



## New Analysis Projects Cost, Coverage Impacts of Single-Payer Plan and Other Health Reform Proposals

*Study finds universal coverage can be achieved without a complete overhaul of the health system*

Even within the existing public-private health care system, the United States could achieve near-universal coverage with moderate decreases in national health spending, according to a pair of reports published today by the Urban Institute and the Commonwealth Fund.

The study, *Comparing Health Insurance Reform Options: From “Building on the ACA” to Single Payer*, analyzes eight health care reforms and their potential effects on insurance coverage, national health care costs, and spending by federal and state governments, consumers, and employers.

The plans fall along a continuum — from improvements to the Affordable Care Act (ACA) to a single-payer reform, similar to Medicare for All proposals, that would eliminate private insurance, cover all U.S. residents and undocumented immigrants, and eliminate premiums and cost-sharing. Many of the proposals analyzed are similar to reform packages and legislation advanced by Democratic presidential candidates and members of Congress.

Key findings include:

► **Universal coverage of all Americans and improved affordability is attainable by building on the ACA.**

Under one of the plans modeled in the report, a mix of private and public health insurance, everyone in the U.S. could be covered except for some undocumented immigrants. The plan would enable workers to opt for subsidized nongroup coverage instead of their employer’s insurance plan. It also would improve the ACA’s subsidies to help people afford coverage, cover people in states that have not expanded Medicaid, require everyone to have insurance with an autoenrollment backup, offer a public insurance option, and cap provider payment rates.

**Coverage gains:** Achieves universal coverage for people legally present in the U.S., covering 25.6 million people who would otherwise be uninsured. However, the plan leaves 6.6 million undocumented immigrants without coverage.

**National spending:** National spending on health care decreases modestly, by \$22.6 billion or 0.6 percent, compared to current law in 2020.

**Federal government spending:** Spending increases by \$122.1 billion in 2020, or \$1.5 trillion over 10 years.

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*The Commonwealth Fund is a private, nonprofit foundation supporting independent research on health policy reform and a high-performance health system.*

- ▶ **One single-payer approach would leave no one uninsured and largely eliminate consumers' out-of-pocket medical costs. But it would require much greater federal spending to finance.**

The “enhanced” single-payer system modeled would cover everyone, including undocumented immigrants. The reform would feature benefits that are more comprehensive than Medicare’s — including dental, vision, and hearing for adults as well as long-term services and supports — and there would be no premiums or cost-sharing. All current forms of insurance for acute care would be eliminated, including private insurance, Medicaid, and Medicare. Instead, everyone residing in the U.S. would be covered by a new public insurance program. Providers would be paid closer to what Medicare now pays. Health spending by employers would be eliminated, and household and state health spending would decline considerably. But federal spending would rise significantly.

**Coverage gains:** Covers the entire U.S. population; no one is uninsured.

**National spending:** National spending on health care grows by about \$720 billion in 2020.

**Federal government spending:** Spending increases by \$2.8 trillion in 2020, or \$34 trillion over 10 years.

- ▶ **A second single-payer approach can be constructed with lower federal spending and systemwide costs.**

In addition to the enhanced single-payer plan above, researchers examined a single payer “lite” plan that is similar to the enhanced version but includes cost-sharing for out-of-pocket expenses based on income level, adds fewer new benefits, and covers only people legally residing in the U.S. This single-payer option lowers total national health spending and decreases health spending by households, employers, and state governments. And it increases federal government spending by less than the enhanced single-payer reform.

**Coverage gains:** Achieves universal coverage for people legally present in the U.S., covering 25.6 million previously uninsured people. But none of the 10.8 million undocumented immigrants in the U.S. are covered by the plan.

**National spending:** National spending on health care falls by \$209.5 billion, or 6 percent in 2020.

**Federal government spending:** Spending increases by \$1.5 trillion in 2020, or by \$17.6 trillion over 10 years.

## FROM THE EXPERTS:

Linda Blumberg, Ph.D., Urban Institute Fellow

***“All health reform plans involve choices and trade-offs. This report serves as a guidepost for measuring the potential effects of different reform proposals when it comes to covering the uninsured, improving the affordability of health care, and the government funding required to implement them. What’s clear is that each reform proposal makes health insurance considerably more affordable by lowering people’s premiums and cost-sharing. Some reforms also lower U.S. health care costs, and all require additional federal dollars to finance the reforms.”***

David Blumenthal, M.D., Commonwealth Fund President

***“Good, affordable health insurance is essential to Americans’ well-being and financial security. This report is a reminder that there are many ways to get all Americans covered. As we enter the 2020 presidential campaign season in earnest, it’s critical that policymakers and the public understand how various health reform proposals will impact health care costs, household budgets, and health insurance coverage.”***

## IMPLICATIONS

Single payer and other health reform approaches will be central to the debates throughout the 2020 presidential election season. The report's authors say there are several issues that are important to consider when designing and evaluating health insurance reforms, including: how much providers are paid; how long it takes for the reforms to be implemented; how employer and household health care spending and wages are affected; and what the effects are on national health care costs.

The full report will be available after the embargo lifts at:

<https://www.commonwealthfund.org/publications/issue-briefs/2019/oct/comparing-health-insurance-reform-options-building-on-aca-to-single-payer>

## HOW WE CONDUCTED THIS STUDY

Our analysis relies on the Urban Institute Health Policy Center's Health Insurance Policy Simulation Model (HIPSM) and Urban's new Medicare simulation model, MCARE-SIM, in addition to Urban's Dynamic Simulation of Income Model (DYNASIM). HIPSM is a detailed microsimulation model of the health care system designed to estimate the cost and coverage effects of proposed health care policy options for the nonelderly (U.S. residents below age 65 not enrolled in the Medicare program). We regularly update the model to reflect published Medicaid and marketplace enrollment and costs in each state. For example, the current version takes into account each state's marketplace premiums and enrollment after the 2019 open enrollment period. The enrollment experience in each state under current law affects how the model simulates policy alternatives. HIPSM is used in every reform estimated in this analysis.

MCARE-SIM is based on data from the 2015 Medicare Current Beneficiary Survey, projected here to 2020. It is designed to simulate changes to household and government costs because of changes in benefits, cost-sharing, and premiums for people age 65 and older and younger people enrolled in the Medicare program. The model simulates health care spending and costs for Medicare enrollees in the traditional program (Parts A, B, and D) and in Medicare Advantage, as well as supplemental coverage like Medigap. MCARE-SIM is used here to estimate the spending and distributional consequences of single-payer reforms that would affect not only the nonelderly (the ACA target population), but also those enrolled in Medicare under current law.

In addition, one of the single-payer reforms simulated here includes new benefits for long-term services and supports. These estimates are developed using estimates from recent historical data sources, including the Health and Retirement Study, National Health Interview Survey, and National Health and Aging Trends study, combined with estimates from the Urban Institute's DYNASIM and a wide range of estimates from published reports.

We begin each simulation with a current law baseline in 2020, and we then estimate the effects of implementing each of the eight health care reform options. Plus, we compute 10-year estimates of the increase in federal government costs associated with each reform from 2020 to 2029. All estimates assume reforms are fully phased in and in equilibrium in 2020.

Additional discussion of specific methodological issues can be found in the [full report](#).

## ADDITIONAL PERTINENT RESEARCH

[What Do Americans Think About Their Health Coverage Ahead of the 2020 Election?](#)

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[Who Are the Remaining Uninsured, and Why Do They Lack Coverage?](#)

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[Did the Affordable Care Act Reduce Racial and Ethnic Disparities in Health Insurance Coverage?](#)

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