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Multiple studies show Medicare for All would be cheaper than public option pushed by moderates

Yale and Harvard researchers: Medicare for All reduces costs, while public option makes health care more expensive

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Two new studies found that the Medicare for All plan proposed by candidates like Sen. Bernie Sanders, I-Vt., and Sen. Elizabeth Warren, D-Mass., would cost less than the public option proposed by former Vice President Joe Biden and other moderates in the Democratic primary.

Biden and former South Bend, Indiana, mayor Pete Buttigieg have **repeatedly argued** that the Medicare for All proposal would be too expensive. They have instead proposed a public option or "Medicare for all who want it," which they argue would be more fiscally sound.

"Sanders' 'Medicare for All' plan "would cost more than the entire federal budget that we spend now," Biden claimed during a debate earlier this month, which **PolitiFact rated as false**.

Biden has repeatedly demanded to know how Sanders plans to pay for the proposal. Sanders has repeatedly said it would be paid for by tax increases that would **cost far less** than the premiums, deductibles, copayments and other costs that Americans already pay. The United States spends more than **\$10,000 per year** for every man, woman and child's health care, far more than any other nation.

Biden is right that Sanders' plan would add trillions to the federal budget. A widely-shared study funded by a think tank backed by the Koch brothers estimated that the plan would cost \$32 trillion over the next decade. But the Department of Health and Human Services **estimates** that the country would spend more than \$34 trillion under the current **profit-driven** system.

Two new studies further showed that the Medicare for All plan is not only cheaper than the status quo but also costs less than the public option moderates have claimed is more fiscally sound.

A study published in **The Lancet** this month by researchers at Yale University, the University of Florida and the University of Maryland estimated that Medicare for All

would save \$450 billion per year — about \$2,400 in annual savings per family — and would prevent more than 68,000 unnecessary deaths each year.

"Our study is actually conservative because it doesn't factor in the lives saved among underinsured Americans—which includes anyone who nominally has insurance but has postponed or foregone care because they couldn't afford the copays and deductibles," Yale researcher Alison Galvani told [Newsweek](#).

Medicare for All would allow the government to [negotiate prices](#) for care, as most Western nations with single-payer systems already do, and reduce overhead costs.

Biden and Buttigieg's proposals would actually increase costs, Galvani said.

"Without the savings to overhead, pharmaceutical costs, hospital/clinical fees, and fraud detection, 'Medicare for all who want it' could annually cost \$175 billion dollars more than status quo," Galvani told Newsweek. "That's over \$600 billion more than Medicare for all."

Another study published in the [Annals of Internal Medicine](#) by researchers at Harvard University, Hunter College and the University of Ottawa similarly estimated that switching to a single-payer system like Medicare for All could save up to \$600 billion per year on administrative costs alone.

The study found that the average American pays \$2,597 per year on administrative costs — overhead for insurers and hospitals, salaries, [huge executive compensation packages and growing profits](#) — while Canadians pay \$551 per year.

Though Canada had costs similar to the United States and worse health outcomes before it adopted its single-payer system in 1962, Canada now has better health outcomes than the United States and only spends 17% of its health care spending on administrative costs, compared to 34% in the U.S.

"Americans spend twice as much per person as Canadians on health care. But instead of buying better care, that extra spending buys us sky-high profits and useless paperwork," lead author Dr. David Himmelstein, who teaches at Harvard and Hunter College, [said in a statement](#). "Before their single-payer reform, Canadians died younger than Americans, and their infant mortality rate was higher than ours. Now Canadians live three years longer and their infant mortality rate is 22% lower than ours. Under Medicare for All, Americans could cut out the red tape and afford a Rolls Royce version of Canada's system."

Himmelstein told [Time](#) that the savings in administrative costs alone would be enough to eliminate "all copayments and deductibles" and still "have money left over."

But while Medicare for All would reduce these costs by eliminating private profit-seeking insurers, the public option alternative would add costs while leaving the bloated administrative costs in place.

"Medicare for All could save more than \$600 billion each year on bureaucracy, and repurpose that money to cover America's 30 million uninsured and eliminate copayments and deductibles for everyone," said researcher Dr. Steffie Woolhandler, who also teaches at Harvard and Hunter. "Reforms like a public option that leave private insurers in place can't deliver big administrative savings. As a result, public option reform would cost much more and cover much less than Medicare for All."

Other studies have led to similar conclusions. A review of 22 single-payer studies published in [PLOS Medicine](#) found that 19 of them "predicted net savings ... in the first year of program operation and 20 ... predicted savings over several years; anticipated growth rates would result in long-term net savings for all plans."

Studies have also widely disputed other claims made by opponents of Medicare for All.

While critics have claimed that the proposal would lead to "[rationing](#)" of health care, a recent [Federal Reserve survey](#) found that roughly a quarter of "adults skipped necessary medical care in 2018 because they were unable to afford the cost." Millions of Americans have been forced to [ration their insulin](#) or [avoid calling an ambulance](#) in emergencies due to sky-high costs, including those who have insurance.

Critics also argue that wait times for care are longer in countries with single-payer systems, but a [2017 survey](#) found that wait times have already increased in the United States by 30% since 2014 under the current system.

Critics have claimed that Medicare for All would lead to people abusing the free health care system. But a study published in the [Journal of General Internal Medicine](#) in November showed that use did not generally increase in countries that moved to single-payer systems.

All these studies make various assumptions about costs and figures associated with what a single-payer system would look like in America.

"Experts answer those questions differently, which is reflected in their final cost estimates. And though we can't predict the future, we do have plenty of data on what's happening in the American health-care system right now," [wrote](#) Washington Post data journalist Christopher Ingraham. "Relative to people in other wealthy nations, Americans are [less likely to be in good health](#) and [more likely to die of preventable causes](#). Our [babies](#) and [mothers](#) are more likely to die after child birth, and our lives are [shorter overall](#)."

But a public option is not the solution, Drs. Himmelstein and Woolhandler wrote in an op-ed at [The Nation](#).

"The case for a public option rests on faulty economic logic and naive assumptions about how private insurance actually works," they wrote. "Tens of millions would remain uninsured or with coverage so skimpy, they still couldn't afford care. ... Moreover, a public option would save little or nothing on hospitals' and doctors' sky-high billing and administrative costs."

"Because a public option would leave the current dysfunctional payment approach in place, it would sacrifice most of the savings available via single-payer reform," they added. "The bottom line is that a public option would either cost much more or deliver much less than single-payer."

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