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Is America Backing into a Single-Payer System?



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In 1944, [Franklin Roosevelt said](#) that all citizens have the “right to adequate medical care and the opportunity to achieve and enjoy good health” and “to adequate protection from the economic fears of... sickness.”

In 1965, [Lyndon Johnson said](#), “Yet as these [medical] advances come, vital segments of our populace are being left behind—behind barriers of age, economics, geography, or community resources. Today the political community is challenged to help all our people surmount these needless barriers to the enjoyment of the promise and reality of better health.”

In 1972, [Richard Nixon proposed](#) that “no American family would have to forego needed medical attention because of inability to pay.”

In 2017, [Rep. Paul Ryan said](#), “Our goal is to give every American access to quality, affordable health care.”

Also in 2017, [President Donald Trump said](#), “We’re going to have insurance for everybody.”

Although the right to universal access to healthcare has taken root in our politics and our society, the question of how to pay has proved hard to answer.

[Harry Truman proposed](#) “solving the basic problem by distributing the costs through expansion of our existing compulsory social insurance system,” immediately adding, “This is not socialized medicine.” [President Nixon proposed](#) “a comprehensive national health insurance program, one in which the public and the private sectors would join in a new partnership to provide adequate health insurance for the American people.” He stated that the federal government has “a special responsibility to help all citizens achieve equal access to our healthcare system.”

This notion of a public-private partnership has persisted through the years. The Affordable Care Act expanded government’s role,

but still relied heavily on the role of employers and commercial insurance, accepting the longstanding belief that a single-payer healthcare system was politically unacceptable.

In an effort to rein in costs, the American Health Care Act (AHCA) attempted to shift the balance back from public to private responsibility. However, one consequence of the AHCA’s failure may be to move the country in the direction of something that increasingly resembles a single-payer system.

The Growth of Medicaid and Medicare

Since the inception of Medicaid and Medicare, enrollment in both programs has skyrocketed. Medicaid enrollment has grown from [4 million in 1966 to 76 million today](#), or about one-fifth of the U.S. population. According to the Kaiser Family Foundation as reported in the [New York Times](#), almost two-thirds of Americans “said they were either covered by Medicaid or had a family member or friend who was.” The [Congressional Budget Office \(CBO\) projects](#) that within 10 years, Medicaid will cover 87 million people, or about one-quarter of the [projected U.S. population](#).

In addition, [more states](#) are either moving to expand or are expected to expand Medicaid coverage in the aftermath of the failed American Health Care Act, including Virginia, Maine, North Carolina, Idaho, Florida, Georgia, Missouri, Utah, and Wyoming. Such major expansion will significantly increase the percentage of Americans that Medicaid covers, deepening the program’s presence in our society.

Medicare’s enrollment has grown from [19 million in 1966 to 57 million today](#) (for Medicare Part A), or about 18 percent of the population. The CBO projects that in 10 years Medicare Part A enrollment will increase to 76 million, or more than one-fifth of the population. This percentage [will continue to grow](#), with the number of people 65 and older expected to double between 2010 and 2050. Because costs are higher for older age groups and the number of people ages 80 and older is expected to triple between 2010 and 2050, per capita Medicare expenses will grow faster than the Medicare-eligible population.

The AHCA attempted to reduce federal spending on healthcare primarily by reducing the federal contribution to Medicaid. The AHCA called for an end to Medicaid expansion, which 31 states had enacted. The bill also would have capped federal payments for Medicaid. Currently, those payments are based on actual cost of services and make up [more than 60 percent](#) of Medicaid spending.

However, the way our healthcare system is structured, reducing federal spending inevitably means reducing coverage, and reducing coverage means reducing access. The [CBO calculated](#) that the bill's changes to the Medicaid program alone would have reduced Medicaid enrollment by about 14 million, or 17 percent, between 2017 and 2026, while the bill's overall effect would have been to add 24 million to the total number of people without health insurance by 2026.

Although President Trump pledged on the campaign trail that he would protect Medicare, the president's Director of the Office of Management and Budget has [suggested means-testing](#) Medicare benefits and plans to [discuss with the president](#) ways to cut spending for Medicare and other so-called entitlement programs. House Speaker Paul Ryan and Secretary of HHS Price [both have proposed](#) a voucher-type "premium support" model for Medicare.

Loss Aversion

The potential loss of health insurance for millions of people was a key reason that both political parties and the American public found the the AHCA was untenable. In behavioral economics, this is called "loss aversion," which means that "the pain of losing something you already have is much greater than the pleasure of

having gained it in the first place," [writes Robert Frank](#), an economics professor at the Johnson Graduate School of Management at Cornell University. According to Frank, loss aversion is "one of the most robust findings in behavioral science."

Medicaid and Medicare are more deeply entrenched in our society than ever, and both are poised for major growth. Employer-sponsored health insurance, which already [covers less than half the population](#), inevitably will cover an even smaller percentage. As these shifts occur, the government's growing role in healthcare will bring our system closer and closer to having one predominantly influential and single payer.

Politics is powerful in our society, but so are demographics. It seems like healthcare demographics may be winning.

Your comments are welcome. I can be reached at kkaufman@kaufmanhall.com.

Ken Kaufman's book *Fast and Furious: Observations on Healthcare's Transformation* is available at kaufmanhall.com/fastandfurious