

The 'Medicare for All' Math Doesn't Add Up

Senator Elizabeth Warren [has said](#) more than once she's "with Bernie" on Medicare for All, a reference to Sen. Bernie Sanders' ambitious plan to nationalize America's health care system.

Unlike Sanders, however, Warren is refusing to say how she'll pay for it. Last week during ABC's presidential debate, she [dodged](#) a question from George Stephanopoulos, who asked her if she'd raise taxes on the middle class to finance her single-payer proposal.

This was not the first time Warren, who [has not released a health care plan](#) of her own, has sidestepped the question. *The Atlantic* noted this was "the fourth time in three presidential debates" that Warren employed "[the artful dodge](#)," a refusal to answer a direct question.

Perhaps this is good politics. Voters like the idea of "free" benefits; they are less enthusiastic about paying for things, which is why presidential candidates ([almost](#)) never campaign on tax increases.

Nevertheless, Americans deserve to know how much Medicare for All will cost and how candidates intend to pay for it.

The Costs of Medicare for All

Unlike Warren, Sanders has been relatively candid about the costs of Medicare for All, a proposal that would abolish private health insurance and create a single-payer system by expanding Medicare to all Americans.

"Somewhere between \$30 and \$40 trillion over a 10 year

period,” Sanders [told](#) *The Washington Post*’s Robert Costa, when asked how much his plan would cost.

That’s trillion, with a t.

That’s more than all the federal revenues collected over the last decade – \$28 trillion, [according to](#) Congressional Budget Office data. (To put this figure into further perspective, when President Obama signed the Affordable Care Act he noted it would cost [less than \\$1 trillion](#) over the first decade.)

That’s a lot of money for just one program. Fortunately, Sanders indicates how he’ll cover these costs (some of them, anyway.) In [an overview](#) of his legislation, Sanders estimates that a 7.5 percent payroll tax on employers would raise \$3.9 trillion over ten years. Another \$1.8 trillion would be raised by hiking income rates progressively on households earning more than \$250,000 a year.

These taxes would not come close to covering the costs of Medicare for All, however. Various other taxes are proposed, including a “4 percent income-based premium” paid by households earning more than \$29,000 annually.

This was the provision Stephanopoulos was referring to last week in ABC’s presidential debate. He noted that Joe Biden had praised Sanders for being “candid about the fact that middle-class taxes are going to go up,” in contrast to Warren.

The First Rule of Tax Hikes

Families of four earning \$30,000 a year may not think of themselves as “middle class,” but they’d see their tax bill go up nonetheless under the Sanders plan. By advocating a tax on lower-income and middle-class earners, Sanders is deviating from the presidential script.

One of the reasons Sanders may have felt comfortable advocating a tax increase of this magnitude is that he doesn’t

see it as a tax increase. He presents the tax as “savings” for lower-income families, noting that a typical working family pays thousands of dollars in premiums and co-pays each year.

The problem with this logic is that not all workers or households are “typical.” Younger Americans, for example, are [more likely to defer](#) health care because they usually are healthy and may not want to purchase an expensive plan. The truth is Medicare for All will be a hefty tax hike for millions of Americans, including many in the middle and working classes, if it becomes law.

Warren, a savvier politician than Sanders, is sticking to what *The Atlantic's* Russell Berman calls the “unspoken rule” of modern Democratic presidential politics.

“Democratic presidential candidates from Barack Obama to Hillary Clinton have clung to an unspoken rule,” Berman writes. “Proposals to raise taxes on the rich are okay, but tax increases on the middle class are out—or at least not acknowledged.”

The Middle Class Is Where the Money Is


This approach may make good politics. As George Bernard Shaw once observed, “The government who robs Peter to pay Paul can always depend on the support of Paul.”

The problem is there aren't enough Peters to fund the ambitious plans put forth by Sanders and Warren. Taxing the one percent sounds great, but the truth is the one percent accounts for [a modest slice](#) of wages in the US, just 13 percent. In reality, 60 percent of all U.S. wages come from the bottom 90 percent of wage earners.

Share of Total US Wages Per Top Earning Groups

GROUP	EARNING THRESHOLD	SHARE OF TOTAL WAGES
Top 0.1% of Earners	\$2,757,000	5.2%
Top 1% of Earners	\$718,766	13.4%
Top 5% of Earners	\$299,810	28%
Top 10% of Earners	\$118,400	39.1%

Credit: Investopedia and Social Security data



The idea that “the rich” can finance expansive new federal programs is alluring but false, as the European experience [shows](#). Indeed, even with Sanders’ proposed tax on middle-class families, which is estimated to raise \$3.5 trillion over 10 years, he comes nowhere near the \$30 to \$40 trillion his program requires. An analysis by the Tax Policy Center indicates his revenue proposals would raise just \$15.3 trillion.

“This amount is approximately \$16.6 trillion less than the increased federal cost of his health care plan,” researchers at the Urban Institute [noted](#).

The Medicare for All math simply doesn’t add up, which is why voters can expect to continue to see promises overstated and costs understated.

For now, this includes entertaining the fiction that a \$30

trillion program can be funded without a massive tax increase on working-class Americans.

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