



29 East Madison Street, Suite 602  
Chicago, Illinois 60602-4406  
Telephone 312-782-6006  
Fax 312-782-6007  
info@pnhp.org ~ www.pnhp.org

## **Funding HR 676: The Expanded and Improved Medicare for All Act**

### **How we can afford a national single-payer health plan**

**By Gerald Friedman, Ph.D. July 31, 2013**

#### **Executive Summary**

The Expanded and Improved Medicare for All Act, HR 676, introduced into the 113th Congress by Rep. John Conyers Jr. and 37 initial co-sponsors, would establish a single authority responsible for paying for medically necessary health care for all residents of the United States.

Under the single-payer system created by HR 676, the U.S. could save an estimated \$592 billion annually by slashing the administrative waste associated with the private insurance industry (\$476 billion) and reducing pharmaceutical prices to European levels (\$116 billion). In 2014, the savings would be enough to cover all 44 million uninsured and upgrade benefits for everyone else. No other plan can achieve this magnitude of savings on health care.

Specifically, the savings from a single-payer plan would be more than enough to fund \$343 billion in improvements to the health system such as expanded coverage, improved benefits, enhanced reimbursement of providers serving indigent patients, and the elimination of co-payments and deductibles in 2014. The savings would also fund \$51 billion in transition costs such as retraining displaced workers and phasing out investor-owned, for-profit delivery systems.

Health care financing in the U.S. is regressive, weighing heaviest on the poor, the working class, and the sick. With the progressive financing plan outlined for HR 676 (below), 95% of all U.S. households would save money.

HR 676 (Section 211, Appendix 2) specifies a financing plan for single-payer that includes:

- Maintaining current federal financing for health care
- Increasing personal income taxes on the top 5% of income earners
- Instituting a modest tax on unearned income
- Instituting a modest and progressive tax on payroll, self-employment
- Instituting a small tax on stock and bond transactions

The following progressive financing plan would meet the specifications of HR 676:

- Existing sources of federal revenues for health care
- Tax of 0.5% on stock trades and 0.01% tax per year to maturity on transactions in bonds, swaps, and trades
- 6% high-income surtax (applies to households with incomes > \$225,000)
- 6% tax on unearned income from capital gains, dividends, interest, profits, and rents
- 6% payroll tax on top 60% of income earners (applies to incomes over \$53,000, tax paid by employers)
- 3% payroll tax on the bottom 40% of income earners (applies to incomes under \$53,000, tax paid by employers)

HR 676 would also establish a system for future cost control using proven-effective methods such as negotiated fees, global budgets, and capital planning. Over time, reduced health cost inflation over the next decade (“bending the cost curve”) would save \$1.8 trillion, making comprehensive health benefits sustainable for future generations.

Friedman, Gerald. “Funding HR 676: The Expanded and Improved Medicare for All Act: How we can afford a national single-payer health plan.” (2013). [http://www.pnhp.org/sites/default/files/Funding%20HR%20676\\_Friedman\\_7.31.13\\_proofed.pdf](http://www.pnhp.org/sites/default/files/Funding%20HR%20676_Friedman_7.31.13_proofed.pdf)