The Cost of Incremental and Comprehensive Proposals
John Holahan

National Academy of Social Insurance, March 5, 2020
Policy Options

1. ACA Enhanced
   (more generous subsidies; reinsurance; individual mandate; public option; close Medicaid gap)

2. ACA Enhanced, Expanded to Reach Universal Coverage
   (more generous subsidies; reinsurance; individual mandate; public option; close Medicaid gap; eliminate employer firewall; auto-enrollment)

3. Single Payer Lite
   (all legal residents; no private insurance; ACA benefits; income-related cost sharing)

4. Single Payer Enhanced
   (all residents; no private insurance; ACA benefits plus dental, vision, hearing, and long-term services and supports; no cost sharing)
ACA Enhanced

- More generous subsidies
- Reinsurance
- Individual mandate
- Public option
- Close Medicaid gap

Coverage and Changes in Spending Compared to Current Law, 2020

$46.7 billion
($590 billion over 10 years)

10.9 MILLION Newly covered
21.3 million still uninsured

Increase in federal spending
Change in national health spending
ACA Enhanced: Universal Coverage

- More generous subsidies
- Reinsurance
- Individual mandate
- Public option
- Close Medicaid gap
- Eliminate employer firewall
- Auto-enrollment

Coverage and Changes in Spending Compared to Current Law, 2020

25.6 MILLION Newly covered

6.6 million still uninsured

$122.1 billion ($1.5 trillion over 10 years)

- $22.6 billion

Increase in federal spending
Change in national health spending
Single Payer Lite

- All legal residents
- No private insurance
- ACA benefits
- Income-related cost sharing

Coverage and Changes in Spending Compared to Current Law, 2020

$1.5 trillion
($17.6 trillion over 10 years)

21.4 MILLION Newly covered
10.8 million still uninsured

- $209.5 billion

Increase in federal spending
Change in national health spending
Single Payer Enhanced

- All residents
- No private insurance
- ACA benefits plus dental, vision, hearing, and long-term services and supports
- No cost-sharing

Coverage and Changes in Spending Compared to Current Law, 2020

$2.8 trillion
($34 trillion over 10 years)

Increase in federal spending
Change in national health spending

Uninsured eliminated

$719.7 billion
## Ten-Year Estimates of Increases in Federal Spending, Income Tax Revenue Offsets, and Additional Federal Revenues Needed to Finance Each Reform, 2020-29

*Billions of Dollars*

<table>
<thead>
<tr>
<th>Reform Description</th>
<th>Increase in federal spending</th>
<th>Income tax revenue offset</th>
<th>Additional federal revenues needed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reform 4: Reform 3 + public option or capped provider payment rates</td>
<td>590</td>
<td>-14</td>
<td>576</td>
</tr>
<tr>
<td>Reform 6: Reform 5 + further enhanced subsidies</td>
<td>2,015</td>
<td>-189</td>
<td>1,825</td>
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<tr>
<td>Reform 7: Single-payer lite with ACA benefits and income-related cost sharing</td>
<td>17,622</td>
<td>-1,972</td>
<td>15,650</td>
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<tr>
<td>Reform 8: Single-payer enhanced with broad benefits and no cost-sharing</td>
<td>33,988</td>
<td>-1,972</td>
<td>32,015</td>
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</tbody>
</table>

*Source:* Urban Institute analysis.
Some have argued that the increase in federal spending would be less than current national health spending. Thus, single payer would save.

This is a misunderstanding.

- $17 trillion in current federal spending would be repurposed.
- $27 trillion in state government & private spending would shift to the federal government.
- $7 trillion more in federal funds would be needed to fully finance it.
- $8 trillion in spending not affected by reform continues


**Federal spending**

**Private and state government spending**

**Spending not affected by single-payer**

$52 trillion national health spending

$8 T

$27 T

$17 T

$8 T

$27 T

$17 T

$59 trillion national health spending

$8 T

$7 T

$27 T