Assessing “Medicare for All” And Related Reforms

- Presentation by Susan Dentzer
- Senior Policy Fellow, Duke-Margolis Center for Health Policy
- To the Louisiana Hospital Association
- January 21, 2020
This Presentation at a Glance

- The Political Context
- Origins of “Medicare for All” in Longstanding Calls for Universal Coverage or National Health Insurance
- Specific “Medicare for All” Proposals
- Other Reform Options and Proposals
- Implications and Political prospects: What’s Ahead?
BEWARE
Uncertainty
NEXT EXIT

THE
POLITICAL
CONTEXT
‘Tis The Season…
Where 2020 Democrats stand on Medicare-for-all

Do you support Medicare-for-all?

SUPPORTS SOME VERSION OF IT
- Booker
- Gabbard
- Sanders
- Warren
- Williamson
- Yang

PREFERS A PUBLIC OPTION
- Bennet
- Biden
- Bloomberg
- Buttigieg
- Delaney
- Klobuchar
- Patrick
- Steyer

Source: Washington Post, December 19, 2019
Confusion over Terms, Concepts, and Policies

- “Universal coverage”
- “National health insurance”
- “Single payer”
- “Medicare for All” versus alternatives in coverage expansion that may or may not involve Medicare
Why We Are Here

The United States is among just 86 countries whose constitutions do not guarantee their citizens any kind of health protection.

More than half of the world's countries have some degree of a guaranteed, specific right in their national constitutions to public health and medical care for their citizens.

Article 25 says:

“Everyone has the **right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services**, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.”

U.S. one of 48 countries that signed in 1948
Sub-goal: Achieve universal health coverage including financial risk protection, access to quality essential health-care Services
Different Countries Take Different Routes to Universal Coverage

- **Single Payer** – e.g., The United Kingdom
- **Regulated Private Coverage** – e.g., the Netherlands
- **Mixed Public And Private Coverage** – e.g., France
"Medicare for All:” The Origins

Presidents Who Sought National Health Insurance And/Or Universal Coverage in Various Forms
Sen Jacob Javits, R-NY, proposed Medicare expansion in 1970


H. R. 676

To provide for comprehensive health insurance coverage for all United States residents, improved health care delivery, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 24, 2017

Mr. CONYERS (for himself, Mr. HUFFMAN, Mr. LIEU, Ms. CLAIRE of Massachusetts, Mr. CLAY, Mr. CUTIBIERI, Mr. COHEN, Mr. CONNEDO, Mr. ELLISON, Ms. ENGEL, Mr. GREEN, Ms. JACSON-LEE, Mr. TIRMAN LIEU of California, Ms. NORTON, Mr. POCAN, Ms. ROYBAL-ALLARD, Mr. RYAN of Ohio, Ms. SCOTT of Virginia, Mr. SEIBOLD, Mr. TAKANO, Ms. KAPU, Mr. JEFFREWS, Mr. LEWIS of Georgia, Mr. PENCE, Mr. THOMPSON of Mississippi, Ms. SCALISE, Mrs. WATSON COLEMAN, Mr. WEINERT, Mrs. NAPOLITANO, Mr. BRADY of Pennsylvania, Mr. CARTWRIGHT, Mr.
"Medicare for All" Bills in House and Senate

Medicare for All Act
Rep. Pramila Jayapal (D-WA)

Medicare for All Act
Sen. Bernie Sanders, (I-VT)
Democratic Presidential Candidates Advocating Medicare for All
Elizabeth Warren Isn’t Talking Much About ‘Medicare for All’ Anymore

There are signs her campaign is seeking to calm fears about her health care proposal, including having small meetings with rural Iowa voters to explain her financing and transition plans.
The “Medicare” Word in “Medicare for All:” A Misnomer?

wrong name, miscalling,

what are other
words for
misnomer?

misanaming, mislabelling,
pseudonym, mistitling, mistake,

inaccurate name
“Medicare” as Rorschach
Elimination of Private Insurance  
Single Federal Program for All U.S. Residents  
Tax Financing  
No Premiums; No or Limited Cost-Sharing  

Key Features: “Medicare for All” Bills
The Flow of Funds in U.S. Health Care

Under Medicare for All

PRIVATE HOUSEHOLDS

State and Local Taxes

PRIVATE EMPLOYERS

Premiums paid private insurers for state employees

PRIVATE HEALTH INSURERS

Federal Medicaid Match

Premium contributions for federal employees

STATE GOVT.

Other programs

PRIVATE HOUSEHOLDS

Out of pocket and point of service

Other private spending

FEDERAL GOVT.

providers of health care

Source: Uwe Reinhardt
The Pros and Cons of Single-Payer Health Plans

Linda J. Blumberg and John Holahan
March 2019
PROS

✓ Universal coverage

✓ Equity, including in distribution of costs

✓ Affordability at point of service and simplification for consumers

✓ Broad benefits; no or minimal out-of-pocket costs

✓ Broad-based cost containment

✓ Administrative savings

✓ Elimination of provider networks, surprise billing
CONS

- Large increase in government revenue (taxes)

- Probable major cuts in hospital revenues and physician incomes; consequent service reductions

- Sizable new government entity needed to run system

- Significant administrative challenges in eliminating all current coverage and moving to new system

- Potential undermanagement of care; continued struggles with health care spending growth

- Elimination of consumer choice of insurer
Tradeoffs: Elizabeth Warren’s Medicare for All Plan
Warren Plan Analysis: Crunching the Numbers*

• Plan would slightly lower national health expenditures overall to under $52 trillion (2020-2029)

• Would require new federal spending of approximately $20.5 trillion over decade

*Source: Berwick et al analysis, posted at elizabethwarren.com
Warren Plan Analysis: Crunching the Numbers

- Key savings from
  - Prescription drug price negotiation
  - Lower provider payments (current Medicare rates for physicians, 110% of current average Medicare rates for hospitals)
  - Lower administrative spending (2.3 percent of program)
  - Constrained cost growth
Warren Plan Analysis: Crunching the Numbers

• Key additional expenditures from
  ➢ extending generous benefits with no cost sharing for physician and hospital visits;
  ➢ expansion of home-and community-based long-term services and supports.
Growth in Expenditures
Plus Massive Funding Transfer

Medicare for All: Changes in U.S. Health Care Spending, 2019
(in billions of dollars)

<table>
<thead>
<tr>
<th>Total Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Status Quo (NHEA Estimate)</td>
</tr>
<tr>
<td>Medicare for All (RAND Estimate)</td>
</tr>
</tbody>
</table>

By Category

- Out of Pocket: Status Quo - 396.9, Medicare for All - 66.1
- Private Insurance: Status Quo - 1,278.2
- Medicare: Status Quo - 800.1
- Medicaid: Status Quo - 623.4
- Other Insurance Programs*: Status Quo - 148.8, Medicare for All - 81.0
- Other Third-Party Payers**: Status Quo - 575.5, Medicare for All - 506.2

National Health Spending Estimates Under Medicare for All
by Jodi L. Liu, Christine Eibner
Implications for Hospitals

• Payment at 110 percent of Medicare rates would “approximately cover current costs of care reported by hospitals.”

• But - pressure on hospitals that have “relied on high private-payer rates to avoid controlling costs and searching for efficiencies.”

• Source: Berwick et al analysis
Implications for Hospitals

- There would be substantial savings on administrative and drug costs.
- Expanded access would increase revenues.
- Uncompensated care would be eliminated.
Implications for Hospitals

• To deter excessive hospital consolidation and encourage competition in care quality, Warren proposes increased funding for federal antitrust efforts.
Key Policy Questions

- What would be the effect of expanding coverage and benefits while also lowering provider payment rates?
Key Uncertainties: Economics 101

- Scenario 1: Patient demand rises, but lower payment rates cause providers to withdraw from market; only half of new demand is met; costs are relatively lower.

- Scenario 2: Patient demand rises, but providers keep working; new demand is met, and expenditures are sharply higher.
Many other existing and potential policy proposals would…”

Build on Current System

Continue to shore up and expand ACA, or other approach with existing programs
Biden Health Care Proposal

• Retain ACA and extend premium tax credits to families with higher incomes (above 4x the federal poverty level).

• Lower limit on cost of coverage from 9.86 percent of income to 8.5 percent

• Pay for expanded premium credits by restoring top income tax rate of 39.6 percent and requiring those with incomes over $1 million to pay top rate on capital gains
Biden Health Care Proposal

- Add a “public option”
- Enroll low-income Americans in states that did not expand Medicaid in this option with no premiums
Many existing and potential policy proposals...

Build on Current System by

Adding benefits to and expanding enrollment options in Medicare, Medicaid, and/or CHIP
“Medicare for America” Act

- Expands Medicare and Medicaid benefits; adds long-term supports and services for ages 65-plus and those with disabilities

- For those now on Medicare, Medicaid, and CHIP, plus uninsured and those buying coverage on individual market

- Allows opt-out for those with equivalent employer-sponsored insurance

- Providers: paid at current Medicare and Medicaid rates

Reps. Jan Schakowsky
(D-IL, left, above)
and Rosa DeLauro (D-CT)
Other Emerging Alternatives

- Medicare Buy-In
- Medicaid Buy-In
- Other Variations on Expanded Medicare with Opt-in or Opt-out
- Other “Public Option”
“Public Plan” Options

- “Keeping Health Insurance Affordable” Act by Sen. Ben Cardin (D-MD)
- “Choose Medicare Act” by Sen. Jeff Merkley (D-OR)
- “The CHOICE Act” by Sen. Sheldon Whitehouse (D-RI), S. 1033
- Medicare-X Choice Act of 2019 by Sens. Michael Bennet (D-CO) and Tim Kaine (D-VA)
Medicare and Medicaid Buy-In Options

- “Medicare at 50” Act by Sen. Debbie Stabenow (D-MI)
Key Issues Across Various Plans

- **Structural Issues**
  
  - Expansion or replacement of existing public programs, Medicare (including Medicare Advantage) and Medicaid (also CHIP?)
  
  - Retention of Veterans’ Administration and Indian Health Service? TRICARE?
  
  - Separate arrangements for prescription drugs?
Key Issues Across Various Plans

- Structural Issues

- Elimination of, or allowance for, continuation of private insurance (including employer-based) and/or Medigap?

- Elimination of, or allowance for, private contracting outside of new program between individuals and providers?
Key Issues Across Various Plans

- Costs and Financing

- By and large, meaningful cost estimates not yet provided

- Public vs. private funding; premiums; cost sharing

- Rates that providers would be paid (Medicare or other, e.g?) and how (fee-for-service according to fee schedule)? Who sets (Secretary of HHS or other?)
Where Are the Voters?
As of Nov. 2019

Slight Majority Support A National Medicare-for-all Plan

Do you favor or oppose having a national health plan, sometimes called Medicare-for-all, in which all Americans would get their insurance from a single government plan?

![Line graph showing support for Medicare-for-all from June 2017 to November 2019.](chart.png)

**Favor**
- June 2017: 57%
- September 2017: 55%
- December 2017: 57%
- March 2018: 59%
- June 2018: 56%
- September 2018: 57%
- December 2018: 56%
- March 2019: 56%
- June 2019: 51%
- September 2019: 53%
- October 2019: 51%
- November 2019: 53%

**Oppose**
- June 2017: 38%
- September 2017: 43%
- December 2017: 38%
- March 2018: 42%
- June 2018: 37%
- September 2018: 39%
- December 2018: 38%
- March 2019: 42%
- June 2019: 45%
- September 2019: 47%
- October 2019: 43%

SOURCE: KFF Health Tracking Polls. See topline for full question wording and response options.
Terminology Affects Public Opinion On A National Health Plan

Do you have a positive or negative reaction to each of the following terms?

<table>
<thead>
<tr>
<th>Term</th>
<th>Positive</th>
<th>Negative</th>
<th>No opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Universal health coverage</td>
<td>63%</td>
<td>31%</td>
<td>6%</td>
</tr>
<tr>
<td>Medicare-for-all</td>
<td>63%</td>
<td>34%</td>
<td>3%</td>
</tr>
<tr>
<td>National health plan</td>
<td>59%</td>
<td>36%</td>
<td>5%</td>
</tr>
<tr>
<td>Single-payer health insurance system</td>
<td>49%</td>
<td>32%</td>
<td>19%</td>
</tr>
<tr>
<td>Socialized medicine</td>
<td>46%</td>
<td>44%</td>
<td>11%</td>
</tr>
</tbody>
</table>

Partisans Divided With Seven In Ten Republicans Opposing Medicare-for-all While Three-Fourths Of Democrats Favor It

Do you favor or oppose having a national health plan, sometimes called Medicare-for-all, in which all Americans would get their insurance from a single government plan?

- Strongly favor
- Somewhat favor
- Somewhat oppose
- Strongly oppose

**Total**
- 31% Strongly favor
- 22% Somewhat favor
- 10% Somewhat oppose
- 33% Strongly oppose

**Democrats**
- 52% Strongly favor
- 25% Somewhat favor
- 10% Somewhat oppose
- 10% Strongly oppose

**Independents**
- 26% Strongly favor
- 26% Somewhat favor
- 12% Somewhat oppose
- 33% Strongly oppose

**Republicans**
- 13% Strongly favor
- 15% Somewhat favor
- 9% Somewhat oppose
- 60% Strongly oppose

SOURCE: KFF Health Tracking Poll (November 7-12, 2019). See topline for full question wording and response options.
More Democrats Prefer Candidate Who Would Build On The ACA

Thinking about the Democratic candidates' approach to health care. Would you prefer to vote for a candidate who wants to...?

- Build on the existing ACA: 55%
- Replacing the ACA with Medicare-for-all: 40%
- DK/Ref./Other: 5%

NOTE: Among Democrats and Democratic-leaning independents.
SOURCE: KFF Health Tracking Poll (September 3-8, 2019). See topline for full question wording and response options.
There Is Broader Support For Expanding “Optional” Public Health Insurance Programs Than Medicare-for-all

Percent who favor or oppose:

- Medicare-for-all: 43% Favor, 53% Oppose
- Public option: 29% Favor, 66% Oppose
- Optional Medicare-for-all: 24% Favor, 74% Oppose
- Medicaid buy-in: 18% Favor, 75% Oppose
- Medicare buy-in for ages 50-64: 18% Favor, 77% Oppose

SOURCE: KFF Health Tracking Polls. See toplines for full question wording and response options.
AFFORDABILITY.
Addressing the significant cost drivers of chronic disease and poor health—because better individual and community health means a more affordable health system.

OPTIONS.
Giving patients and consumers the power to choose the care and coverage that works best for them and their families, while keeping the promise of Medicare for our nation’s seniors.

ACCESS.
Every American deserves access to affordable and high-quality coverage and every American deserves affordable choices in health care.

QUALITY.
Maintain and strengthen the quality of coverage provided through employer-provided coverage, Medicare, Medicaid and other proven solutions.

INNOVATION.
Driving new breakthroughs that patients can access more quickly to cure and treat disease.
The "Known Unknowns"

**Known Unknowns**

“There are known knowns; there are things we know we know. We also know there are known unknowns; that is to say, we know there are some things we do not know. But there are also unknown unknowns – the ones we don’t know we don’t know.”

— Donald Rumsfeld
WHAT’S AHEAD?
The "Known Unknowns"

✓ Who’s Democratic presidential nominee and what is health care plan

✓ Outcome of the impeachment inquiry and Trump’s presidency

✓ New Trump health care plan?

✓ Other Republican response: stay “negative” on socialism or go “positive” with alternative reform proposals (e.g., House Republican Study Committee “blueprint”)

✓ Texas v. United States lawsuit outcome and implications
What are the “unknown” unknowns?
In Sum...

Prediction is very difficult, especially about the future.

Niels Bohr