is merely REPLACING other health spending — premiums, deductibles, copays — that people must do in our current system. It's just a shift."

4 Huge Savings for 95% of Americans

"Progressive taxes ***replace*** all premiums and out-of-pocket costs, which currently total a whopping $28,000 for a typical family of four — that amounts to a 29% ***'private tax'*** on employer and worker for a household with income of $95,000. ***Savings*** of $18,000 under M4A!

Sources: Yes, We Can Have Improved Medicare for All," Friedman, UMass, Dec 2018, pgs 15-17 & 27-33 (**BusinessInitiative.org**) Pollin, Univ. of Mass., Nov 2018, Table S8, pg 15 (**peri.umass.edu**); Milliman Medical Index, May 2018 (**milliman.com**)

As Federal Health Spending Increases Under M4A, Other & Total Health Spending DECREASE



Sources: Blahous, Mercatus Center, GMU, July 2018, Tables 2 & 3, pgs 7 & 22 (**mercatus.org**); Pollin, UMass PERI, Nov 2018, pgs 7, 8, 15, 71, 126 (**peri.umass.edu**); Friedman, Dept of Econ, UMass, Dec 11, 2018, pgs 15-17 & 27-33 (**BusinessInitiative.org**)

Improved-Medicare-For-All
Comparison Guide To Cost Analyses: 10 Years

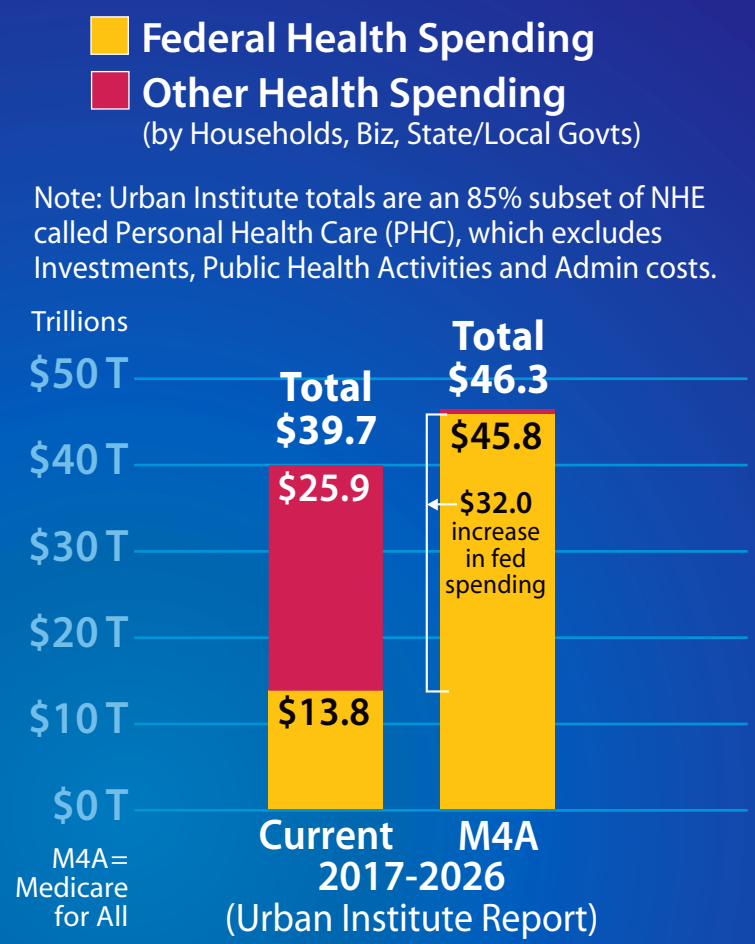
Source / Decade	Net SAVINGS for Entire Country (% of Status Quo)	Total Spending for Entire Country: Status Quo vs M4A	INCREASE in Federal Govt Health Spending	Offset by DECREASE in Health Spending by Others – Households, Biz, (& State /Local for Mercatus)
Mercatus 2022-31	$2.1 T (= 3.4%)	$59.7 T vs $57.6 T (Full NHE*)	+ $32.6 T	– $34.7 T
Mercatus 2019-28	$1.4 T (= 2.9%)	$50.3 T vs $48.8 T (Full NHE*)	+ $27.7 T	– $29.2 T
UMass PERI 2017-26	$5.1 T (= 11.9%)	$42.9 T vs $37.8 T (95% subset of NHE: Add 2.1 T to both for full NHE*)	+ $13.5 T** **extrapolated from 1 yr	– $18.6 T
Friedman 2019-28 w/Full Savings	$11.5 T (= 24.6%)	$46.8 T vs $35.3 T (93% subset of NHE: Add 3.5 T to both for full NHE*)	+ $8.9 T	– $20.4 T
Friedman 2019-28 w/Partial Savings	$6.1 T (= 13.1%)	$46.8 T vs $40.7 T (93% subset of NHE: Add 3.5 T to both for full NHE*)	+ $14.2 T	– $20.4 T

$ in Trillions M4A = Improved-Medicare-For-All

*Notes: Mercatus compares full National Health Expenditures (NHE); UMass PERI compares a subset of NHE called Health Consumption Expenditures (HCE), which excludes Investments (research & structures = $2.1 T); Friedman excludes Public Health Activities (= $1.1 T) and Investments (= $2.4 T). Add to both status quo and M4A to calculate full NHE. Also note different decades for various cost analyses.

Sources: Blahous, Mercatus Center, GMU, July 2018, Tables 2 & 3, pgs 7 & 22 (**mercatus.org**); Pollin, UMass PERI, Nov 2018, pgs 7, 8, 15, 71, 126 (**peri.umass.edu**); Friedman, Dept of Econ, UMass, Dec 11, 2018, pgs 15-17 & 27-33 (**BusinessInitiative.org**)

Responding To Critics & Outlier Studies



Flawed Studies That Claim Total Health Spending Increases Under M4A

Examples: Urban Institute (2016) & RAND (2019)

1) Overestimate increased utilization
2) Underestimate savings for admin and Rx drugs
3) Not actually analyzing a true single-payer M4A plan (keep third-party payers like Advantage plans)

Myth That Uniform Medicare Rates Are Too Low for Doctors & Hospitals

1) Avg 8% decline in doctor reimbursement rates will be more than offset by cutting overhead in half and increasing billable hours due to reduction in billing-and-insurance-related activities (BIR).

2) Under HR 1384, hospitals and other institutional providers will be paid via global budgets to cover their costs, so by definition they cannot go broke.

Sources: Rebuttal to Urban Institute by Himmelstein & Woolhandler, May 9 & 22, 2016 (**huffingtonpost.com** and **pnhp.org**)
Rates: Bruenig, Aug. 8, 14 & 15, 2018 (**PeoplesPolicyProject.org**) & UMass PERI, Nov 2018, pgs 13, 53, 101-106 (**peri.umass.edu**)

Mind Your Apples And Oranges!

TOTALS

Current System

Medicare-For-All

Total
National Health Expenditures
2019-2028

INCREASES VS DECREASES

Increase in health spending by federal govt

Decrease in health spending by households and businesses

Under Medicare-For-All 2019-2028

Based on Friedman analysis, scenario with partial savings (similar findings by UMass PERI)

Sources: "Yes, We Can Have Improved Medicare for All," Friedman, UMass, Dec 2018, pgs 15-17 & 27-33 (**BusinessInitiative.org**)
"Economic Analysis of Medicare for All," Pollin, UMass PERI, Nov 2018, pgs 7, 8, 15, 71, 126 (**peri.umass.edu**)

JOBS
WAGES
ECONOMY

HEALTHCARE

BUDGET
TAXES

VOTING

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CIVICS AND POLICY BASICS FOR THE BUSY MAJORITY™

FRAMING

"Busy Majority" said by Jon Stewart, Sept 2010

Presentation updated 8/25/19

PRESENTATION TITLE: M4A MATH
UPDATED: 8/26/19 RUN TIME: 4,248 words; approx 40 minutes

SLIDE 1: M4A MATH Title Slide
While several recent studies have shown that Improved-Medicare-For-All will cost the country less overall than our current Rube Goldberg healthcare system and that most families will save thousands each year, critics in the corporate media and Congress are determined to tell only half the story by focusing exclusively on the increase in federal government spending. Compounding the problem, many single-payer supporters in progressive media — and even some legislators — have misinterpreted the studies, leading to pervasive faulty arithmetic and apples/oranges comparisons. Today, I will clear up the confusion, break down several analyses, and give you the tools to respond quickly ***and correctly*** to establishment spin about the cost of Medicare-For-All.

SLIDE 2: $32 Trillion: What Does It Really Mean?
Discussion of Medicare-for-All inevitably leads to the number $32 Trillion. Even if we don't agree with that particular estimate or analysis, we need to understand what the 32 Trillion refers to. Ironically, the confusion around this number goes one of two opposite ways:
1) Medicare-For-All supporters mistake it for a total and then make faulty comparisons to our status quo total; or 2) Critics intentionally ignore that the $32 Trillion is more than offset by a bigger decrease in health spending elsewhere in the system. Let's address each of these errors.

SLIDE 3: $32 Trillion Number Arrow Up & Close-up of Mercatus & Urban Tables
If you remember nothing else from this presentation, remember this: The $32 Trillion is ***never, ever*** a total. In both the Mercatus and Urban Institute studies that invoke the 32 Trillion number, it is clearly marked as merely the ***increase*** in federal spending under Medicare-For-All. In other words, the ***added cost*** over a decade to the federal government only. I illustrate that here with a giant "up" arrow. Also note that the decades are different: Urban looks at 2017 to 2026, while Mercatus analyzes a later and therefore more expensive decade starting in 2022 — after Bernie's four-year transition period.

SLIDE 4: Confused Headlines... Lead To Faulty Comparisons
Headlines that suggest the $32 Trillion is the ***total cost*** of Medicare-For-All are confused and misleading. At minimum, to calculate a total, we have to add back in all ***existing*** federal government health spending on current Medicare, Medicaid, Children's Health, Affordable Care Act, Tricare, etc., which every study correctly stipulates will get shifted into Medicare-For-All program. That makes sense — we're hardly starting from scratch (despite what the naysayers would have us believe).

SLIDE 5: Beware Faulty Math And Wrong Comparisons ($17 Trillion Mistake)
Because $32 Trillion is such a large number, Progressives make the arithmetic mistake of trying to compare this ***partial*** amount to the ***total*** amount of our country's current health care system — what's known as National Health Expenditures or NHE. They conflate "national" with "federal government" and confuse an increase of one thing with a total of another. An innocent misreading of the 2016 Urban Institute table by a Daily Kos blogger led many high-profile journalists, YouTubers and even lawmakers to mistakenly compare the $32 Trillion mere increase in federal government spending to $49 trillion total NHE for status quo to arrive at an erroneous $17 Trillion in savings. That's comparing apples and oranges.

Ironically, the so-called "left-leaning" Urban Institute report was a total hit job on single-payer and concluded quite the opposite, namely that overall spending in the country (NHE) would ***increase*** massively under Medicare-For-All. Last year, I got the DailyKos blogger to issue a retraction and then went on the popular YouTube show "The Humanist Report" to debunk the faulty math. Our interview quashed the $17 Trillion mistake for awhile, but I see variations of it popping back up by other well-meaning single-payer supporters. Understanding Medicare-For-All cost analyses is challenging enough: These kind of arithmetic mistakes are not helpful.

SLIDE 6: Federal Govt Health Spending Goes Up, But... (Bar Chart of Mercatus Table 2)
The macroeconomic savings under Medicare-For-All are substantial, but not ***that*** rosy. For example, according to the conservative Mercatus study for the decade 2022 to 2031, the $32.6 Trillion increase in federal government spending is ***on top of*** the nearly $22 Trillion in ***existing*** federal health spending and tax subsidies, which gets shifted into the Medicare-For-All program. Mercatus also adds in another $3 Trillion, mostly for longterm care, which remained entirely under state administration in Bernie's 2017 bill. That brings the total National Health Expenditures under Medicare-For-All to just under $58 Trillion. Now that sounds like a big number until you learn that the projected cost of our current system for that decade is just under $60 Trillion.

Hence the savings overall of $2 Trillion — even from a Koch-funded, libertarian think-tank. Boy did that backfire! As shown in this bar chart based on one by Matt Bruenig, the naysayers want you to focus on just the increase in federal government spending (shown in yellow), not the decrease in health spending by households, businesses and state & local governments (shown in red), and definitely not the decrease in total spending (yellow plus red together).

SLIDE 7: Mercatus Table 2 Markup
All the numbers required for the calculations are right there in Table 2. We don't need to do any rough, inaccurate estimates about our current system — like multiplying the current year by ten — or using the wrong decade from the CMS projection tables. We just need to total up a few rows, which the author Charles Blahous curiously neglected to do. So I did it for you here in red. When he discovered that his study showed a $2 Trillion savings for the country overall (on rows 6 through 9), he desperately wanted to divert everyone's attention to row 12 — the increase in federal government spending. While the corporate media loves to quote the $32 Trillion number, we're accused by the Jake Tappers of the world of being liars if we quote the $2 Trillion savings number. But you can't get to row 12 without going through rows 6, 7, 8 & 9. In other words, you live by Table 2, you die by Table 2.

SLIDE 8: $32.6 Trillion Up Arrow & $34.7 Trillion Down Arrow
The corporate propaganda is designed to convince the public that the $32 Trillion is on top of ***all*** existing health spending in the country, as though there would be no decrease in health spending elsewhere in the system. In fact, even per Mercatus, households and businesses would no longer be spending money on private insurance premiums, deductibles, co-pays and other out-of-pocket costs. Likewise, state and local governments would be relieved of health-care spending (especially for Medicaid) as the federal government becomes the ***single*** payer of nearly all medical bills in the country. Based on the $2 Trillion savings, we can infer that the decrease in health spending by these other entities is actually $34.7 Trillion, which more than offsets the $32.6 Trillion increase. So the increase in federal government spending is just a shift of money already sloshing around in our current system; it's not new or additional money.

SLIDE 9: Mind Your Apples & Oranges (Mercatus)
Here's a simple graphic to ensure you are making the correct comparisons if someone cites Mercatus. To show the $2 Trillion savings, you can compare total NHE to total NHE (I find it helps to visualize a map of the entire country for NHE): So $60 Trillion versus $58 Trillion under Medicare-For-All. Or you can compare the $33 Trillion ***increase*** in federal government spending (visualize the U.S. Capitol dome for that) to the $35 Trillion ***decrease*** in health spending by other entities. But you ***cannot*** compare a mere ***increase*** (an orange) to a ***total*** (an apple). You also ***cannot*** add the $2 Trillion in savings to the $33 Trillion increase to calculate the total for the status quo — you'd be low by $25 Trillion. That's the latest arithmetic error prevalent in progressive media once Bernie highlighted the $2 Trillion savings buried in Mercatus.

SLIDE 10: Analogy — Mary's Increase in Rent vs Total Monthly Living Expenses
In case it's not yet crystal clear, let's do a little word problem analogy to drive this point home. If Mary moves from Apt A to Apt B, her monthly rent goes up by $500. But that's only half the story: Because utilities and an onsite fitness center are ***included*** in Apt B and Mary can also eliminate her car expenses in exchange for a much cheaper easy-pass on the now nearby Metro line, all her ***other*** monthly expenses decrease by $700. If Mary's rent in Apt A is $1,000, and her monthly living expenses (including rent) currently total $2,500, then we can calculate:
1) The monthly rent for Apt B is $1,500.
2) Mary saves $200 each month if she moves to Apt B. Her rent goes up by $500, but all her other expenses go down by $700 for a net savings of $200.
3) Mary's total monthly living expenses if she moves to Apt B is $2,300 — $200 less than her current $2,500 in Apt A.
4) It would be confused and misleading to say "Apt B costs $500" — that's just the increase in rent — not the total rent and certainly not Mary's total monthly living expenses. Mary can only make an informed decision by looking at the whole picture — not just fixating on the rent. Also notice it would be a math error to try to subtract $500 from $2,500 to arrive at an erroneous net savings of $2,000 (that's analogous to the $17 Trillion savings mistake). In short, an ***increase*** in one thing (Federal Government Health Spending or Mary's Rent) cannot be compared to a ***total*** of another thing (National Health Expenditures or Mary's Monthly Living Expenses).

SLIDE 11: $14.2 Trillion Up & $20.3 Trillion Down
Moving on, there is also no reason we must accept a flawed Koch-funded, conservative study as the final arbiter of the savings under Medicare-For-All. Not only do the corporate media only tell half the Mercatus story, they ignore or dismiss more favorable Medicare-For-All analyses. Two other recent studies calculate much more savings — consistent with the savings found in other developed countries. For example, University of Massachusetts PERI calculates a $5 Trillion net savings for the decade starting 2017, while economist Gerald Friedman calculates ***at least*** a $6 Trillion savings for the decade starting 2019. And Friedman calculates the increase in federal government spending will be only about $14 Trillion — half Mercatus's $28 Trillion for that decade. Of course, that $14 Trillion ***increase*** will be more than offset by a $20 Trillion ***decrease*** in health spending by households and businesses for private insurance premiums and out-of-pockets costs.

SLIDE 12: $8.9 Trillion Up & $20.4 Trillion Down
What's more, if Friedman's projected potential savings and slowing the rate of cost growth are ***fully*** realized, he calculates even more robust net savings of $11.5 trillion compared to our current system for the decade 2019 to 2028. In that scenario, federal government spending will increase by only about $9 trillion and of course be offset by the $20 trillion ***decrease*** in health spending by households and businesses. Because I believe in underpromising and overdelivering, I'm going to use Friedman's less optimistic projections, which dovetail with UMass PERI's 12% net savings compared to our current system.

SLIDE 13: 2/3 Of All U.S. Healthcare Spending Already Publicly (Govt) Financed
Besides more robust savings, another reason the projected increase in federal government spending is so much lower than Mercatus's estimate is that both UMass PERI and Friedman apply existing ***public*** health spending into Medicare-For-All — not just existing ***federal*** government health spending. They assume state & local governments will continue to collect their health-related taxes (especially for Medicaid) and send them to the federal government in what's known as a "maintenance of effort" arrangement. Boom! We are already about 60% of the way to fully funding Medicare-For-All.

As this chart shows, two-thirds of all U.S. healthcare spending is already publicly financed. There's the obvious direct government spending for programs like Medicare, Medicaid, etc. But there's also another 6.6% when governments help purchase private insurance for public employees — especially at the state level. And there's another hidden 9.5% when governments subsidize the cost of private insurance, especially the tax exclusion for employer-sponsored health insurance. Employers deduct their premium contribution from their tax bill, but it never shows up as income for the employee. Much of that lost tax revenue gets clawed back under Medicare-For-All.

SLIDE 14: Financing Our Current Healthcare "Crazy Quilt" Is Complicated & Costly
You can visualize all that hidden government spending in this chart, based on one by Matt Bruenig. It maps the complicated, inefficient terrain of our current healthcare financing system. It's a Rube Goldberg nightmare, littered with rapacious for-profit insurance middlemen and designed to guarantee the profits of the few, not healthcare for all.

SLIDE 15: Single-Payer Saves Money Through Admin Simplicity & Bargaining Power
According to Friedman, by moving to a true single-payer system, we can wring out at least $800 Billion per year in gross savings through administrative efficiencies on both the insurance and provider side, as well as negotiating down drug prices. We use about half those savings — $400 Billion to improve existing Medicare and expand it to everyone. That leaves a net savings of about $400 Billion or 12% for 2019 — even under Friedman's lower estimate. With his more robust estimate, the gross savings would be $1,100 Billion per year, with a net savings of about $700 Billion or 20% for 2019. Because half measures and tinkering like the Public Option are just another patch on our current healthcare "crazy quilt," they forego the administrative savings and negotiating clout that make it easy to fund universal healthcare with comprehensive benefits and no cost-sharing. Ironically, incrementalism ends up being ***more*** expensive than Medicare-For-All. And way less bang for the buck.

SLIDE 16: Improved-Medicare-For-All Saves 13% ($6.1 T) Over 10 Years
For my fellow wonks out there who like to delve into more detail, I created graphic snapshots breaking down the details of several Medicare-For-All studies and various scenarios. You can find those JPGs at my website. This example shows how Friedman arrives at the $6 Trillion savings over 10 years. On the left side, you start with the total cost of our current system. To make things a little more confusing, Friedman uses a subset of National Health Expenditures that excludes Public Health Activities and Investments, so just under $47 Trillion. To compare to full NHE, you need to add back in $3.5 Trillion to both status quo and Medicare-For-All at the end. Next, we increase spending by about $5 Trillion to improve and expand Medicare to all and cover the higher demand — called increased utilization — now that everyone is covered. We also increase Medicaid rates to Medicare rates. Then, we subtract about $11 Trillion in savings from administrative efficiencies on both the provider side and insurance side, negotiating lower prices on prescription drugs and devices, and applying uniform Medicare rates, with an additional 10% for hospitals. That gives us a net savings of just over $6 Trillion compared to the status quo.

Moving over to the right side of the chart, we start with nearly $41 Trillion total for Medicare-For-All, we apply $25 Trillion in existing ***public*** health spending, including those tax subsidies. Friedman also subtracts $1.4 Trillion in spending for over-the-counter meds and vitamins and some elective/cosmetic procedures that will continue to be paid directly by households. That leaves just over $14 Trillion in replacement revenue needed — the shift to the federal government — if we're going to play the pay-for game.

SLIDE 17: Improved-Medicare-For-All Saves 13% ($6.1 T) Over 10 Years
To share with less wonky folks, here's a simplified flow chart using full NHE. We start with $50 Trillion for our current system for the decade 2019 to 2028. I've color coded the bar to approximate how much is currently government funded already, including those tax subsidies. First, we keep $6 Trillion in our pockets. Then we shift about $30 Trillion of current government healthcare spending and $14 Trillion of current household and business spending into Medicare-For-All for a total of $44 Trillion. Boom! We can afford to spend less and cover everyone with better benefits. The corporate media and other naysayers want to focus on the yellow portion getting larger, but we want to focus on the total length of the bar getting shorter.

SLIDE 18: Increase In Federal Govt Spending Is Just A Shift... (Health Spending Buckets)
Or if you prefer a bucket metaphor, you can share this visual. Imagine the buckets on the left pouring into the federal government bucket on the right, with some leftover. It's not new money; it's just a shift of money already being spent in our current inefficient healthcare system — with a huge net savings. Of course, the yellow bucket gets larger under ***single-payer,*** as the federal government becomes the sole payer of nearly all medical bills in the country. That's the Duh! number — it's a feature, not a bug of ***single-payer***. But the important point is total volume goes down.

SLIDE 19: Over 200 Economists Endorse Medicare-For-All
Indeed, according to over 200 economists who recently endorsed Medicare-For-All in a letter to Congress, "A single-payer 'Medicare for All' health insurance system for the U.S. can finance good-quality care for all U.S. residents as a basic right while still significantly reducing overall health care spending relative to the current exorbitant and wasteful system. Healthcare is not a service that follows standard market rules. It should therefore be provided as a public good... Public financing for health is not a matter of raising new money for healthcare, but of reducing total healthcare outlays and distributing payments more equitably and efficiently."

SLIDE 20: Modern Monetary Theory (MMT) aka "Modern Money"
Among those economists who endorsed Medicare-For-All were Modern Monetary Theory educators Stephanie Kelton, L. Randall Wray and Fadhel Kaboub. According to MMT, because the federal government is the sole issuer of U.S. money, it can never run out — like a score-board can never run out of points. Money is created by fiat when Congress authorizes the spending. So taxes do not pay for spending — the spending comes first. Taxation just removes money from the economy to control inflation and extreme inequality. Also, because we can only pay our taxes in U.S. dollars, taxation creates demand for the dollar and gives it value. None of those goals requires every dollar of new spending to be offset by a dollar of new taxes or spending cut elsewhere. On the contrary, running federal deficits is good policy if it balances conditions in the broader economy or enables vital priorities like universal healthcare. While I have not yet seen a formal MMT analysis of Medicare-For-All, some have suggested that inflation is not a concern because less healthcare spending overall and the loss of nearly two million insurance-related jobs would actually be deflationary.

SLIDE 21: Improved-Medicare-For-All: Replacement Financing Options
However, assuming we cannot convince the public to accept massive deficit spending, the inflation forecast comes in less favorable, or Congress self-inflicts another pay-go rule, we should have a progressive tax package ready to go. Here are some options that Bernie proposed. Except for the 7.5% employer-side payroll tax after the first $2 million in payroll and 4% household income tax after the first $29,000 for a family of four, all the others are targeted at high incomes. Those include increasing the top marginal rates, taxing passive income the same as work, a more progressive estate tax, an extreme wealth tax, a fee on large banks, and closing various corporate loopholes. We should do those simply to address staggering inequality.

SLIDE 22: Families And Businesses Save Big Under Medicare-For-All
Now let's turn to the all-important ***distributional*** changes at the household level under Medicare-For-All. The deficit trolls and austerity scolds in Washington D.C. and establishment media are myopically focused on the cost to the federal government alone, as if that's the only cost that exists or matters. As Shakespeare would say, it's the only cost that is dreamt of in their philosophy. Meanwhile, the crushing cost of our current for-profit insurance system on individual families and businesses does not factor into their calculations. So they ignore that part of the story.

According to the 2018 Milliman Medical Index, for the typical family of four with employer-sponsored health insurance, the total cost is over $28,000 per year, with the employer contributing nearly $16,000 and the employee spending over $12,000 — $7,700 in premium contribution and $4,700 in additional out-of-pocket spending. We should refer to that as a ***"private tax."*** Bernie's Medicare-for-All financing proposal would cut that by two-thirds for the median family of four with $95,000 in income — saving about $18,000. The nearly $9,000 saved on the employer side should be returned to the worker in the form of higher wages or other benefits. In short, ***public*** taxes go up by far less than ***private*** taxes go down.

SLIDE 23: Most Americans Get BIG Savings With Improved-Medicare-For-All
Friedman calculated that most families would see a huge boost in income under Medicare-For-All — about $10,000 to $12,000 for a middle class families with income of $65,000 to $85,000. Only the top incomes would contribute more than they are currently spending on healthcare, but we are still only clawing back a fraction of the lost revenue from four decades of tax cuts for the wealthy.

SLIDE 24: Comprehensive Benefits & Wide Choice of Provider Families Save Big $$$$
In addition to the savings, Americans will get more comprehensive benefits, much greater choice of doctors and hospitals throughout the entire country, and lots of peace of mind — way better than any private health insurance plan out there.

SLIDE 25: But How Are You Going To Pay For It?"
Here are some quick responses you can use to counter the deficit concern trolls:

1) First, challenge the bias in the question and put them on the defensive: "Why is it you never ask the pay-for question when it comes to trillions for endless wars, bank bailouts or tax cuts for the wealthy? But somehow 'our pockets are always empty' for everyday Americans."

2) Always bring up the cost of the status quo and make the correct comparison for savings: "We can't afford our current system! Medicare-For-All will save the country about 13% ($6 Trillion over the decade 2019 to 2028) compared to the status quo. We can afford to spend LESS and cover everyone with better benefits and no cost-sharing."

3) The added federal government spending is more than offset by a bigger decrease in health spending by households and businesses: "You're only telling half the story! Additional federal government spending is merely ***replacing*** other health spending — premiums, deductibles, copays — that people must do in our current system. It's just a shift."

4) Huge savings for 95% of Americans: "Progressive taxes ***replace*** all premiums and out-of-pocket costs, which currently total a whopping $28,000 for a typical family of four — that amounts to a 29% ***'private tax'*** on employer and worker for a household with a $95,000 income. Savings of $18,000 under Medicare-For-All! Once again, you're only telling half the story!"

SLIDE 26: As Federal Health Spending Increases Under M4A, Other & Total Health Spending DECREASE (Bar Charts)
For those of you who like more details and want the numbers at your fingertips without weeding through the studies every time, here's a quick reference bar chart comparing Mercatus, UMass PERI and Friedman. Critics want to fixate on the increase in federal government spending. We want to refocus attention on the fact that both colors added together — total health spending — is lower under Medicare-For-All.

SLIDE 27: Improved-Medicare-For-All Comparison Guide To Cost Analyses: 10 Years
Or if you prefer table format, I created tables comparing ten-year analyses, as well as one-year analyses. Because studies use different decades or years, which can shift the dollar amounts by a lot, expressing the savings in terms of a percent of our current system is sometimes better when doing cross comparisons.

SLIDE 28: Responding To Critics & Outlier Studies
Also beware of the few studies that claim total health spending (NHE) ***increases*** under Medicare-For-All. A favorite of the corporate media is the 2016 analysis from the so-called "left-leaning" Urban Institute. There is also a new one by RAND this year. Urban was rebutted at the time by Himmelstein and Woolhandler of Physicians for a National Health Program and more recently by UMass PERI for overestimating increased utilization and underestimating savings for admin and prescription drugs. In fact, Urban Institute excluded admin costs from the category of consideration so how could it calculate any admin savings? They also failed to analyze a true single-payer plan by keeping in third-party payers like Advantage plans.

There's also the myth that uniform Medicare rates are too low for doctors and hospitals to survive. In fact, according to UMass PERI, the average 8% decline (not 40%!) in doctor reimbursement rates will be more than offset by cutting overhead in half and increasing billable hours due to the reduction in billing- and-insurance-related activities. Furthermore, under Jayapal's HR 1384, hospitals and other institutional providers will be paid via global budgets to cover their costs, so by definition they cannot go broke.

SLIDE 29: Mind Your Apples, Oranges! (Friedman)
In conclusion, whenever Medicare-For-All naysayers start throwing around big numbers out of context, always point out the correct comparison to the outrageous costs in our status quo system. And be sure to mind your apples and oranges: You can compare a total to a total; and an increase to a decrease; but ***not*** a mere increase to a total. And finally, don't let the corporate media ignore or dismiss legitimate studies more favorable to Medicare-For-All or tell only half the story to fit their preconceived narrative.

SLIDE 30: ConnectTheDotsUSA End Slide