

Moving Towards Universal Medicare

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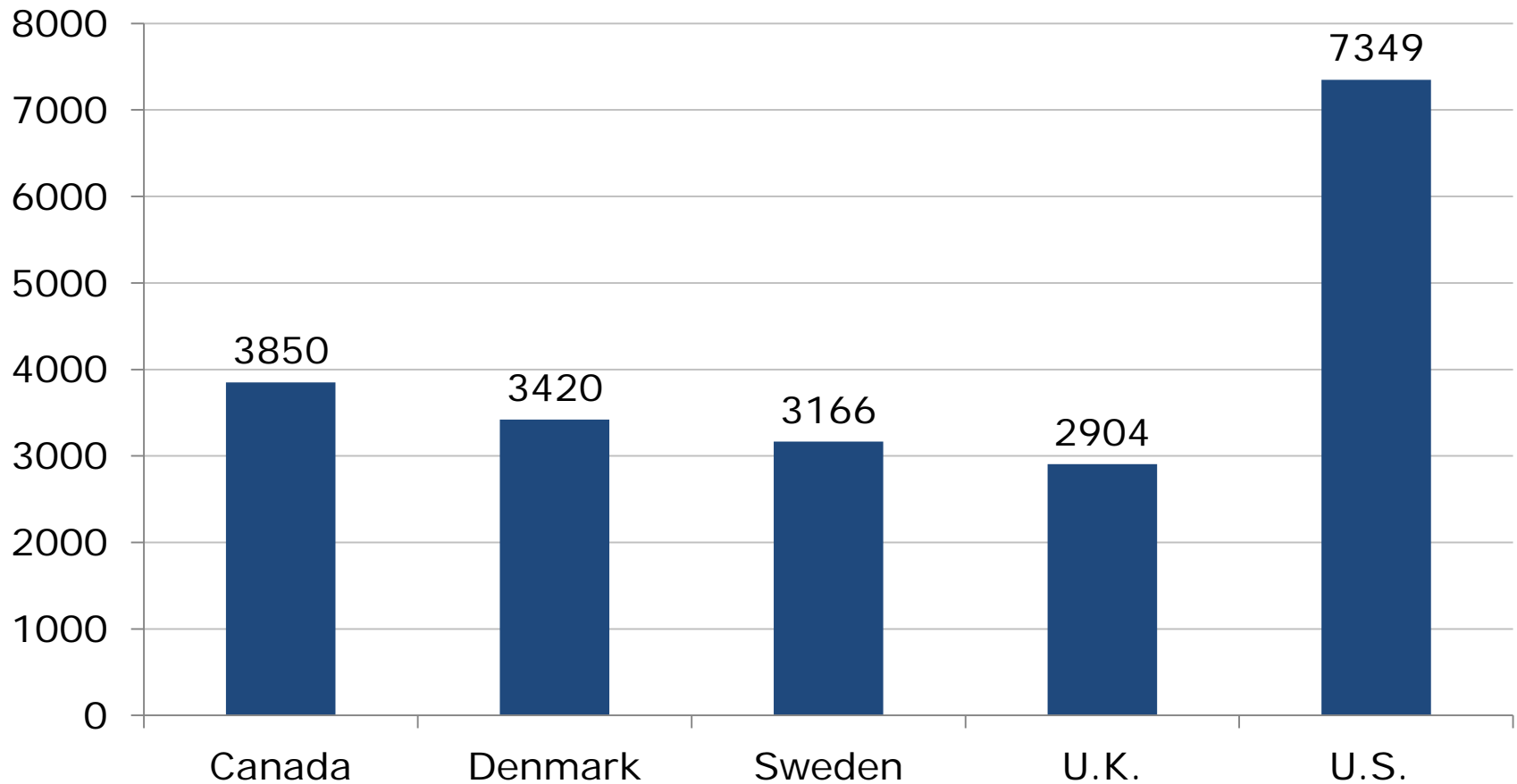
January 29, 2015

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.

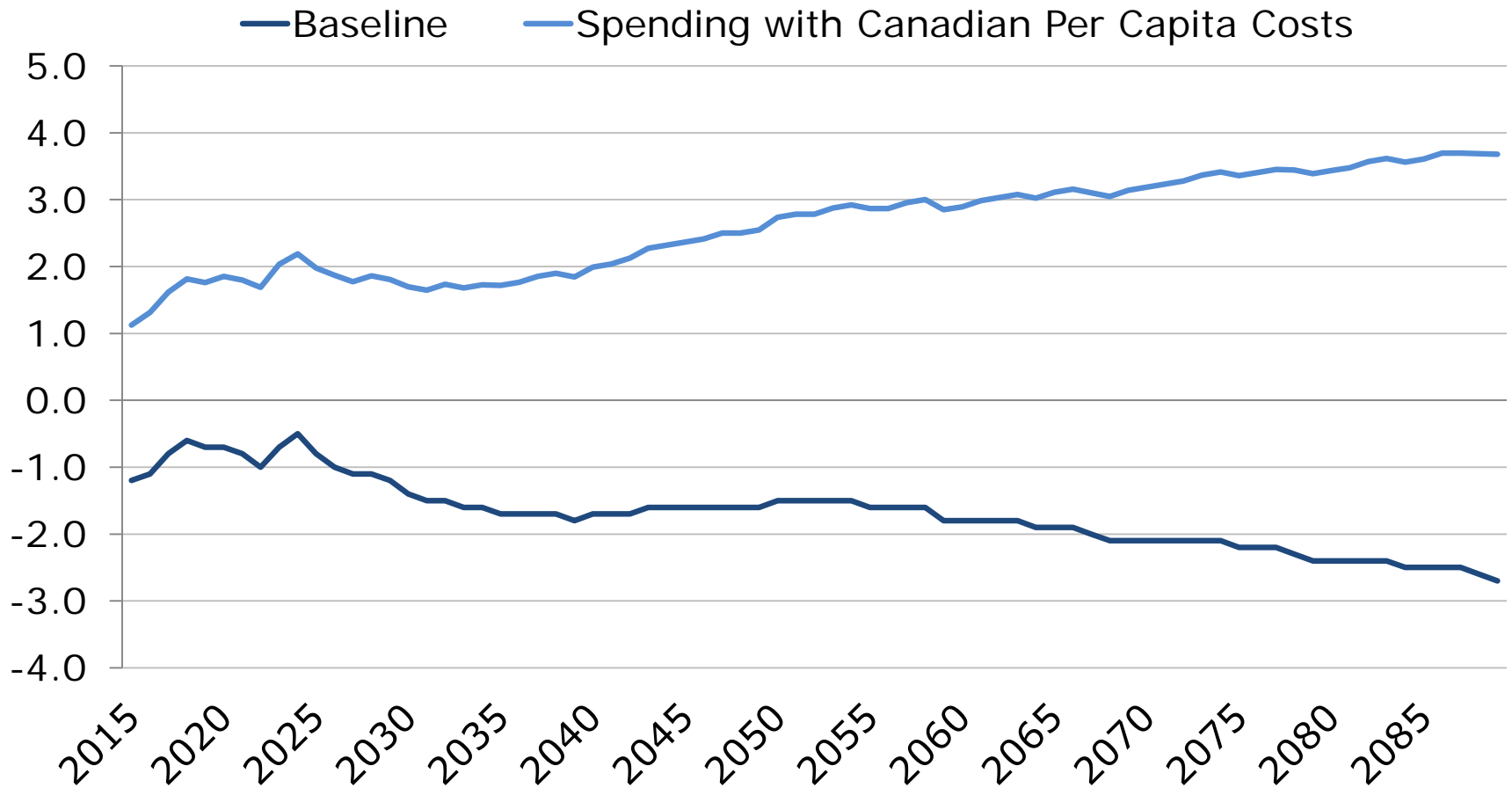
Per Capita Health Care Costs -2012

(2005\$ ppp)



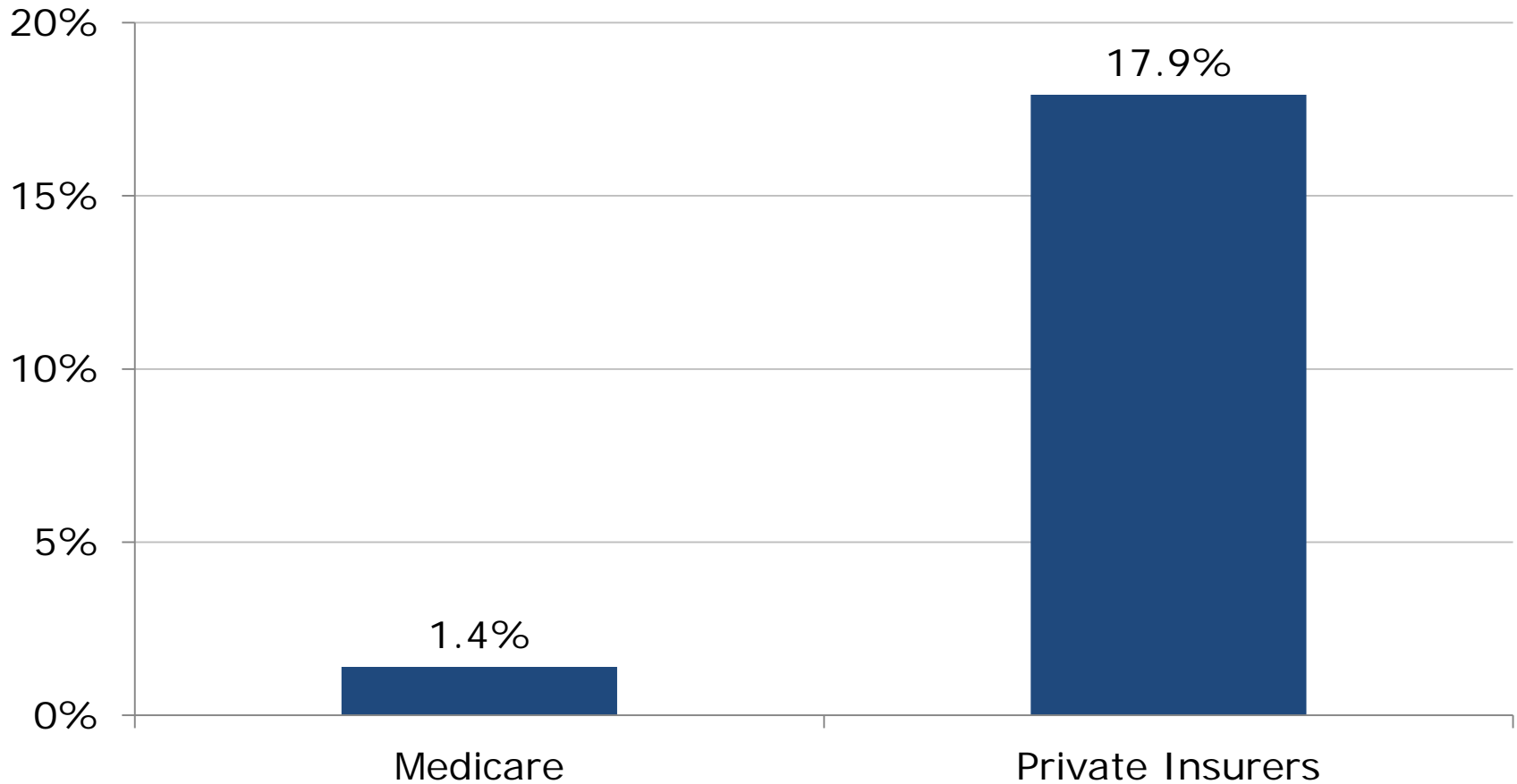
Source: OECD

Projected Primary (non-interest) Budget Deficit



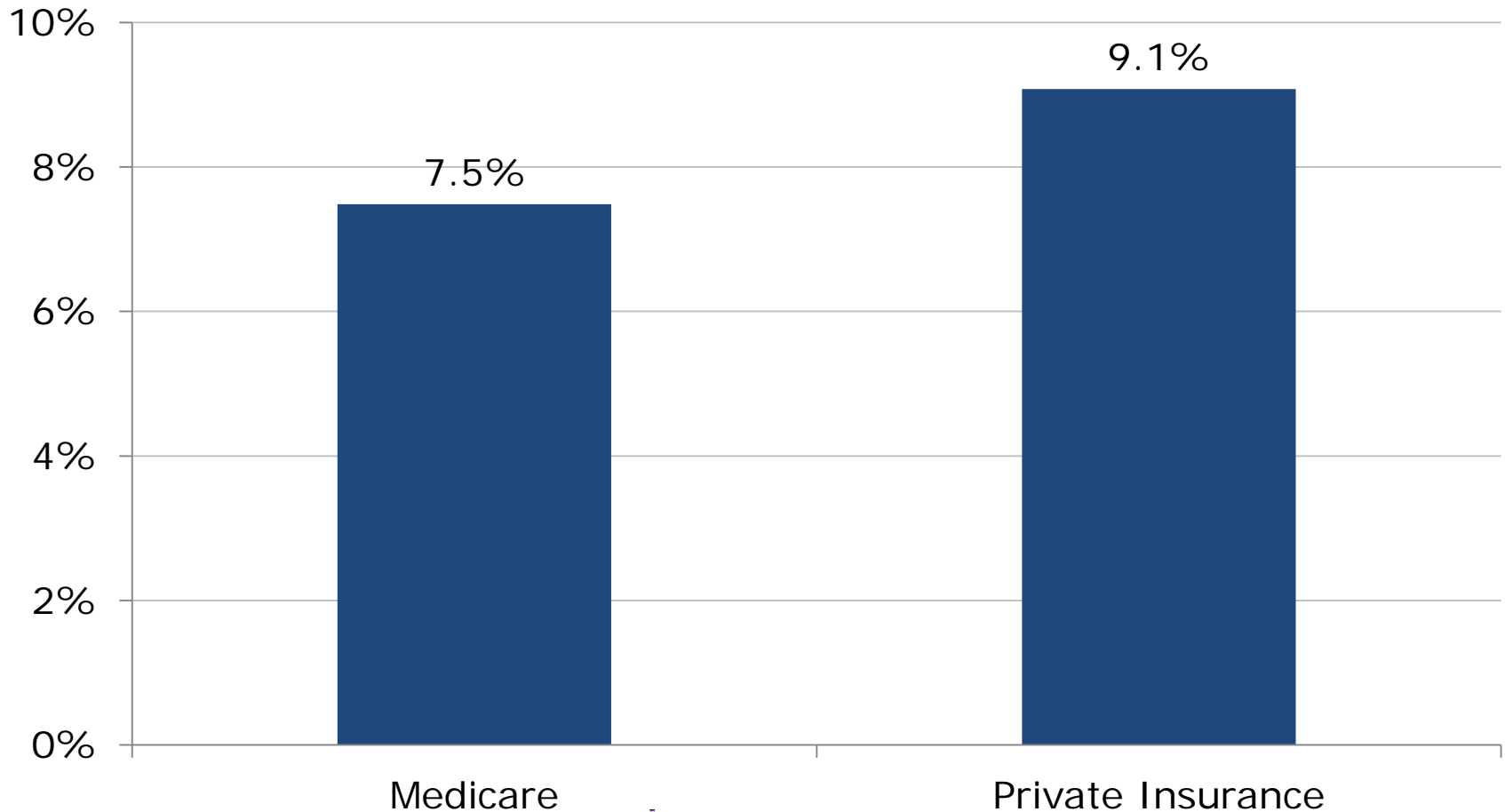
Source: CBO and Author's Calculations

Administrative Costs as a Percent of Benefits



Source: CMS, Medicare Trustees and Author's Calculations

Annual Rate of Per Person Cost Growth (common benefits)



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