



Is 'Medicare for All' a panacea?

Some argue a more moderate, incremental approach to fixing health care is better.

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BOTTOM LINE

Through two rounds of the Democrat's presidential primary debates it's abundantly clear health care will be a critical wedge issue.

Sen. Bernie Sanders (Vt.) drafted a "Medicare for All" bill in April, with support from 12 democratic senators and co-sponsorships from other candidates, including Sens. Elizabeth Warren (Mass.), Cory Booker (N.J.) and Kirsten Gillibrand (N.Y.). The bill makes health insurance a guarantee for all Americans, including the 27 million currently uninsured and 11 million undocumented immigrants. Warren called health insurance "a basic human right."

As proposed, the ambitious Medicare for All program would replace Medicare, Medicaid and the Children's Health Insurance Program (CHIP), as well as all private employer-sponsored insurance and direct individual insurance, including the Affordable Care Act's exchanges. Medicare for All also would expand current Medicare coverage to include dental, vision and mental-health services, as well as long-term nursing and home care.

With no support from Republicans, however, the program's enactment will require Democrats to run the table in 2020, winning back the White House, holding onto their House majority and re-claiming majority control in the Senate. Part of the problem, however, is that there's fierce debate among Democrats as to whether a more moderate, incremental approach to fixing health care is better than Sanders' far-reaching progressive proposal. Former Rep. John Delaney, a marginal Democratic candidate for president, said Medicare for All is "not good policy nor is it good politics." The Congressional Budget Office (CBO) describes the bill as "complicated, challenging and potentially disruptive to health care and the economy."

What are the program's selling points? Proponents of Sanders' plan point to several benefits: lower drug prices due to government negotiations; lower reimbursement rates for medical services; lower administrative costs due to the elimination of insurance companies; and increased federal tax revenue by repealing the deduction for employer-provided insurance.

Who's paying for this? Sanders' single-payer program doesn't require individuals to pay for premiums, copayments or deductibles. But there's no free lunch, and the Urban Institute estimates Medicare for All would cost approximately \$32 trillion over the next decade. How do we pay for that? Democrats argue we would just roll back the Trump tax cuts and raise tax rates on corporations and the top 10% of individual taxpayers. But the Urban Institute estimates that if corporate and personal income taxes on everyone in America were doubled, it would still not be enough to cover the cost. In addition, there likely would be such a deleterious impact on economic growth that the U.S. economy could decelerate into recession.

Steep job losses The health care sector, which accounts for about 18% of the domestic economy, is the largest employer in a dozen states. Stanford University researchers estimate that with razor-thin profit margins, the nation's 5,300 community hospitals would lose more than \$151 billion under this plan. That could cause many to close, disrupting their cities. Approximately 160 million Americans would be forced to swap their private insurance for the government's single-payer system, and more than a

million insurance jobs would be lost, such as working-class administrators, coders, billers and claim negotiators. The unemployment rate likely would rise.

Quality of care at risk Both Medicare and Medicaid currently reimburse doctors and hospitals an average of 87 cents on the dollar for medical care, but private insurance pays \$1.45, which helps to offset the Medicare-induced funding deficit. Experts believe that with the elimination of competition from private insurance, Medicare for All will sharply reduce their reimbursement rate by some 40%, driving some higher-quality doctors and hospitals out of the system into private pay and forcing drug companies to sharply curtail their research and development spending on new life-saving drugs. The CBO warns that these lower payments to providers and subsequent defections among health-care professionals could create a “shortage of providers, longer wait times and changes in quality of care.”

How popular is this plan? According to a recent Gallup poll, 70% of Americans rate their health insurance as excellent or good and want the government to fix the existing system, not replace it. They enjoy the personal relationship they have developed with their doctors and nurses. They don't want to wait longer for appointments. They don't want lower-quality care. They don't want to be seen by whichever health-care professional is next in line. According to a recent Kaiser Family Foundation poll, 78% of U.S. citizens across party lines believe their taxes will increase with a single-payer system. They don't want the government to adopt Medicare for All. Voters appear to reject the so-called socialized health care popularized in Canada and England.

Democratic alternatives? Sen. Kamala Harris (Calif.) has proposed her own plan, which she also calls Medicare for All, although it has major differences from Sanders' bill. Harris proposes allowing private insurance to remain in place for up to 10 years, and only taxing households with incomes above \$100,000 (roughly the top 10% of taxpayers). On the presidential debate stage recently, she took fire for claiming that her health care would be free. Americans believe they will have to make up the difference through sharply higher taxes. Also, her proposed 10-year transition period would extend beyond a potential two-term Harris presidency.

In sharp contrast, former Vice President Joe Biden believes in keeping private insurance available, while offering a chance to buy into a public option such as Obamacare. This less-extreme stance looks to address uninsured Americans, while maintaining support from many of the 160 million people who are content with their private insurance. Although Biden's more moderate health-care proposal may not fly with the progressive wing of the Democratic party, it appears more popular among mainstream Americans, which could partially account for his early lead in the polls.

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