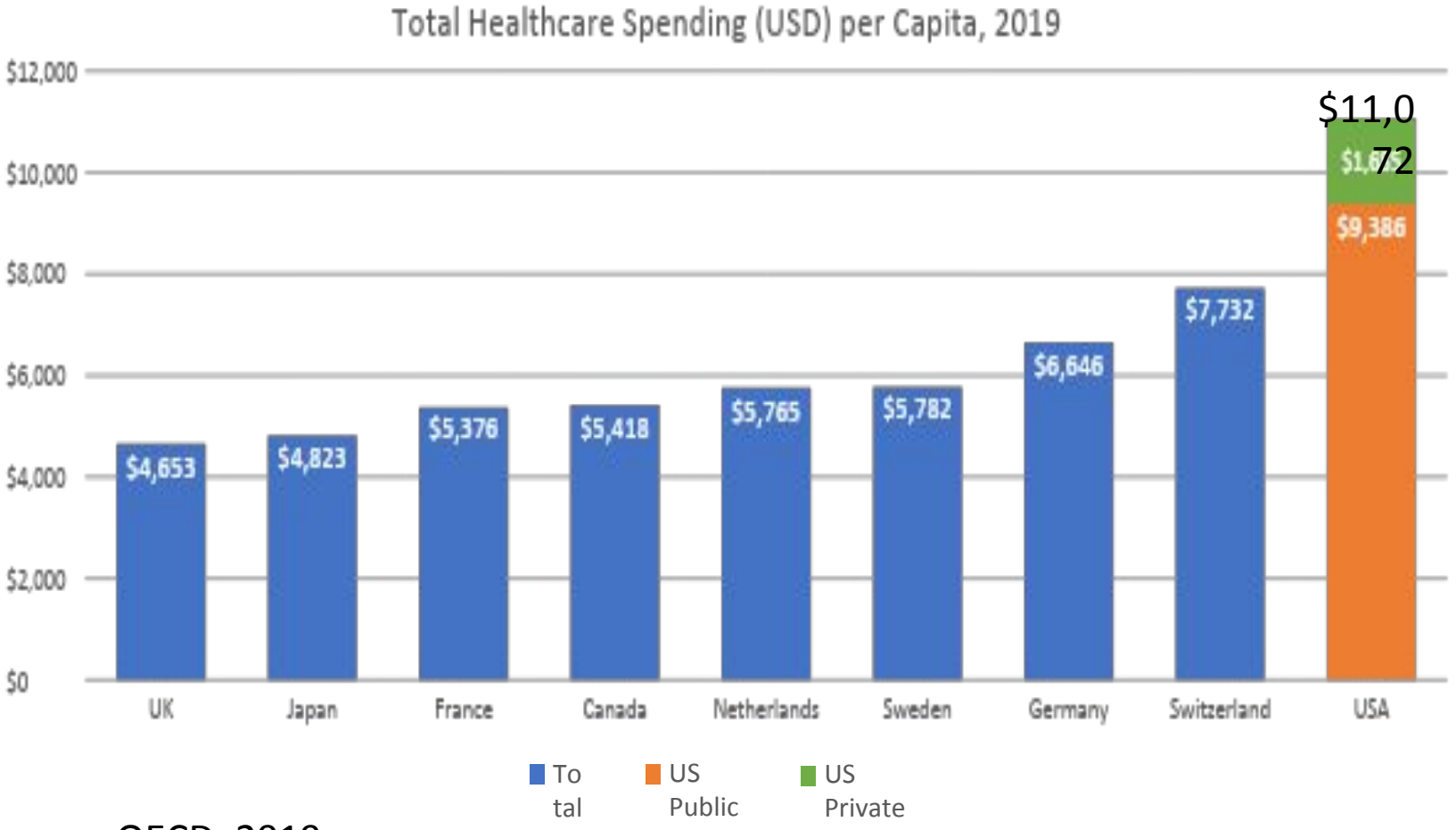
THE BUSINESS CASE FOR SINGLE-PAYER HEALTH CARE

“It’s the COST Stupid”

The exploitive rise in the cost of healthcare reduces employee wages, profits for businesses & increases taxes for everyone

Slide 8: US *Public* Spending for Health Exceeds *Total* Spending in Other Nations



Source: OECD, 2019

Costs to Eliminate or Repurpose

- $616 billion from Medicaid
- $9.7 billion from Community Health Centers
- $500 billion in excess administrative costs
- $150 billion medical device savings
- $150 billion in excess drug costs
- $$$$ billion government bureaucracy elimination
- $$$$ billion of insurance company profits
- $$$$ billion of health system profits

Potential Company Savings

PLan	People	Co. Cost	Total Cost	Co. Savings
Single	25	$5,188	$129,700	$64,850
Family	25	$12,632	$315,800	$157,900
			Total Savings	$222,750

Potential Employee Savings

Plan	Cost	Savings
Single	$1,063	$532
Family	$4,913	$2,457

Spread the Cost Share the Risk

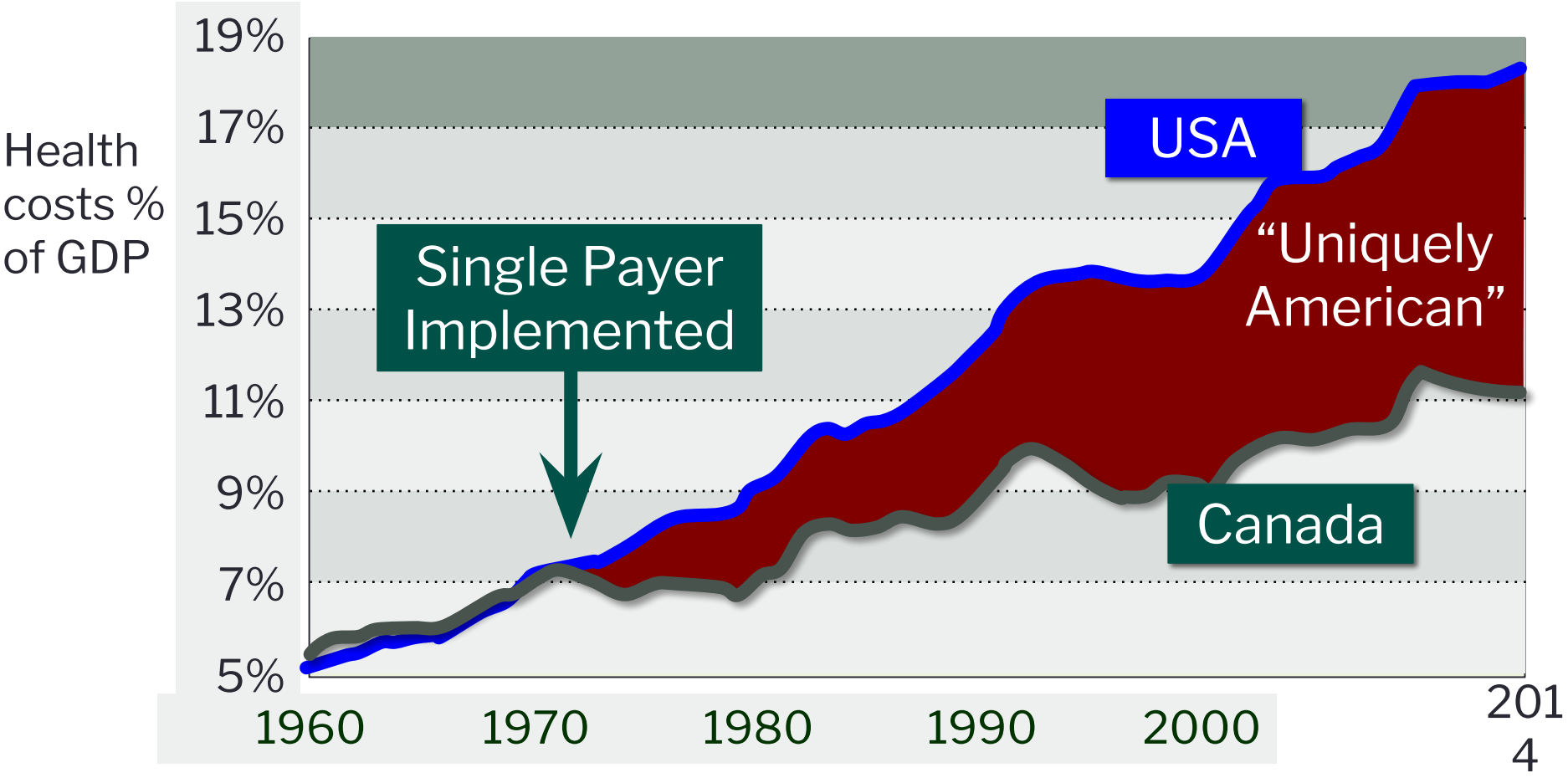
Apply the Medicare tax to all Income
Wages, Profits, Passive Income
NO ceiling

The total cost will go down and the new cost will be spread over more revenue sources reducing the cost per payer.

2014 Per Capita Spending

Payer	Spending %	Per Capita
Private Ins.	55.8 %	$4,551
Medicare	13.5 %	$10,986
Medicaid*	20.6 %	$5,736
Military	1.4 %	$8,043
	Weighted Average	$5,823

Health Costs: USA vs Canada



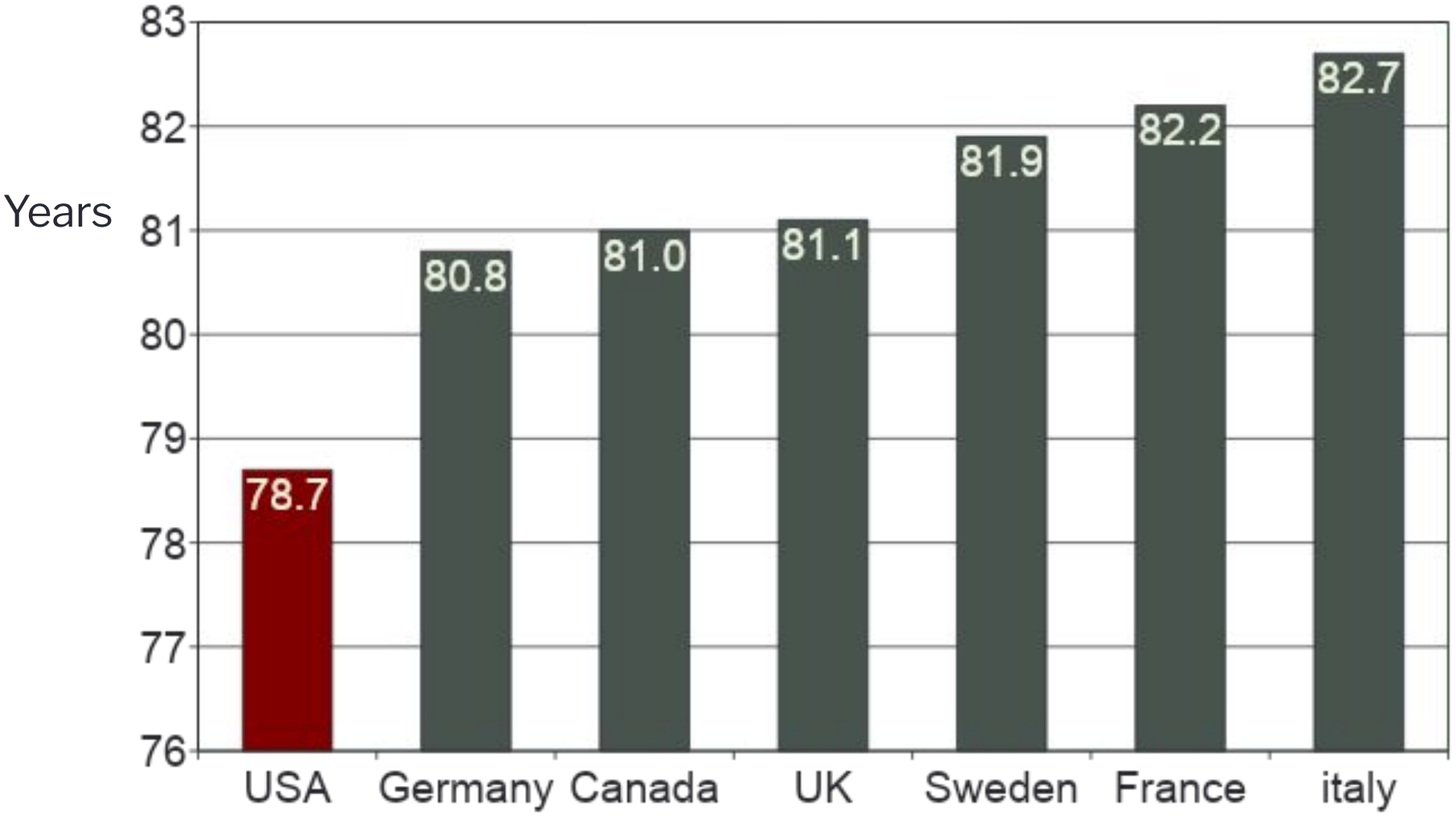
Source: Statistics Canada, Canadian Institute for Health Info, and NCHS/Commerce Dept.

Are we getting better health care?

USA vs Canada

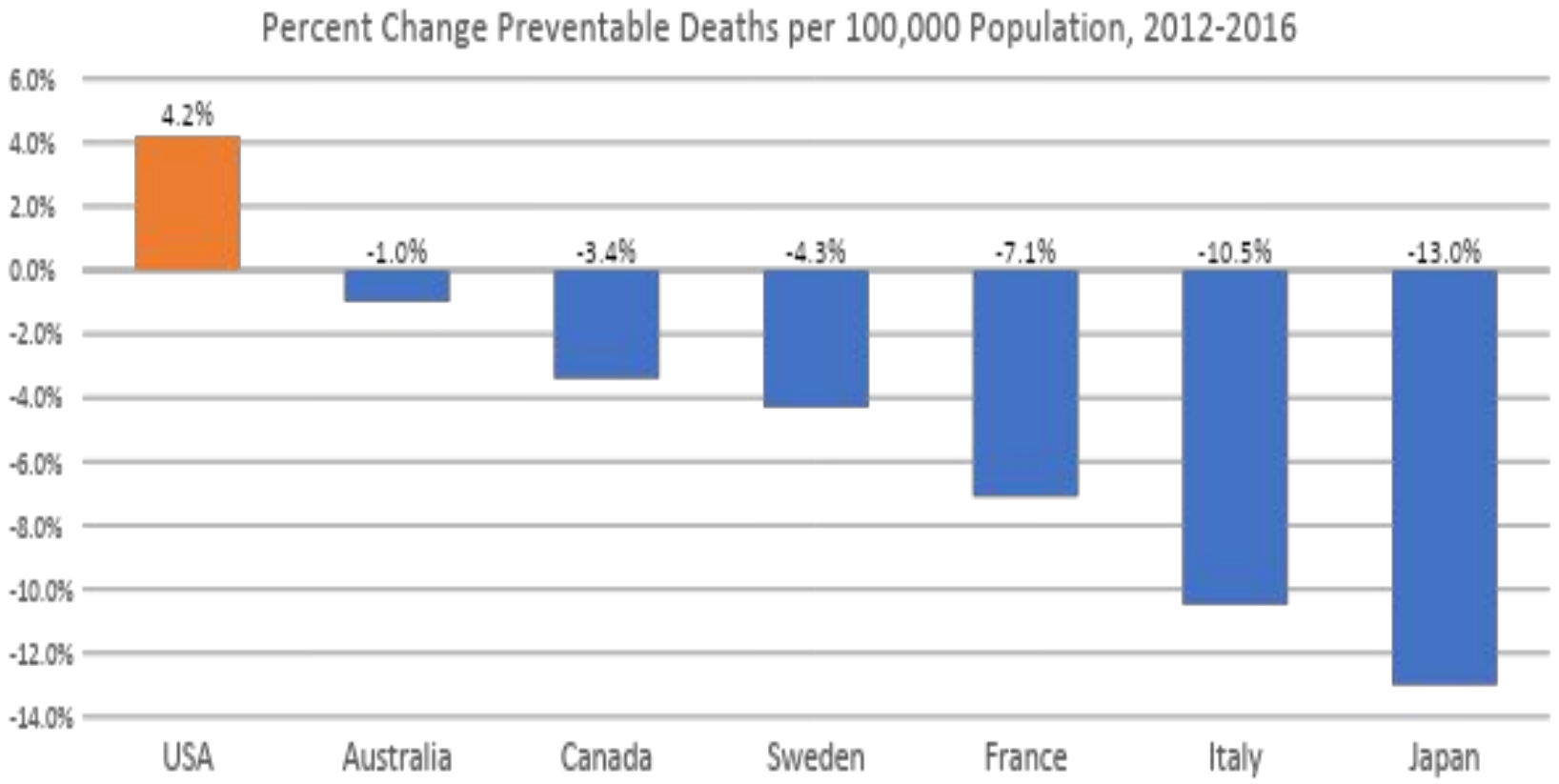
	USA	Canada
Uninsured	**30 Million**	**0**
Will lose insurance due to COVID 19	**?**	**0**
Defer care because of cost	**115 Million**	**0**
Die each year for lack of Insurance	**45,000**	**0**
Medical bankruptcies per year	**2 Million**	**0**

Life Expectancy



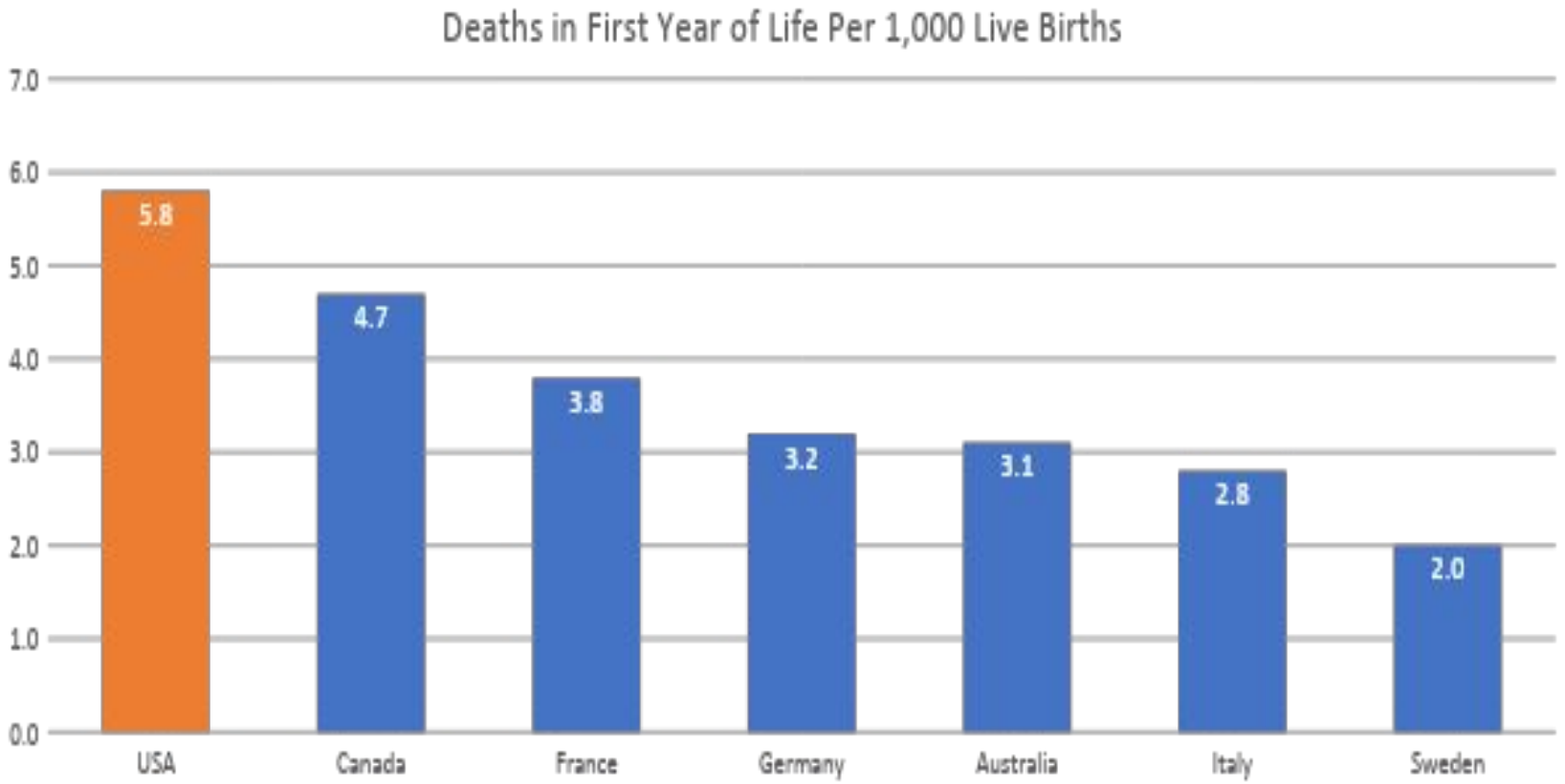
Note: Data are for 2011 or most recent year available
Source: OECD, 2013

US Has Seen a Recent Increase in Preventable Deaths



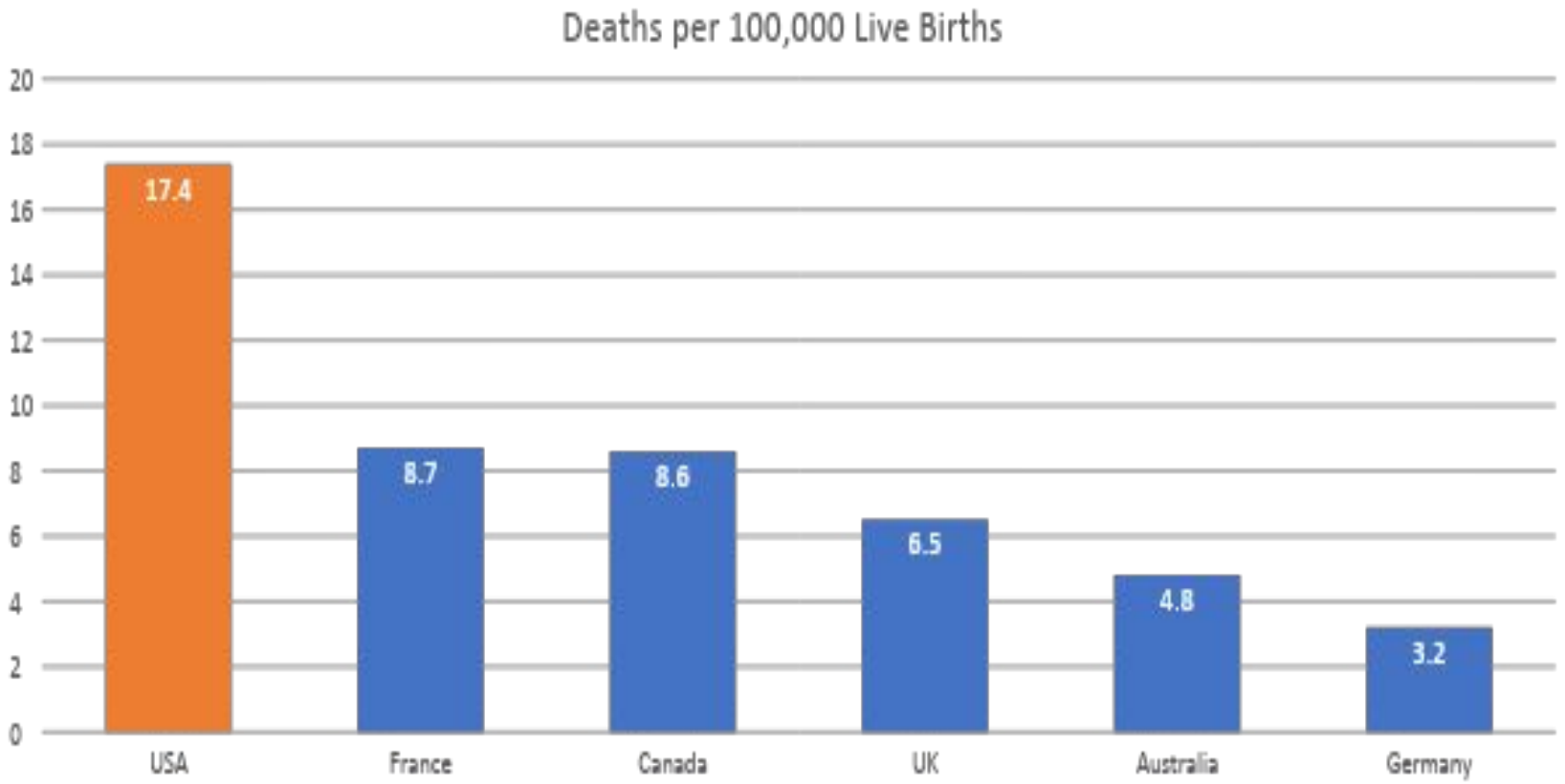
Source: OECD, 2012-2016

Infant Mortality



Note: Data are for 2019 or most recent year available
Source: OECD, 2020

Maternal Mortality



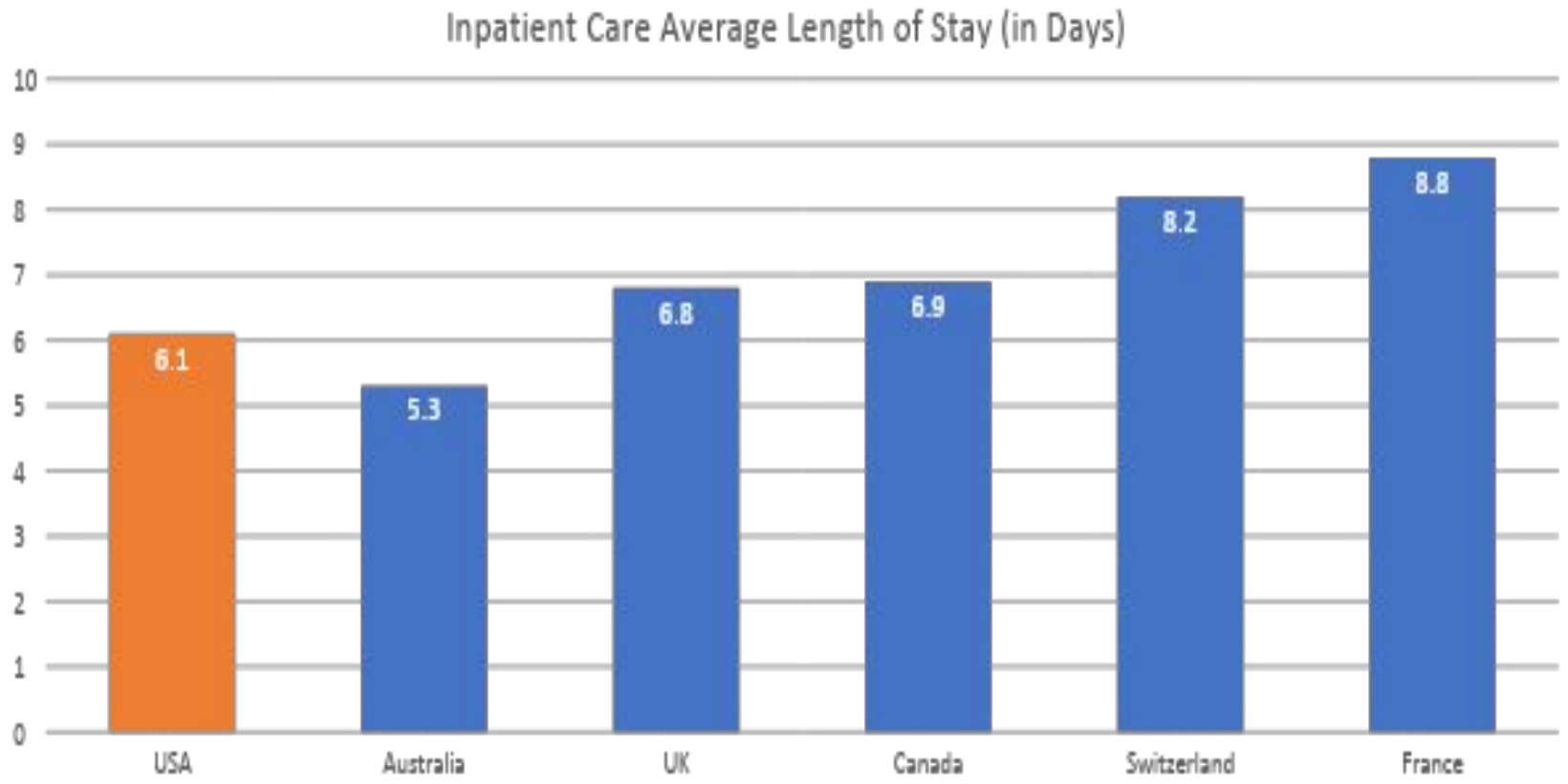
Note: Data are for 2019 or most recent year available

Source: OECD, 2020

What costs us so much more?

Are we utilizing too much care?

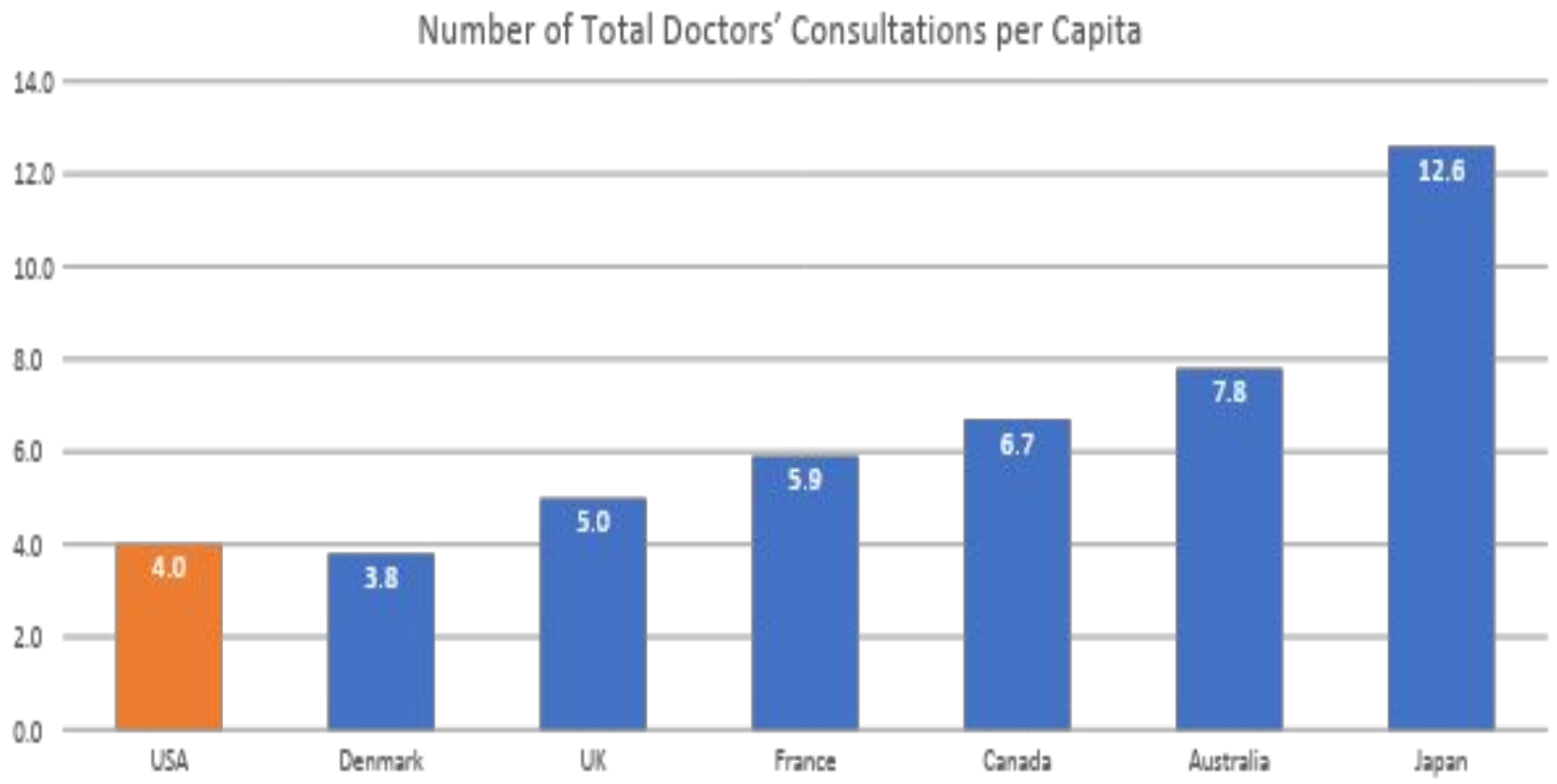
Hospital Inpatient Days



Note: Data are for 2019 or most recent year available

Source: OECD, 2020

Physician Visits per Capita



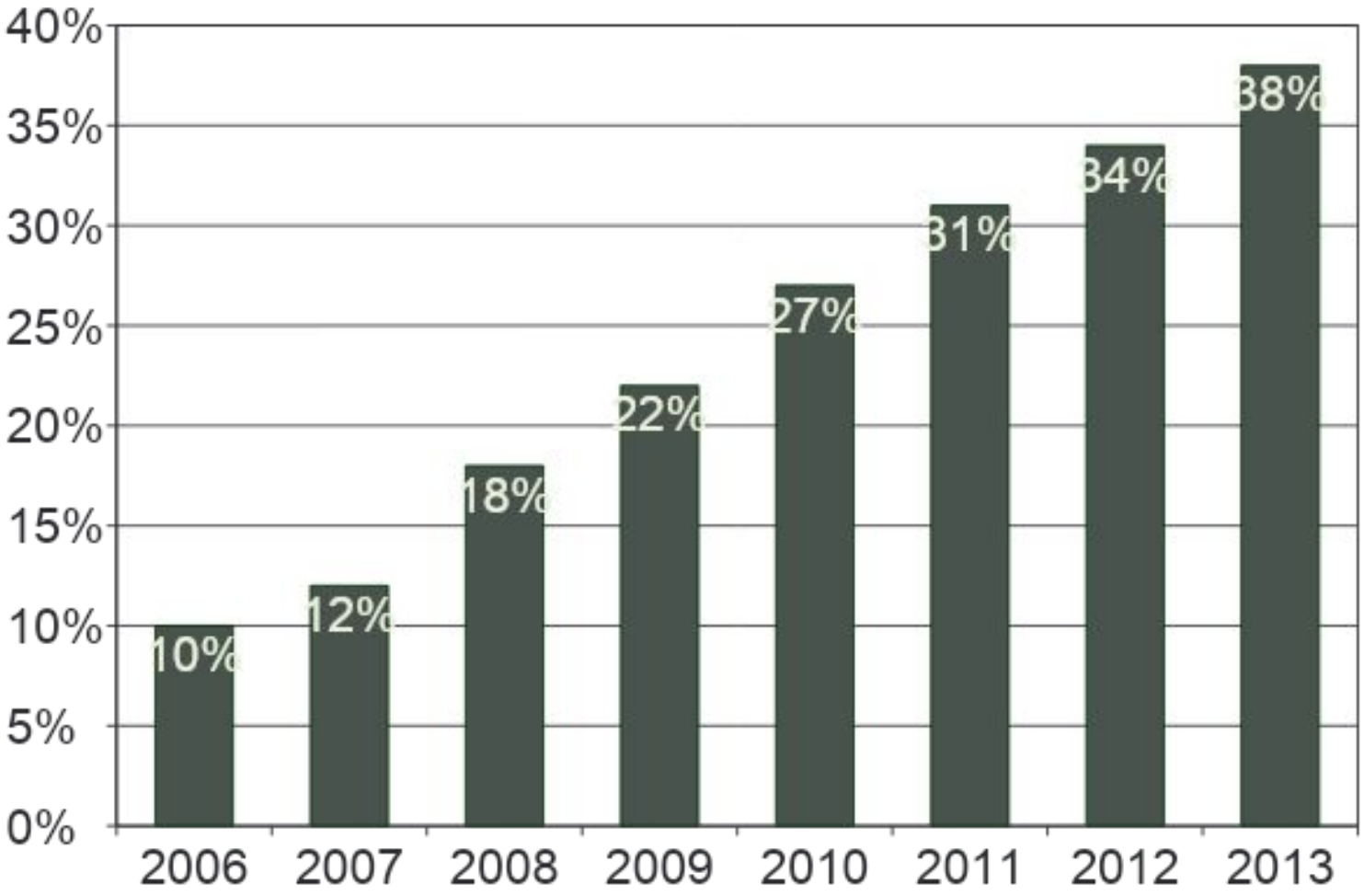
Note: Data are for 2019 or most recent year available

Source: OECD, 2020

Is it “moral hazard” because patients don’t have enough “skin in the game?”

Deductibles Are Rapidly Increasing

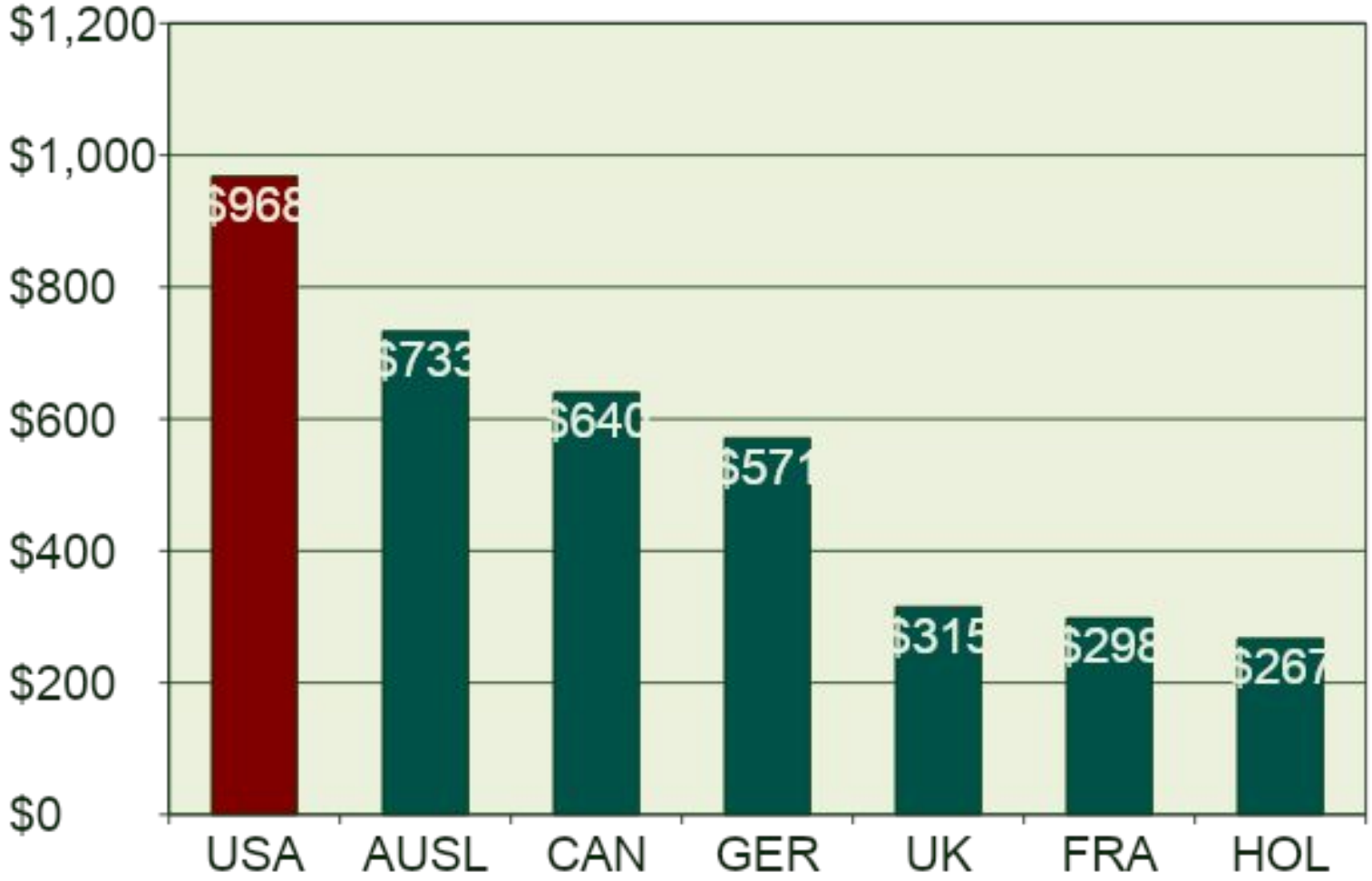
Percent of workers with deductibles ≥$1,000



Kaiser/HRET Survey of Employer-Sponsored Benefits, 2013

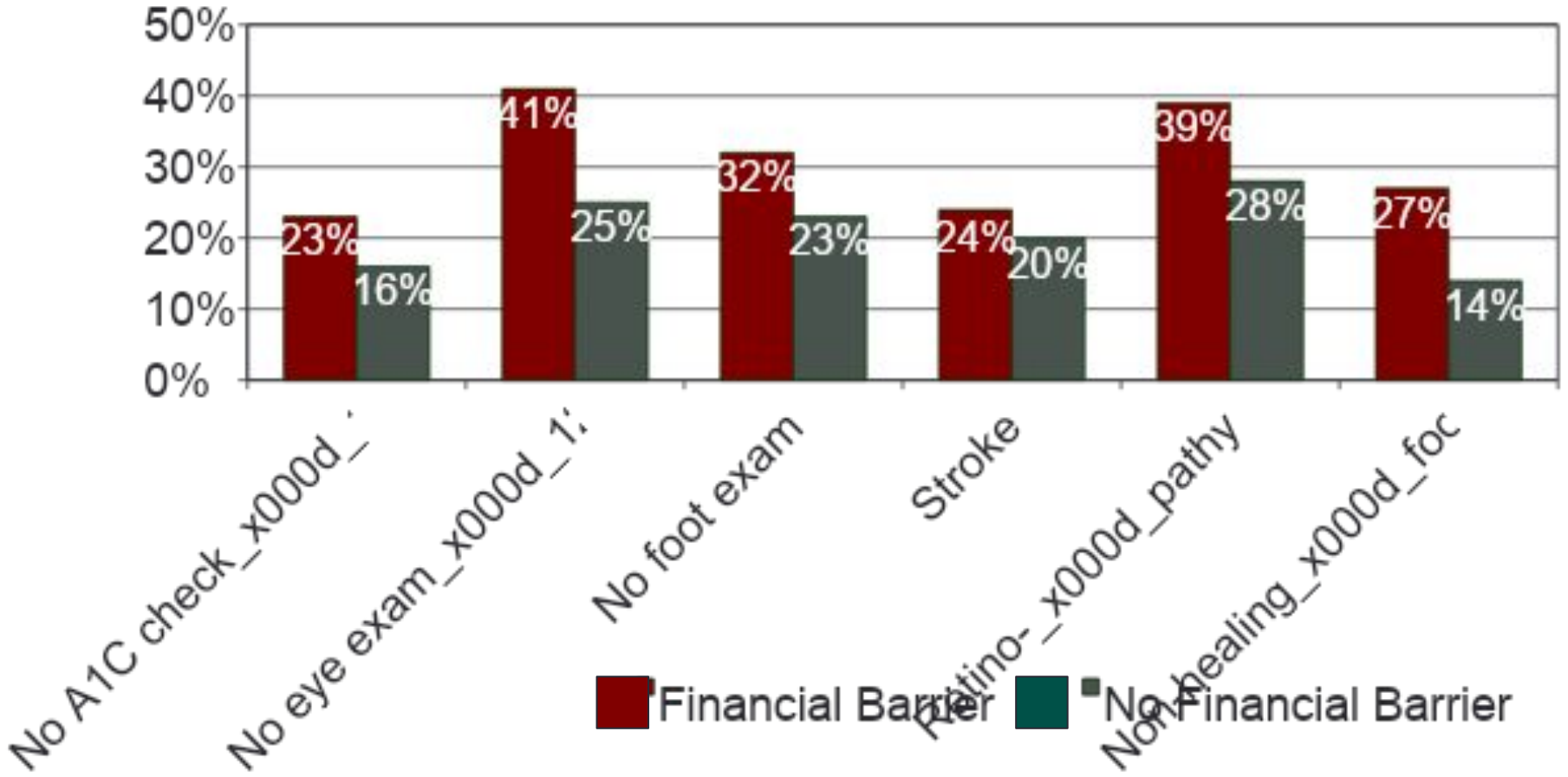
We Have the Most “Skin in the Game”

Out-of-pocket dollars per capita



Note: Data are for 2011 or most recent year available
Figures adjusted for Purchasing Power Parity
Source: OECD, 2013

Financial Barriers Worsen Diabetes Care and Outcomes



JGIM On-Line, 9/27/2013.
Note: Financial barrier = needed to see a doctor in last 12 months but couldn't

Restricting Access *Increases* Costs

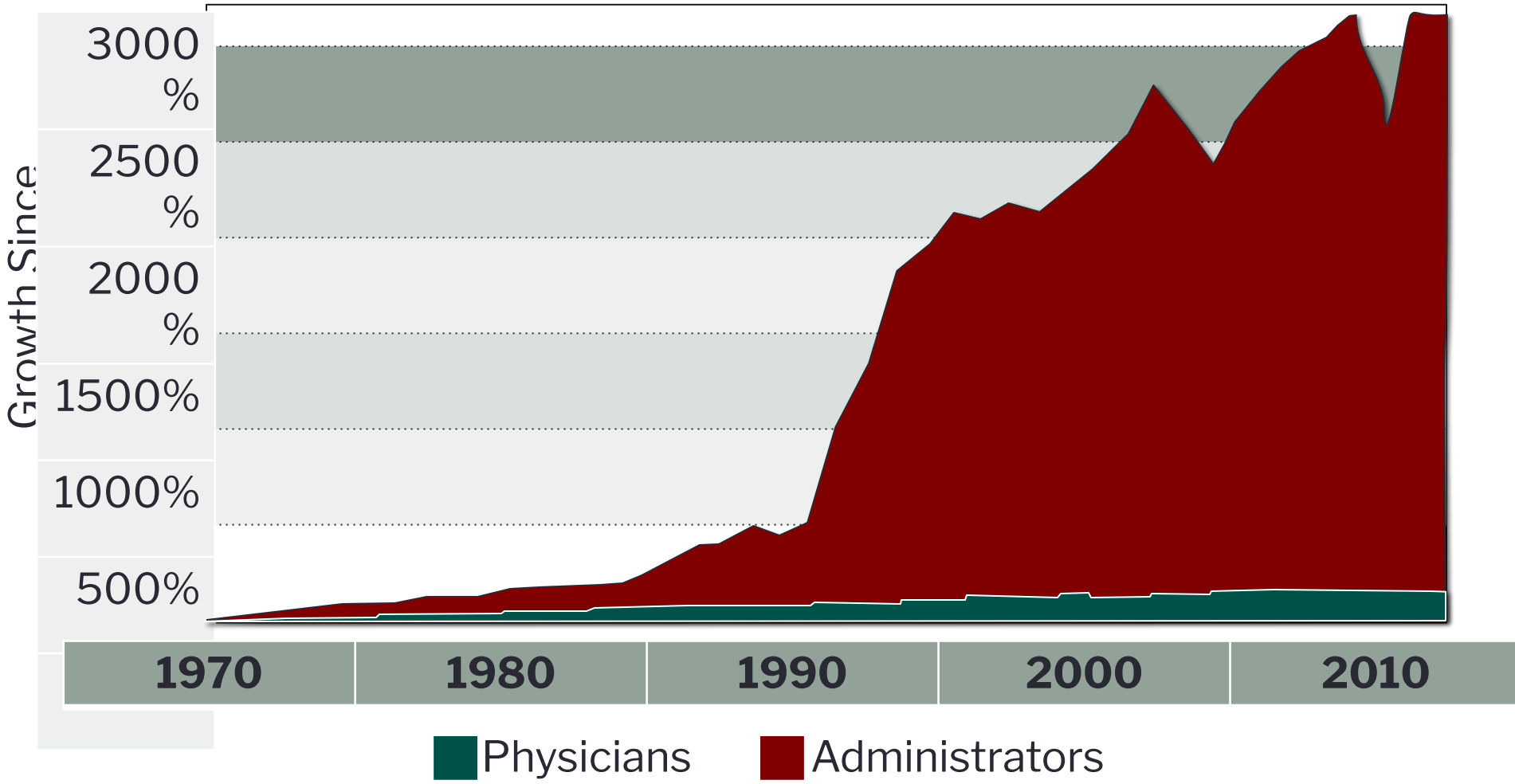
- Restricting care requires bureaucracy that costs more than it saves
- We *already* rely heavily on incentives to deliver less care and pushing more costs onto patients.
- If these worked to control costs, we would not be spending twice as much as other advanced countries!

So, the reality is:

- We’re spending twice as much
- We’re under-utilizing, not over-utilizing care
- Our health outcomes are worse

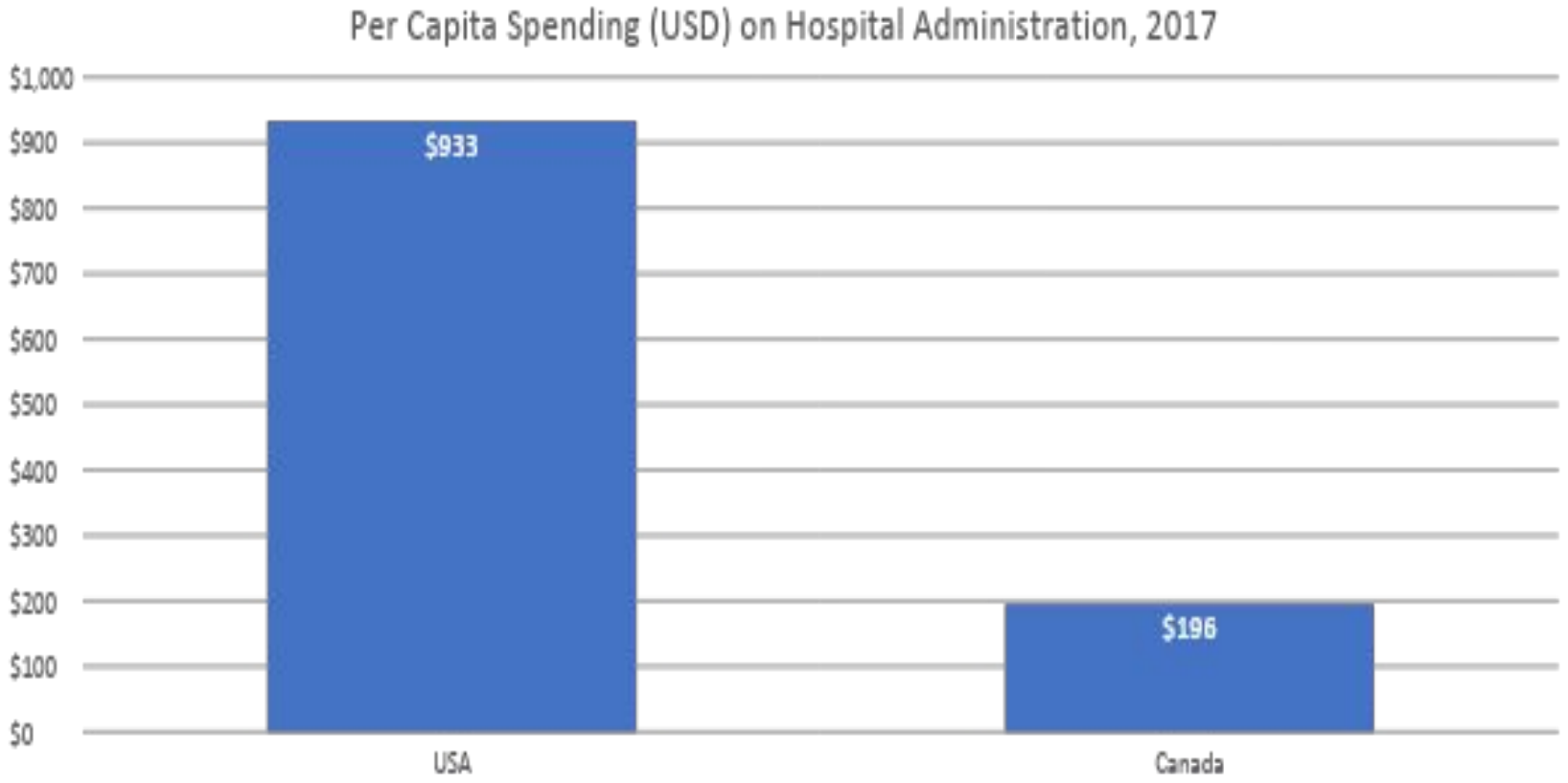
Then what is costing us so much more than other countries?

Growth of Physicians vs Administrators



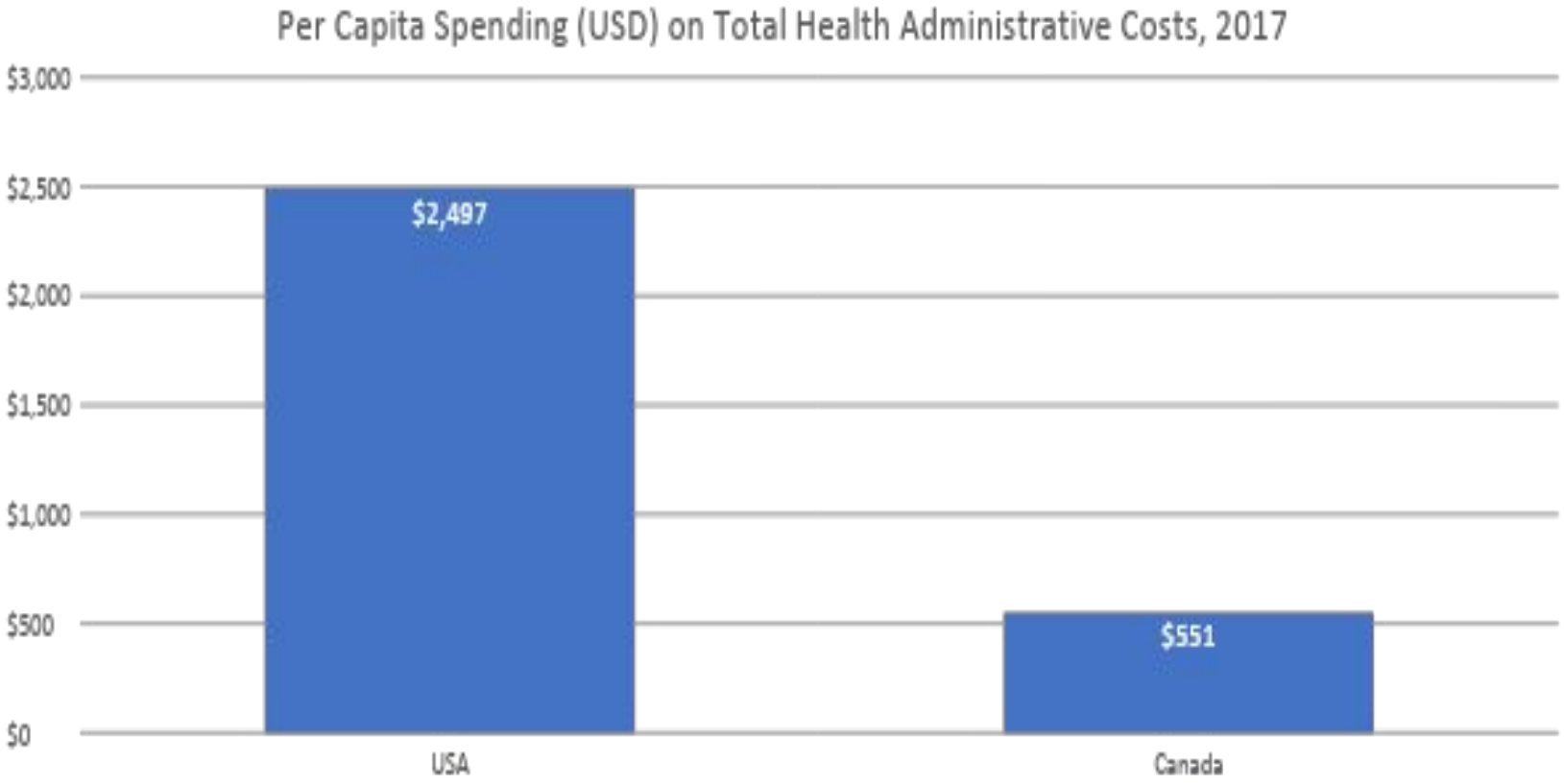
Data updated through 2013
Source: Bureau of Labor Statistics; NCHS; Himmelstein/Woolhandler analysis of CPS

Hospital Billing and Administration



Source: Himmelstein, Campbell & Woolhandler
Annals of Internal Medicine, Jan 2020

Overall Administrative Costs



Source: Himmelstein, Campbell & Woolhandler
Annals of Internal Medicine, Jan 2020

Competitive Private Health Insurance

- Administrative costs: 5-6 times that of public systems
- Incentive is to avoid risk (caring for sick people)
- “Race to the bottom” among plans
- Misguided and costly efforts to centrally manage health care providers

Can the Affordable Care Act work?

ACA Fails for Sick People

- *Low value plans* (bronze, silver)
  - Deter needed care
  - For individual making only $25,000 (max subsidies), > $7,500/yr in premiums, deductibles, & co-pays !!!
- *Access problems:*
  - MD shortage, narrow & ghost networks, dysfunctional Medicaid

Ineffective ACA “Cost Controls”

- Preserves private, competitive insurance model
- Leaves obstacles to access in place
- “Cost control” aimed at further restricting care
- Pushes more cost onto patients
- Shifts insurance risk to doctors and hospitals
- Increases administrative complexity and cost

All counter to evidence for achieving “Triple Aims” - better quality, better health, lower cost!

Can the Affordable Care Act work?

- Doesn't work for sick people
- Relies on strategies shown to *increase* costs

The Single-Payer Alternative

- Everyone covered, all medically necessary care
- Minimal or no deductibles & co-pays
- Access to care based on need, not means
- Insurance risk is managed by risk pooling alone, pooled across entire population – not shifted onto doctors, hospitals, and patients.
- Vastly simplified administration
- Minimizes centralized management of care & bureaucracy

Single-Payer Cost Control

1. Assure access to *cost-effective* care for all
2. Simplify, streamline administration
3. Use admin savings to reduce prices
   - Hospitals - global budgeting
   - Doctors – negotiated fees, simplified billing, support quality improvement
   - Drugs and medical equipment - negotiated prices, bulk purchasing

Single-Payer Savings

- Hospitals (~7%): global operating budgets – no itemized billing
- Doctors (~5%): Reduced admin and malpractice cost, incentive-neutral pay – FFS based on time, or salary
- Patients (~5%):
  - better access to cost-effective outpatient care
  - reduced complications
  - reduced ER and hospital use

(Savings as % of total health spending)

Sources include Price Waterhouse Coopers, Blanchfield et al, "Saving Billions of Dollars—and Physicians' Time— by Streamlining Billing Practices," *Health Affairs*, Apr. 29, 2010, Lewin Group and Friedman economic analyses for California, Maryland, Colorado

Single-Payer Savings

- Drugs and Medical Equipment (~6%):
  - bulk purchasing, negotiated prices, less fraud
- Business (~1%):
  - no health insurance administration
  - much lower worker's comp, liability, and vehicle insurance
  - No COBRA or retiree health benefits

Single-Payer Savings

- **Administration (~16%):** focused on assuring care and payment, not avoiding "risk"

Insurance Administration	Managed Care Administration
No: • Exorbitant exec salaries, marketing, lobbying, profit • Underwriting, insurance reserves, broker fees, exchange fees • Eligibility determination, narrow networks	• Care managed by doctors & hospitals, not health plans • No complex financial incentives and risk adjustment • Simplified data for QI • No distortion of data due to "pay-for-documentation" • Much less fraud and abuse

- **For entire health care system: ~ 30-40% savings**

8 Ways that Single Payer
Strengthens American Businesses

Reductions in Direct Costs

- Cost of health care benefit
- Health care benefit management costs
- Worker Comp, auto and liability insurance
- Retiree health benefits

Reduced Employer Risk

- More predictable future costs
- Eliminate risk of employees with high medical costs
- Eliminates contentious item in labor negotiations

Level the global playing field for business

1. More Doctors, ARNPs, PAs, Nurses, Etc.

1. Establish School loan forgiveness program
2. Expedite shortage area loan forgiveness
3. One National Medical Licence
4. Recruit qualified foreign doctors (H1B Visa)
5. Expand telemedicine
6. Refine the development of artificial intelligence
7. Eliminate medical servitude laws
8. Expand medical education programs

Lower Pharmacy Costs

1. Empower Medicare to negotiate drug Prices
2. Change the rules for orphan drugs
3. Establish a medication approval system similar to Germany's.
4. Establish a government funded medication research program at select universities. All patents owned by government.
5. Allow the sale and import of quality approved medications.

Corporate Practice of Medicine

1. Prohibit the corporate practice of medicine nationwide by medical and non-medical entities.
2. Eliminate for profit hospitals and healthcare systems.
3. Not for profit healthcare corporations need to be strictly monitored to prevent overcompensation of management and diversion of funds from patient care.

Top 10 Highest Paid CEOs at NonProfits (9 are healthcare)

1. Ascension Health Alliance $13,550,000 Salary + $67,855
2. Sutter Health $13,161,450 Salary + $279,177
3. Virginia Mason Med. Center $11,562,939 Salary+ $154,309
4. Delta Dental Plan MI $9,213,107 Salary + $2,693,718
5. Dignity Health $8,712,814 Salary + $1,547,801
6. Kaiser Foundation HP $$8,529,498 Salary + $1,509,737
7. Spectrum Health System $7,945,374 Salary + $1,522,626
8. The Aerospace Corp. $7,941,497 Salary + $1,824,683
9. Sentara Healthcare $7,825,434 Salary + $81,327
10. Medstar Health In. $7,675,042 Salary + $76,815