

TABLE 1: 2019 Projected Data – Prof. Gerald Friedman – June, 2018 (all figures in millions)

2019 SPENDING CURRENT SYSTEM

Personal health expenditures	\$	91,316	Projected from CMS –includes provider admin
Insurance and government administration	\$	8,244	Using national ratios
Employer administration	\$	955	Using national ratios
Total 2019 projected spending	\$	100,514	This is 2019 spending with current system

SAVINGS WITH SINGLE PAYER

Provider administration	\$	6,738	Assuming Canadian administration rate instead of Washington
Market Power (Pharmaceuticals and Hospitals)	\$	6,033	Negotiating drug prices and lowering hospital rates
Insurance Administration	\$	6,496	Reducing administration to Medicare level
Employer administration	\$	955	No longer needed
Fraud reduction	\$	1,748	2% of current spending
Total savings	\$	21,969	Total savings, 23% of spending

PROGRAM IMPROVEMENTS

Universal coverage	\$	1,213	
Utilization (removal of copays and deductibles)	\$	6,986	CMS estimate of induced demand
Medicaid rate	\$	640	Raise Medicaid rates to Medicare level
Assumption of Medicare premiums	\$	2,208	[Medicare Part B – 20%]
Transition costs for UI and retraining	\$	66.8	[UI = unemployment insurance]
Total Cost of improvements	\$	11,114	
Spending existing system, 2019	\$	100,514	
NET SPENDING, SINGLE PAYER, 2019	\$	89,658	\$ 111,628 – 21,969

EXISTING REVENUES

Medicare	\$	19,295	Medicare Part C Alexis stop plan	
Medicaid	\$	20,118	Fold this into state plan	
SCHIP	\$	760	Fold this into state plan	
VA	\$	2,232	Kept separate	
Fed share of Medicaid rate adjustment	\$	346	FMAP	
New Federal Medicaid for utilization	\$	268	FMAP	
Other third party (TRICARE, IHS, charity, etc.)	\$	7,304		
Remaining out-of-pocket (actuarial value of 96%)	\$	3,586	Actuarial value of plan would be 96%	
Current state spending	\$	1,496		
ACA subsidies	\$	713		
Total Available revenue	\$	56,118		
NEEDED REVENUE	\$	33,541	\$ 89,658 – 56,118	

See next page for financing options for needed revenue.

Table 2: Projected Payroll tax revenue 2019, selected rates and exemptions, thousands of dollars

	Revenue at 12.5%	Revenue at 10%	Revenue at 11.5%
No exemption	\$30,421,653	\$24,337,322	\$27,987,921
\$20000 exempt	\$22,980,502	\$18,384,402	\$21,142,062
\$20000 exempt, sliding scale	\$26,959,739	\$21,567,791	\$24,802,960
\$20K exempt only for workers (25%)	\$29,556,174	\$23,644,940	\$27,191,680
\$20K exempt only for workers (25%) with size class rates	\$27,992,742	\$22,394,194	\$25,753,323

Table 3: Projected funding options 2019, thousands of dollars

	10% rate	11.5% rate
Payroll with sliding exemption only for workers and size class	\$ 22,394,194	\$ 25,753,323
Tax on capital gain, dividends, rents, profits	\$ 7,253,859	\$ 8,341,938
High income surtax (over \$250,000) of 5%	\$ 8,073,887	
Total new revenue	\$ 37,721,940	\$ 34,095,260
Surplus (deficit)	\$ 4,181,291	\$ 554,611

NOTES ON FINANCING OPTIONS

Regarding “\$20,000 exempt, sliding scale” for workers:

Payroll tax on wages exempts first \$20,000 for all workers, then a sliding scale exemption up to \$80,000. Workers earning \$80,000 or above pay the full payroll tax percentage.

Regarding “size class rates” for small businesses:

- For businesses with fewer than 10 employees, estimates payroll tax revenue at 50% of the stated rate (for example, 5% rather than 10% of payroll).
- For businesses with 10-24 employees, estimates payroll tax revenue at 20% of the stated rate (for example, 8% rather than 10% of payroll).
- Revenue estimates are probably understated for small businesses because assume that wages are average, but likely are lower-wage overall.