

MEMORANDUM

To: Interested Parties

From: Lauren Crawford Shaver, Partnership for America's Health Care Future

Re: Medicare For All Means "Big Middle Class Tax Increases"

Date: April 1, 2019

As Americans prepare to file their tax returns to the Internal Revenue Service (IRS) this month, April is an apt time to consider how the high costs of Medicare for all-style proposals would impact working families' budgets through a higher tax bill and harm our entire economy – especially as [recent polling](#) indicates **that six in 10 Americans oppose Medicare for all once they learn it forces families to pay more in taxes.**

As we have noted previously, independent analyses conducted by both the liberal-leaning Urban Institute and the libertarian-leaning Mercatus Center at George Mason University estimate that a Medicare for all program like the one Senator Bernie Sanders (I-Vt.) proposed last year **would cost taxpayers approximately \$32 trillion over 10 years.**

The Washington Post [reports](#) that **"Medicare-for-all in particular would require tax hikes on middle class families,"** while *NBC News* [reports](#) that implementing such a system **"requires a massive new source of tax revenue."** In fact, the Mercatus Center [warns](#) that **"doubling all federal individual and corporate income taxes going forward would be insufficient to fully finance the plan,** even under the assumption that provider payment rates are reduced by over 40 percent for treatment of patients now covered by private insurance."

Similarly, the centrist Committee for a Responsible Federal Budget (CRFB) [found](#) that enacting Medicare for all **"would mean increasing federal spending by about 60 percent(excluding interest) and financing a \$30 trillion program would require the equivalent of tripling payroll taxes or more than doubling all other taxes."**

"There's no possible way to finance even single-payer without big middle class tax increases," Marc Goldwein, CRFB's senior vice president, [told](#) *The Washington Post*.

Adding weight to that message, a growing chorus of leading Democrats has been sounding alarm bells on the high costs of Medicare for all. As the *Post* [notes](#), some **Democrats are worried by such proposals, which "require middle class tax hikes that will prove hurtful for economic growth and the party's political fortunes."**

- **House Speaker Nancy Pelosi** recently [exclaimed](#) to *Rolling Stone*: "And by the way, how's it gonna be paid for?"
- Democratic Congressional Campaign Committee (DCCC) Chairwoman **Rep. Cheri Bustos** [said](#) to *The Hill* that "the \$33 trillion price tag for Medicare for all is **a little scary,**" and later [doubled down](#) on those comments in an interview with CNN.
- The *Washington Examiner* [notes](#) that **"Rep. Frank Pallone, D-N.J., who chairs the Energy and Commerce Committee, also has drawn attention to the cost."**

- And **President Barack Obama** last week “**warned a group of freshman House Democrats ...** about the costs associated with some liberal ideas popular in their ranks, encouraging members to look at price tags” in what was widely seen as “**a cautionary note about Medicare-for-all,**” *The Washington Post* [reports](#).

In the end, Medicare for all “**would be costly for everyone,**” because “[b]ig **across-the-board tax increases are the only way to pay for universal government health insurance,**” former University of North Carolina economics professor Karl Smith [explains](#).

And this includes unsuccessful plans to implement single-payer health care on the state level. *The New York Times* editorial board [acknowledged](#) recently that “[i]n Vermont and Colorado, legislators dropped bids for a state-run single-payer system when it became clear that **people would not support the tax increases needed to sustain such a program.**”

Last week, *Roll Call* [reported](#) that Peter Shumlin, a Democrat who served as Vermont’s governor at the time and campaigned on a platform of single-payer health care, later admitted that the 11.5 percent payroll tax and 9.5 percent income tax that were proposed to finance the system were too much for taxpayers to accept: “**The final bill was too much for the state to bear,** he said. ‘**The biggest problem was money,**’ Shumlin said at Harvard. And he **couldn’t promise lawmakers that they wouldn’t need to hike taxes again later** to accommodate rising health care costs. ‘I couldn’t with a straight face turn to them and say, no, we’ve got this figured out,’ he said.”

Meanwhile, in [a recent interview](#) with *The Atlantic*, Democratic New York Governor Andrew Cuomo, a noted liberal firebrand, was very blunt about the political and fiscal realities of implementing a Medicare for all-style health care system in the Empire State, saying “**no sane person will pass it,**” and “**you’d double everybody’s taxes**” to pay for it.

And beyond tax increases Americans would face under Medicare for all, its broader economic impacts would also harm working families. As a [report](#) issued last fall by professors at the University of Massachusetts-Amherst acknowledges, Medicare for all would “**produce significant job losses**” **potentially impacting millions of Americans, while delivering “a significant negative shock to the U.S. economy.”**

These massive tax hikes and hard-felt economic shocks would come in addition to Medicare for all’s other implications – including the fact that it would disrupt Americans’ existing coverage and care, and strike a blow to the choice and control Americans value so highly.

While we can and must do more to make our health care system work better for all Americans, the mounting evidence continues to show that a costly, disruptive Medicare for all-style approach is not the best path forward for our nation.

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