Moving Towards Universal Medicare

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January 29, 2015
Need for Universal Medicare and Direction Forward

1) Enormous waste in administrative costs.
2) Better mechanism for controlling costs.
3) Medicare/Medicaid buy-ins.
4) Increased trade with other countries.
Per Capita Health Care Costs -2012
(2005$ ppp)

Canada: 3850
Denmark: 3420
Sweden: 3166
U.K.: 2904
U.S.: 7349

Source: OECD
Administrative Costs as a Percent of Benefits

- Medicare: 1.4%
- Private Insurers: 17.9%

Source: CMS, Medicare Trustees and Author’s Calculations
Annual Rate of Per Person Cost Growth (common benefits)

- Medicare: 7.5%
- Private Insurance: 9.1%

Source: CMS
Routes to Universal Medicare

1) Buy-ins to Medicare/Medicaid
   a) Offer plans in exchanges (especially in areas of little competition)
   b) Age-based buy in (e.g. 55 and over)

2) State based single-payer (Vermont)
Increased Trade to Increase Familiarity

1) Options to Medicare/Medicaid patients (share savings – can be enormous)

2) Facilitate medical travel with private insurers (credentialing and legal issues)

3) Open door to foreign doctors, weaken medical lobby.
Conclusion

1) ACA is huge step forward in extending coverage.

2) U.S. health care costs are hugely out of line with rest of the world.

3) Budget pressures would largely disappear if health care costs were under control.