

# Medicare for All Massachusetts Bill

## Frequently Asked Questions

**Q: What does the Medicare for All bill do?**

A: It creates a 'single payer' health care system for Massachusetts, which would function for residents under 65 much the way Medicare does for residents 65 and older, but without premiums or copayments: it would be a universal, public insurance plan covering all medically necessary care. Single payer systems are proven to reduce inequalities, improve access to care, and reduce costs for public and private payers.

**Q: Why is Medicare for All needed?**

A: Massachusetts cannot afford to extend quality health coverage to all residents under our present health care system, because we have no means of reining in costs. In addition to making our health reform law unsustainable, these costs are steadily consuming state, municipal, business, and household budgets. Our best attempts to control these costs within the present private insurance system have failed, and have often undermined quality of care as a side-effect.

**Q: How does the bill deal with federal waivers?**

A: The Medicare for All Massachusetts bill initially creates a transitional single payer system until federal waivers are obtained for Medicare, Medicaid, and other federal or federally-matched programs. The transitional single payer system will cover people who currently have private health insurance or are uninsured. People in Medicare or Medicaid will receive additional benefits such as having their co-payments, premiums, and prescription drugs paid for by the transitional system. The Medicare for All Massachusetts bill instructs the administration to apply for waivers that would allow existing federal payments to be paid directly to the single payer system.

**Q: How would Medicare for All legislation be paid for?**

A: The bill would replace current employer and employee premium payments with an employer and employee payroll tax. The total payroll tax would be 10% - the same as current average spending on health insurance - and would default to 7.5% for employers and 2.5% for employees, although employers could choose to pay for part or all of employees' portion of the payroll tax, and collective bargaining agreements would be recognized. Because payroll taxes primarily impact low- and medium-income wage earners, a 12.5% tax on unearned income would be imposed, reversing large cuts to state taxes on dividends and interest passed between 1998 and 2002. Lastly, all current state spending on health care would be consolidated, and the state would seek to have federal funds - such as those paid for Medicaid and Medicare recipients - paid directly to the state's single payer fund by applying for federal waivers.

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## Frequently Asked Questions continued...

**Q: How would providers be paid under Medicare for All?**

A: The bill requires that institutions - such as hospitals and health centers - operate under a global budget. This means they will be paid prospectively, and will be required to live within a budget. This allows planning with available resources across the entire health care system, to direct funds to the communities most in need and to address gaps in quality or availability of care. Physicians and other clinicians could be paid fee-for-service or using other payment methodologies to be determined by the director of the Health Care Trust.

**Q: Who would administer Medicare for All in Massachusetts?**

A: The bill creates a Board of Trustees with 23 members: 3 are ex officio members of the administration, 12 are appointed by the Governor and Attorney General, and 8 are elected using the Governor's Council districts. The Board makes policy and regulatory decisions regarding the single payer system, and appoints an Executive Director to administer the Trust.

**Q: Could residents “buy out” of the single payer system and opt for private insurance?**

A: No. Studies show that the growth of a parallel private insurance system for high-income residents leads to longer wait times and shortages for those left in the public insurance system. However, residents may buy private supplementary insurance for any services not covered by the Health Care Trust.

**Q: Does Medicare for All save money?**

A: Yes. A recent study by UMass economist Gerald Friedman estimates that the Medicare for All Massachusetts bill would save 15.75% of our current spending on health care in the state, or \$9.7 billion. It does so primarily by reducing administrative burdens on providers and insurers, but also by using the negotiating power of a single, public payer for health care goods and services.