

Bernie Sanders' 'Medicare for All' is Good for None (and Young Bernie Sanders Agrees)

Recently, Senator Bernie Sanders unveiled a single-payer healthcare plan called "Medicare for All." Sanders titled his approach for nationalizing one-sixth of the American economy as "Medicare for All" in order to offer a template for his vision of the U.S. healthcare system. Unfortunately, using Medicare as the template for the nation's healthcare system is a little like using the production model for the Lada, the "people's car" of the former Soviet Union, as the blue-print for the U.S. auto industry.

The "Medicare for All" proposal would transition millions of Americans to a Medicare-style system over the course of four short years, all the while promising to expand benefits, eliminate deductibles, and cut costs. If that sounds too good to be true, it is. The assumption that Medicare can be a long-term, sustainable model capable of absorbing quadruple the number of current enrollees is flawed from the start.

Medicare covers approximately 57 million Americans and is projected to cost nearly \$700 billion this year. Revenue for the Medicare trust fund is generated via beneficiary premiums, which Sanders wants to eliminate, and general tax revenue, which he wants to increase. According to the 2016 Medicare Trustees Report, the Medicare trust fund faces a "substantial financial shortfall." In fact, the report forecasts that within 12 years the trust fund will be depleted unless further legislation is enacted. Sanders's proposal would place a significant burden on an already financially shaky system.

Another aspect of Medicare on which the senator's plan relies is its provider-fee structure. Medicare reimbursement is

significantly lower than the reasonable and customary fees routinely charged by those providing care. Providers make up the difference by shifting costs to non-Medicare patients. By moving all Americans to "Medicare for All," Sanders's plan would artificially set provider fees well below market levels. Payments below the cost of doing business would likely result in fewer providers as physicians and hospitals are forced out of business and fewer new providers enter the market. Providers that remain would essentially become government employees. From a patient perspective this would mean longer wait times, less control over healthcare decisions, and lower quality of care. Think of it as the disruption caused by Obamacare but on steroids.

Lastly, the senator's plan makes the case that eliminating the private healthcare insurance industry and utilizing a Medicare model would mean lower administrative costs resulting in substantial savings. While proponents for single-payer healthcare cite a lower *percentage* spent on administrative costs, the calculation of these percentages is skewed by significantly higher beneficiary spending. On a per-capita basis, however, Medicare administrative costs are nearly equal

to private insurance. This despite a greater number of private insurance providers, variability in their administrative efficiency, and higher marketing and promotion costs.

The good news in Sanders's "Medicare for All" plan is that it has no chance of passing. The bad news: It now partially fills the vacuum created by a collapsing Obamacare and the absence of market-based reform alternatives. As a healthcare option now or in the future, "Medicare for All" would be good for none.

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