

Study finds single-payer health care plan saves money

 [mercurynews.com/2020/01/20/study-finds-single-payer-health-care-plan-saves-money](https://www.mercurynews.com/2020/01/20/study-finds-single-payer-health-care-plan-saves-money)

By Jeremiah
Oetting

January 20,
2020

As Democratic candidates propose a spectrum of health care options on the debate stage, the Medicare for all plan floated by progressive candidates Elizabeth Warren and Bernie Sanders offers a utopian vision of health care in America: universal coverage with no premiums or co-pays. But what about the costs?

According to a new study, published last week by University of California scientists in the journal PLOS Medicine, these plans would actually save money on health care.

“Some candidates are advocating for Medicare for all, while others argue for preserving a role for private insurance,” said Christopher Cai, a medical student at UC San Francisco and the lead author of the study. “We found consensus that replacing private insurance with a robust public system will save money long-term.”

Single-payer health care, popularly known as Medicare for all, would replace private insurance companies with a public, government-funded “single-payer” insurer. Instead of deductibles and co-pays, the system would be funded through tax revenue, and all Americans would be covered.

The researchers compared nearly two dozen cost analyses of such health care systems that had been proposed on state and national levels over the past 31 years. These analyses modeled how different versions of single-payer plans would impact overall health care spending.

Out of the 22 analyses they reviewed, 19 of them indicated single-payer plans would provide immediate savings within the first year. When the researchers forecasted the costs over a longer term, all of the single-player plans showed a decrease in health care expenses, even if they predicted an increase in the short-term.

“People who are saying that Medicare for all will cost more are not basing those statements on the evidence,” Cai said.

The U.S spends over twice as much on health care than other wealthy nations in the world — nearly \$3.6 trillion in 2018, according to the Centers for Medicare and Medicaid Services. Despite that enormous price tag, 30.7 million Americans are without insurance, as opposed to the universal health care provided by other countries that are spending half as much.

California is no different. Despite a single-payer insurance system being a cornerstone of Gov. Gavin Newsom's campaign in 2018, it has yet to materialize.

There were 2.9 million uninsured Californians in 2018, according to the California Health Care Foundation. And a Lown Institute study found that health care costs in the state skyrocketed from \$4.3 billion in 2007 to \$7.8 billion in 2018, largely because of a near doubling of Medi-Cal, the state's Medicaid program.

According to Cai and his colleagues, the most significant way single-payer plans reduce costs is by lowering the administrative expenses while also reducing drug costs.

"Single-payer systems are more efficient than mixed-systems that allow a prominent role for private insurance," said Steffie Woolhandler, a primary care physician and a distinguished professor at City University of New York.

In her own study analyzing administrative costs, published in the *Annals of Internal Medicine* in 2017, Woolhandler and her colleagues found that U.S. insurers spent \$812 billion on administrative costs alone — a price passed onto consumers through higher medical costs.

She said that one reason people are skeptical of a single-payer system is that they think it will prevent them from keeping their preferred caregiver. But she said a public plan would increase access to medical care because people would no longer be restricted to certain networks of care providers.

"People want to be able to choose the doctor and hospital," she said. "They don't very much care who's picking up the bill, as long as the bill is being paid."

Larry Levitt, vice president of health policy at the nonpartisan Kaiser Family Foundation, a San Francisco-based health policy research organization, said that despite the cost savings, there are still tradeoffs associated with switching to a single-payer system.

"There's no magic wand for achieving cost savings," he said. "There will be winners and losers with this kind of plan."

Levitt said the Medicare for all plan could lead to most people spending less on health care, but notes they'd be paying for it through increased taxes instead of premiums and deductibles.

"Increasing taxes is such a political lightning rod in this country," he said. "Medicare for all has strong support among Democratic voters, but equal opposition among Republicans."

Levitt points out that there are more incremental steps toward universal coverage, like the more moderate plans being proposed by candidates like Joe Biden. Though this study counteracts the argument that single-payer is unaffordable, people will still disagree over whether the U.S. should have a free-market insurance system, or one regulated by the government.

“(This study) is a piece of the puzzle. How a single-payer plan would affect total health spending is certainly a very important metric,” he said. “But it’s not the only metric.”

Cai, who expects to graduate from medical school next year, said he’s experienced patients die because of diseases that could have been treated at an earlier stage if they had better insurance. He’s convinced that a single-payer plan would “save money and save lives.”

“This is something that is not just a theoretical argument, it’s something that affects people every day,” he said. “We have the resources in this country to insure everyone and, in fact, save money.”