Are You Sure You Want Medicare for All?

J.D. Tuccille

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Senator Bernie Sanders (I-Vt.) plans to unveil his long-awaited "Medicare for all" proposal for government-controlled, single-payer health care. His colleague, Sen. Elizabeth Warren (D-Mass.), is all-in on the scheme. "Medicare for All is one way that we can give every single person in the country access to high quality health care," she writes. "Everyone is covered. Nobody goes broke paying a medical bill. Families don't have to bear the costs of heartbreaking medical disasters on their own."

And for starting us along the path to all of that high-quality care, she adds, "We owe a huge debt to President Obama."

Well, there is something there. Debt, that is. Huge, accumulating mounds of it, swamping everything in sight. In 2001, the Congressional Budget Office warned that spending on retirees—specifically Social Security and Medicare—"will consume…almost as much of the economic output in 2030 as does the entire federal government today."

"Notwithstanding recent favorable developments," the Medicare Trustees conceded in their report this year, "current-law projections indicate that Medicare still faces a substantial financial shortfall that will need to be addressed with further legislation." The report foresees that "the trust fund becomes depleted in 2029."

In actual dollar amounts, says Michael D. Tanner of the Cato Institute, "Medicare faces unfunded liabilities approaching $48 trillion. And, if we return to double digit health care inflation, we could see Medicare's liabilities swell to more than $88 trillion."

This is the regular Medicare system that we have now, targeted at the growing but limited population of retirees. Medicare for All would take this existing system's promises, costs, and unfunded liabilities, and apply them to the whole country.

Medicare is in the hole, by the way, even though it pays medical providers rather less than private insurance. "The government program typically pays only 80 percent of what private insurers do," CNN noted in 2014.

Red tape is also a huge burden for medical providers who accept Medicare. "A random survey of 1,000 practices found physicians and staff spend 15.1 hours engaged in quality measure reporting each week, at a cost of more than $40,000 per year for each doctor," according to *FierceHealthCare*.

Jumping through bureaucratic hurdles for the privilege of accepting substandard compensation isn't as attractive as it might seem. That may be why a growing number of physicians refuse to see Medicare patients, others limit the number they'll accept, and more balk all the time.

Under a single-payer system, options for medical providers may be more limited than they are now—there probably wouldn't be any better-paying private insurers to take by preference to the government system. But there also wouldn't be any private insurers to effectively subsidize Medicare patients. In the case of a single-payer transition, doctors who find the terms of Medicare for All unacceptable may switch entirely to private-pay (if that's still permitted), while some percentage will leave medicine entirely. Considering the potential for switching over to single-payer in *The Atlantic*, Olga Khazan predicts "Hospitals would shut down, and waits for major procedures would extend from a few weeks to several months."

Such delays and restricted access assume that Medicare for All means an actual attempt to replicate the sort of care currently provided by the retirement system, including its costs, writ large(r). If, instead, the U.S. were to expand existing government healthcare for the poor into *Medicaid* for All—a plan explicitly endorsed by Sen. Brian Schatz (D-Hawaii)—the plans offering's and costs would be rather different. That is, the program would offer less, and be pretty bare bones.

Medicaid "limits the drugs and treatments its beneficiaries can get," Khazan notes. "Americans would find it stingy compared to their employers' ultra-luxe PPO plans."

Medicaid, by the way, pays less than Medicare—about 61 percent of what the retiree medical program pays providers. "Focus-group participants estimated that the current Medicaid rates were covering roughly 50–70 percent of their costs of providing care for Medicaid patients," according to a HealthAffairs survey. Given that many providers lose money on every Medicaid patient seen, it's unsurprising that a lower percentage of physicians accepts such patients than takes Medicare patients.

Physicians have to chase the various state Medicaid plans for their pittance, even so. Illinois hasn't paid billions of dollars owed to providers for patients' medical bills—and ignored a court order to do so, leading to yet another order that the state may or may not take seriously. Connecticut isn't quite so far in the red, but also holds back payment to providers. And my wife, a pediatrician, isn't alone among providers in having to constantly treat our state's Medicaid system like a deadbeat that needs constant nagging before it offers a few dimes on the dollar for what it owes.

And, yes, Medicaid is rule-bound too, governed by most of the same red tape that ensnares Medicare.

Again, switching to Medicaid for All would limit providers' choices. They could take the plan, switch to private pay (if allowed) or leave medicine. But if each patient seen represents an actual loss, few providers would have the ability, let alone incentive, to knuckle-under and accept the new order. Many would be out of business—or politicians would be scrambling to find yet more money to make sure that the country maintained some sort of health care industry.

A big part of the problem, as Cato's Tanner pointed out earlier this year is that "Americans want widely contradictory things from health-care reform. They want the highest-quality care for

everyone, with no wait, from the doctor of their choice. And they want it as cheap as possible, preferably for free."

Promising, as Sanders and Warren do, to give everybody high-quality health care without regard for ability to pay will always find an enthusiastic audience. But delivering on that promise is likely to give us not the illusion of Medicare for All, but rather its awful, unsustainable reality.