Types of Medicare Expansion

- Medicare Buy-In/Eligibility Change
- A Public Option (Medicare for Some)
- Medicare for All (Comprehensive Single-Payer)
How Much Would Medicare for All Cost?

Depends on what you mean by “cost”

Medicare for All would increase *federal* costs dramatically

- Eliminating premiums and out-of-pocket costs would transfer significant new costs to the federal government
- Expanding coverage to more people and for more services would further increase costs
- Lower provider payments, drug prices, and administrative costs would partially offset increase

Medicare for All could *increase* or *reduce* national health expenditures

- Expanding coverage and reducing cost sharing would increase utilization and thus cost of care
- Paying less for medical providers, prescription drugs, and administrative spending would reduce costs

The effect on federal costs and national health expenditures are BOTH important

- Higher NHE means a larger share of the economy’s resources going to health care
- Higher federal costs requires great levels of taxes, spending cuts, or borrowing – different financing choices have different economic, distributional, and policy consequences
Medicare for All Would Cost About $30 Trillion

Sources: PERI, Kenneth Thorpe, Charles Blahous, Urban Institute, and Center for Health and Economy. Note: ten-year costs are estimated on different budget windows, some include revenue feedback while others do not, and some include long-term care while others do not.
Many Options for Financing Medicare for All

Generating $30 trillion would require the equivalent of:

- A 32 percent payroll tax on all wages;
- A 25 percent income surtax on income above $24,800;
- A 42 percent value added tax (VAT);
- A mandatory public premium of $7,500 per capita or $12,000 per individual without public insurance;
- More than doubling all individual and corporate tax rates;
- An 80 percent reduction in non-health federal spending;
- A 105 percent of GDP increase in the national debt; OR
- Impossibly high taxes on high earners, corporations, and the financial sector

Policymakers would likely consider a combination of approaches

Source: Committee for a Responsible Federal Budget.
Options Have Different Distributional Implications

Source: CRFB calculations based on Urban Institute methodology. Note: analysis is preliminary.
Options Have Different Economic Implications

<table>
<thead>
<tr>
<th>Paid with Payroll Tax</th>
<th>Paid with Deficit</th>
<th>Paid with Premiums</th>
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</thead>
<tbody>
<tr>
<td>GDP</td>
<td>Hours Worked</td>
<td>GDP</td>
</tr>
<tr>
<td>7.3%</td>
<td>$6,500/Person</td>
<td>-5.9%</td>
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<td>6.8 Million FTEs</td>
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<tr>
<td>-12.2%</td>
<td>17 Million FTEs</td>
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<tr>
<td>-14%</td>
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</tbody>
</table>

Source: CRFB calculations based on Penn Wharton Budget Model and CBO data.
Options Have Different Tax Capacity Implications

Source: CRFB estimates. Note: includes interaction effects. *Revenue-maximizing rates have been estimated at 63 percent by Trabrandt and Uhlig and 73 percent by Diamond and Saez.
2020 Candidates All Propose Different Pay-Fors

Trillions of Dollars in New Spending and Offsets, Central Estimate, 2021-2030

Source: Committee for a Responsible Federal Budget.
What Else Could You Do With The Money?

- Things you could do with $800 billion:
  - Free Public College & Universal Pre-K
  - Double the Earned Income Tax Credit
  - Paid Family Leave & Debt-Free College
  - Double the NIH Research Budget & Fund the Highway Trust Fund
  - More Than Double SNAP Spending

- Things you could do with $30 trillion:
  - Triple All Social Security Spending
  - Quintuple Defense Spending
  - Launch the Apollo Program 200 Times
  - Abolish the Individual & Corporate Income Tax
  - Enact a Universal Basic Income of $1,000 per month