Fact sheet: Single Payer Health Care - social justice & fiscal responsibility

Control health care costs. Our nation's health expenditures this year will reach $2.6 trillion, or 17% of our GDP. We need to stop the bleeding and single payer health care can do so.

Insurers concede that a **public option would be so much more economical** that it would put commercial carriers at an unfair disadvantage. We already have an example in Medicare, a public program which serves all citizens over the age of 65, and Medicare Advantage, private plans made available with the passage of the Medicare Modernization Act in 2003. Our tax dollars partially subsidize the latter, so that the insurance industry can compete with the more economical, equally effective, government-run program.

Medicare will spend $450 billion in 2009, of which less than 2% represents overhead. In contrast, up to 31% of insurance premiums - and 15% of our national health expenditures represent **administrative waste.** This includes shareholder dividends, executive salaries and benefits. The expense of designing and marketing thousands of different insurance plans. Sales commissions paid to independent brokers. Underwriting to weed out high risk applicants from the pool of healthy, profitable participants. Bonuses to adjusters who rescind the policies of participants who become sick. An obscenely inefficient claims review and reimbursement process. Fully one third of administrative dollars go to political contributions, federal lobbying and public relations activities.

The Congressional Budget Office and Office of Management and Budget estimate that switching to single payer would save taxpayers a *minimum* of $250 billion in administrative costs alone.

Single payer would help to control costs by having a central agency to **contract directly with pharmaceutical companies** to purchase in bulk. Drugs and devices account for 10% of our health expenditures. We pay up to 70% more for medications than any other developed nation because of patent protections won by drug manufacturers.

The government could use its clout to **negotiate reasonable fees for health care providers and global budgets for hospitals,** which account for over half our nation's health expenditures. Medicare pays doctors 81% and hospitals 71% of what they collect from commercial carriers.

By **streamlining the billing process**, a single payer system would have a domino effect on overhead for health care providers. As it is, the insurance industry markets scores of different plans, each with different rules for what services are covered at what levels of reimbursement, each requiring different kinds of documentation.

Single payer will **relieve employers of having to ante up for our nation's health care.** This is a huge burden on our manufacturing sector; $1,500 of the price of every new car is health care related.

Single payer will **create a net 2.6 million new jobs** in manufacturing and trade, information technology and health services, over and above the 470,000 that will be displaced from the private insurance industry. This will serve as a $317 billion economic stimulus.

To illustrate, Duke University Health System in North Carolina is among our nation's top ten medical centers. In 2008 it admitted 41,000 patients, performed 34,000 surgeries and delivered 3,100 babies. It employed 900 billing personnel to deal with 700 different insurance contracts.
In the same year McGill University Health Center in Montreal hospitalized 39,000 patients, performed an equivalent number of surgeries and deliveries and employed 12 people to do their billing.
Canada has single payer health care.