

## Medicare-for-all—How Might It Work?

The current Medicare program is funded via two trust funds that can only be used for Medicare. Medicare Part A is funded via payroll taxes paid by employees, employers and the self-employed. Medicare Part B and Part D benefits and program administration expenses are funded via Congress, premiums from people enrolled in Medicare and other avenues such as investment income from the trust fund.

Medicare Part A covers hospital expenses, skilled nursing care, hospice, and home health-care services. Medicare Part B covers two types of services: (1) medically necessary services to treat illnesses or conditions, such as doctor's office visits, lab work, x-rays, and outpatient surgeries and preventive services to keep you healthy, like cancer screenings and flu shots and (2) medically necessary durable medical equipment to treat a disease or condition.

### Proposals for Medicare-for-all

As policymakers debate steps for transforming health insurance coverage and lowering health costs, a number of bills have been introduced that would broaden the role of public programs, such as Medicare and Medicaid. During the 115th Congress, eight such proposals were introduced, ranging from bills that would create a new national health insurance program for all U.S. residents, replacing virtually all other sources of public and private insurance (Medicare-for-all), to more incremental approaches that would create a new public plan option, as a supplement to private sources of coverage and public programs.<sup>1</sup>

These [eight legislative proposals](#) differ in ways that have important implications for consumers, health care providers and payers, including employers, states, the federal government, and taxpayers. Key policy differences are eligibility, the size and scope of the public plan, covered benefits and cost sharing, premiums, subsidies for premium and cost sharing, cost containment strategies, and the likely interactions with current public programs and private sources of coverage. These public plan proposals fall into four general categories:

- Two proposals would create Medicare-for-all, a single national health insurance program for all U.S. residents (Senator Sanders, [S.1804](#); Rep. Ellison, [H.R. 676](#)). Once fully implemented, a single, federal, government-administered program would provide coverage to all U.S. residents. Medicare-for-all would replace virtually all other sources of private health coverage (employment-sponsored plans and insurance offered inside and outside ACA marketplaces) and most public programs, including Medicare, Medicaid and CHIP. Medicare-for-All would result in a major shift in the way in which health care is financed in the U.S. — away from households, employers and states to the federal government and taxpayers.

---

<sup>1</sup> [Medicare-for-all from the Kaiser Family Foundation](#)

- Three proposals would create a new public plan option, based on Medicare, that would be offered to individuals and some or all employers through the ACA marketplace (The Choice Act by Rep. Schakowsky, [H.R. 635](#), and Sen. Whitehouse, [S. 194](#)); The Medicare-X Choice Act by Sen. Bennett, [S. 1970](#), and Rep. Higgins, [H.R.4094](#); and the Choose Medicare Act by Sen. Merkley, [S. 2708](#) and Rep. Richmond, [H.R. 6117](#)). Under all three bills, the public plan option would be offered alongside private insurance through the ACA marketplace to individuals and small employers eligible to purchase coverage there. Two of the bills would also offer the public plan in the individual and small group markets outside of the marketplace. The Merkley bill would further extend eligibility to large employers who could obtain coverage under the public plan on behalf of their employees if they remain in compliance with ACA requirements.
- Two proposals focus specifically on creating a new Medicare buy-in option for older adults – ages 55-64 in the Stabenow bill and 50-64 in the Higgins bill. These proposals would give eligible individuals the option to buy into Medicare. The Higgins bill would also allow adults ages 50-64 who are eligible for job-based coverage to elect the Medicare buy-in option, and allow employers to pay Medicare premiums on their behalf – a feature that could expand the number of older working individuals who select the buy-in option. (Sen. Stabenow, [S. 1742](#); Rep. Higgins, [H.R. 3748](#));
- One proposal would create a Medicaid buy-in option for states to offer to individuals through the ACA marketplace. Under this approach, states would have the option of creating a Medicaid buy-in program that would be offered through the marketplace alongside other private plans. For states that elect this option, the bill would allow individuals at all income levels to buy into Medicaid, as long as they are not enrolled in other coverage. (Sen Schatz, [S. 2001](#) and Rep. Luján, [H.R. 4129](#)).

### Where Do People Get Insurance Now?

In 2017, private health insurance coverage was more prevalent than government coverage—67.2 percent and 37.7 percent, respectively (*sic*—obviously the numbers don't add up, but you can see the relative percentages). Of the subtypes of health insurance coverage, employer-based insurance was the most common, covering 56.0 percent of the population for some or all of the calendar year, followed by Medicaid (19.3 percent), Medicare (17.2 percent), direct-purchase coverage (16.0 percent), and military coverage (4.8 percent) (*sic*—again the numbers don't add up—the Census Department appears to need remedial math).<sup>2</sup>

The challenge is what happens to private insurance under the various proposals? The first two would seem to eliminate the need for any private plans for basic medical coverage—there would still be deductibles and co-pays. What would happen to the companies that offer private

---

<sup>2</sup> [Health Insurance Coverage in the US 2017](#)

plans now? Would they be consigned to offer supplemental coverage like Medicare Advantage plans do now? Would they offer private insurance alongside the public Medicare-for-all plans, like some companies do in the UK health system? One can expect that the insurance lobby will campaign forcefully against the Sanders and Ellison plans. They probably would oppose the others, too; there is room for private insurers under those plans, but it would be a much smaller share of the pie.

*There are two articles posted on the message board that 1) describe in more detail the eight "Medicare-for-all" plans and 2) describe a plan that might be a better way forward from our current health care insurance system. Please give them a look if you have time.*