Medicare for All Would Be a Terrible Trade

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If you ask, Americans tell you that health care costs too much. That opens a door, or so many politicians think, to dramatic "reforms" that would transform the provision of medicine in this country by putting the government in complete control. The catch, though, is that Americans want top-notch care, and for as close to free as possible. That runs up against the serious tradeoffs revealed most recently in last week's Senate hearings on the latest proposals for Medicare for All.

"Political party affiliation has little bearing on Americans' attitudes about the current cost of care, with overwhelming majorities of Americans across party lines agreeing that the cost of healthcare in America is 'higher than it should be,'" Gallup reported last year of surveys finding that 94 percent of Americans agree. Almost half of respondents call healthcare costs a "major priority" when deciding how to vote.

So, it's no surprise that politicians who favor a more active government jumped in with the Affordable Care Act a decade ago and now peddle the idea of implementing government-provided single-payer healthcare, usually in the guise of extending the generally popular Medicare program to the whole population. The public seems to like the idea, but only so long as it costs nothing.

"Recent Kaiser Family Foundation polls have found that 56 percent of the nation favors Medicare-for-all, compared with 74 percent of Americans who support expanded Medicare as an option for younger Americans in addition to private insurance," *The Washington Post* noted in 2019, the last time the proposal was seriously raised. "When the same people were told that a Medicare-for-all plan would raise taxes and eliminate private health insurance, support fell to 37 percent."

Other surveys do find greater willingness to pay higher taxes, though mostly among Democratic voters. But "only one in 10 registered voters want the equivalent of Medicare for all if it means abolishing private health insurance plans." Kaiser, which frequently polls on the issue and asked the most detailed questions in 2019, found that tradeoffs depressed support for a single-payer plan into negative territory. Only 26 percent favored Medicare for All if it meant "delays in people getting some medical tests and treatment." That's a problem because top-notch care, delivered fast, at low cost really isn't on the menu.

"The increase in demand for personal health care would exceed the increase in supply, resulting in greater unmet demand than the amount under current law," Phillip L. Swagel, director of the Congressional Budget Office (CBO), told the Senate Budget Committee last week during a hearing on Medicare for All. "The increase in unmet demand would correspond to increased congestion in the health care system, including delays and forgone care."

On the plus side, Swagel predicted reduced out-of-pocket expenses for consumers and potential (though not guaranteed) reductions in overall national expenditures on healthcare. But much of the savings he sees coming from "lower payment rates" for providers and he warned that "payments lower than those projected under current law might cause fewer people to enter health care professions and fewer new drugs to be developed." That means even greater delays and slower advancement in medicine.

Cost-wise, Swagel said that "gross domestic product (GDP) would be approximately 1 percent to 10 percent lower by 2030 than the amount projected under current law…primarily because of the effects of increased taxes on labor and capital income."

The Mercatus Center's Charles Blahous, who earlier analyzed a 2018 Medicare for All bill championed by Sen. Bernie Sanders (I-Vt.) also testified before the committee, which is chaired by Sanders. He considered some of the more optimistic cost-control assumptions put forward by the CBO to be unrealistic.

"For example, CBO projects that 80% of the time nurses spend on administrative tasks would be eliminated by M4A[Medicare for All]," Blahous pointed out. "If we simply assume that M4A does half as well – that is, reducing nurses' administrative duties by 40% rather than 80% – and combine this with assumptions of Medicare level payment rates, as well as CBO's reasonable and well-studied assumptions regarding the prevalence of opt-outs, provider supply responses to payment cuts, and the ability of health providers and drug manufacturers to expand supply in response to demand – then we find that almost all of the additional health services promised by M4A would fail to materialize."

"In this scenario, it would be no exaggeration to say that M4A would increase eligibility and demand for additional healthcare, while in practice denying the promised additional access almost completely," he added.

The ten-year price tag of Medicare for All would be close to $31 trillion, Blahous estimated, which is *lower* than his prediction in 2018. "If $31 trillion were indeed the number, this would again exceed what could be financed by doubling all currently projected individual and corporate income taxes."

So, Medicare for All offers greater insurance *coverage*, but not necessarily increased *access to care*. And it does so at high cost. It's all about tradeoffs, and that's universal across health care systems which have to balance quality, access, and cost.

As of 2020 only 62 percent of Canadians told Commonwealth Fund pollsters that they "waited less than 4 months for non-emergency or elective surgery after they were advised they needed it"

in that country's single-payer system, compared to 92 percent of Americans. Only 38 percent of Canadians were able to see a specialist within four weeks, compared to 69 percent of Americans. As a result, Canada is increasingly turning to private medicine to address the public system's failures.

"State health insurance patients are struggling to see their doctors towards the end of every quarter, while privately insured patients get easy access," Deutsche Welle reported in 2018 of Germany's similar challenges. "State health insurance companies only reimburse the full cost of certain treatments up to a particular number of patients or a particular monetary value.…Once that budget has been exhausted for the quarter, doctors slow down — and sometimes even shut their practices altogether."

In the United States, "traditional Medicare is in its sixth decade of penalizing high-quality care and thwarting the competitive forces that would otherwise improve quality" caution Michael Cannon of the Cato Institute and Jacqueline Pohida, a nurse practitioner, in a *Quinnipiac Health Law Journal* article published earlier this year. Rather than make the rest of health care more like Medicare, they recommend introducing more choice and private competition into the government system.

Polling finds that Medicare for All is popular, but only as a slogan. For most Americans, inevitable and unwelcome costs, sacrifices, and delays make Medicare for All the wrong prescription.