



How much could you save with single payer? Now, you can do the math!

Dispatcher: 911, what's your emergency?

Caller: America's healthcare system is broken and people are dying! (ambulance siren)

Welcome to **Code WACK!**, where we shine a light on America's callous healthcare system, how it hurts us and what we can do about it. I'm your host, **Brenda Gazzar**.

This time on **Code WACK!** How would most families and individuals fare financially with a single-payer, Medicare for All system? Would they be paying more or less for health care than they're paying now? To find out, we spoke to **James G. Khan**, a professor emeritus of health policy, epidemiology, and global health at the University of California, San Francisco. An expert in health policy and economics, he's an advisor for Code WACK! As well as editor and primary blogger for **Health Justice Monitor**.

Welcome back to Code WACK! Dr. Kahn.

Q: So If we had Medicare for All, we would eliminate the financial burdens of health care, but we would pay new taxes. How should we be thinking about this? Is it really better to pay for our health care through taxes rather than through premiums and out-of-pocket costs?

Kahn: Well, in a way, it doesn't matter. Again, these other countries who have really good health insurance systems, some of them rely on taxes and some of them rely on premiums paid in the workplace. You can imagine different ways to approach that. The critical thing is that the amount that you pay through these kinds of mandates, whether taxes or employment-based, should be less than people are currently paying for premiums and out-of-pocket costs. And so we reviewed 22 studies of the overall cost of single payer. I think we talked about it on a previous visit, and we found that all of them found that over time there'd be savings and almost all of them found that the savings would start in year one. That's a really good thing.

But then that still leaves open the question, how would individual families do? And that depends on how you design the tax structure. So for example, we've just developed a household cost calculator that asks people what they currently spend on premiums, what their employers spend on premiums and then what they spend on out-of-pocket costs and then we ask what the family earns, and we use that to calculate the taxes that would be due.

Q: So tell us more about the calculator. Is it for a national Medicare for All system, or for a state-based system?

Kahn: In the tax plan that we developed that is for the state of California and it is based on a commission that looked at issues for universal health care in California, we designed it to be progressive so there is a very low payroll tax for people earning more than \$75,000 and that goes up as the salary goes up. There's an income tax that starts at \$300,000, not below \$300,000. And there's a wealth tax for the wealthiest among us and a corporate tax and a very low sales tax. By designing that tax structure to be focused on people who earn more money, what we found so far is that at least 85% of people who complete this find that they save money. They pay less in these new taxes than they save with premiums and cost sharing. The short answer to your question is almost everyone will do better under single payer except for the wealthiest among us who earn the most because they have to pay a bit more.

Q: So let me see if I got this. You're saying that the costs would be spread out and almost everybody would contribute something. The very rich would pay a little more than everyone else, and corporations and businesses would contribute too. Also, everyone would pay a very low sales tax on non-essential items, like movie

tickets, but not on necessities, like groceries. So would some people pay more with Medicare for All than they're paying now for their health insurance?"

(03:46)

Kahn: And so people like me, physicians who earn a lot, we might have to pay a little bit more and as far as I'm concerned, that's absolutely fine.

If I could just take a minute to talk about where we are today in the United States, as we all know, democracy is under threat. Our country is more divided politically than anyone can remember. And as we speak, there are a series of hearings in the Congress to explore ways in which the former president attempted to overthrow election results. There's huge anxiety and worry and antagonism, and I propose to you and your listeners that these threats to democracy would be very much reduced if we had single-payer health care. Why? Couple of reasons. First of all, one of the things we're all anxious about is our health and our potential medical expenditures as we saw from the Kaiser Family Foundation survey medical debt is widespread.

(05:04)

Kahn: We know from other data that medical bankruptcy affects well over a million people a year. That's the worst example. All of that would go away. All of the worries about getting healthcare would go away.

Q: It sounds like our current health insurance system leaves us not only medically but also financially vulnerable.

Kahn: And I believe that single payer would send an important message that if we're in this together, if we recognize a shared problem – getting health care – and a shared solution – we all get the same health care – and we recognize that the rich have greater opportunity to support this, so progressively finance, these are all ideas which I think would bring us together. Even conservatives, if you ask them, recognize that the income and wealth disparities in our country are out of control. So I know that the support for efforts to reduce economic inequality are widespread across the political spectrum and single payer would help all of this in many ways. Now, how do we get to single payer? We'll have to do that in another

conversation but I do think that the fights to save democracy and save our health care are intimately linked.

Q: Wow. You mentioned recently in Health Justice Monitor that you've been contemplating next steps for the single payer movement in light of some recent momentous national political developments. Can you tell us what you had in mind?

(06:50)

Kahn: Well, as I said earlier, I think that the fight to preserve democracy and the fight for healthcare justice and equity and efficiency are intimately linked. And I will continue to write about that at HJM and I'm also planning to write a book about that.

Q: I see. What are your thoughts about the steps President Biden has taken with respect to our health care?

(07:57)

Kahn: I appreciate much of what President Biden has done, recognizing he's faced some barriers in fully realizing his agenda. One of those barriers is called Joe Manchin and at the same time, I'm frustrated with the Biden administration. They have not been good on health insurance, in particular on Medicare policy as we've covered in HJM they have been pushing a corporate transformation of the traditional side of Medicare, which is a huge problem. Something called the REACH program, which we criticize heartily and frequently in HJM.

Q: Got it. We've been covering REACH as well. It's the new Medicare payment model that, among other things, puts middlemen between traditional Medicare patients and their doctors. Any final thoughts about the politics of winning single payer, Medicare for All?

Kahn: I'm no political professional so maybe the political people will tell me that I'm off the mark, but I think that the issue that will define the age is saving democracy, and that if we can get single payer, our legacy will be not only saving democracy, but saving countless lives and oh, yeah, a lot of money in the process.

(5-second music stinger)

Thank you, Dr. Kahn! You can find the household cost calculator and see how much you would save with California Medicare for All on the Resources page at heal-ca.org.

Do you have a personal story you'd like to share about our 'wack' healthcare system? Contact us through our website at heal-ca.org.

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