

# FINANCING MEDICARE FOR ALL

If you only read mainstream media you'd think Bernie Sanders' Medicare for All bill was terrifyingly expensive. An opinion piece behind the paywall in the Wall Street Journal cites a couple of studies with huge headline numbers like \$2.5 trillion dollars in the first year, from the Urban Institute. Taxes will soar, government takeover of health care blah blah blah. It comes from centrist Democrats like Jonathan Chait and Ezra Klein who I saw in an appearance on Seth Meyer's show. Here are two things to bear in mind in self-defense.

1. In 2015, we spent about \$3.2 trillion on health care in the US. There is a cool graphic here showing where it was spent and who paid that amount. Maybe the cost of health care covering everyone for the kinds of things the Affordable Care Act requires would cost more than that. (The Sanders Plan covers other services as well as those under the ACA, but let's ignore that because I can't find numbers.) We calculate the additional amount we would need by adding the cost of all uninsured people and the cost of the care that people with insurance can't afford because of deductibles and other co-pays, and subtracting the savings from the new plan. Any analysis that doesn't start with this is bullshit.

It's true that the Sanders plan would change who pays and how much, so someone would have to redo that cool graphic I mentioned. Some businesses would pay more, others less, and there would be a change in corporate taxation as deductible costs of insurance change. Some individuals would pay more and others less. But whatever those changes might be, the amount we need to raise isn't frightening, and practically everyone will be better off.

It's easy to see the savings from negotiating drug prices, lowering the reimbursement to

doctors and hospitals, reducing excess profits from the health insurance companies, and reducing the costs of administration throughout the health care business.

It's also easy to see that the additional costs are not that high. Approximately 9.1% of us were uninsured in 2015, so the cost might be as high as 10%, or \$320 billion. That doesn't seem too terrible when the savings are deducted. It will be easy to finance that if we want to. I have a long list of things to cut if anyone cares, starting with dismantling the carceral state.

2. We need to think clearly about taxation. We live in a fiat money system; the US is sovereign in its own currency and cannot go bankrupt. I've read *Modern Monetary Theory* by Randall Wray and many shorter pieces and I am convinced. I could make an interesting argument from MMT about this whole matter, but I won't and I not going to focus on that. If single-payer a hard sale, convincing the devotees of Econ 101 (course title: My Neoliberalism) about MMT is hopeless. Actually with the excellent Stephanie Kelton as a teacher and leader I could well be wrong. Check out this on the Twitter, and follow her if you don't already.

I agree with Warren Mosler, another MMT theorist, that taxes for revenue are obsolete. But that doesn't mean that taxes are obsolete. Quite the contrary. Mosler quotes from a 1945 speech by Beardsley Ruml, chair of the New York Fed, to the American Bar Association. Ruml gives four grounds for taxation other than revenue:

1. As an instrument of fiscal policy to help stabilize the purchasing power of the dollar;
2. To express public policy in the distribution of wealth and of income, as in the case of the progressive income and estate taxes;
3. To express public policy in subsidizing or in penalizing various industries and economic groups;

4. To isolate and assess directly the costs of certain national benefits, such as highways and social security.

We can make a case for taxes and other measures to support Medicare for All relying solely on those four principles, without explicitly discussing MMT. If we do that, we lay a foundation for future tax issues, and for a sensible discussion of tax reform more broadly. I have a list of tax changes that will meet those standards. How about that NASCAR deduction for a starter. We raise a bit of money and get rid of a bit of corruption with one change.

This is a great teachable moment for MMT, just as the government shutdowns were with the heated arguments about the trillion dollar coin. I know Kelton and others will push on the MMT side. We need to win this, and we can't afford to fight on two fronts. In particular, it isn't helpful to attack people who don't want to argue about MMT on the way to fixing our health care system. People like me.