

# Universal Public Healthcare: The Numbers

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## SOCIALIZING HEALTHCARE:

### *THE NUMBERS*

Currently, in the U.S., 85% of Medicare costs go to just 25% of patients—namely those who are SICK (or very unhealthy). A healthier general populace would require far, far less sickness-treatment. This involves universal, preventive medicine as well as universal access to treatment. That is: Convenient access to high quality treatment regardless of one's socio-economic status. It also means having a system where price gouging (exorbitant pricing schemes enabled by information / power asymmetries) are rendered obsolete.

But who's gonna pay for this?

Socializing medical services can be funded simply by reallocating State outlays. Let's look at the two basic arenas in which the federal government's spending can be altered.

1 Currently, the federal government annually spends about \$750 billion on Medicare and Medicaid, almost \$80 billion on the DHH, \$53 billion on the VA (most of which goes toward healthcare expenses), almost \$10 billion on S.S. (most of which goes toward healthcare expenses), and tens of billions more on pensions for retired public employees (much of which goes toward healthcare expenses). That accounts for almost a trillion dollars of the public's money going to medical expenses VIA THE STATE each year. That's a trillion dollars of the State's budget—most of which is channeled to the profit margins, marketing budgets, and exorbitant executive compensation packages (plus, of course, the operating costs) of private insurance companies, for-profit hospitals / practitioners, and drug companies. Virtually ALL of this would be eliminated if healthcare were socialized (via a universal public healthcare system). In other words, UPH would transplant these federal outlays.

2 Currently, over \$700 billion is spent on "Defense" (i.e. the Pentagon). A responsible "Defense" budget would be less than half that amount. (The amount is actually closer to \$1 trillion each year if all the off-book outsourcing and the security-industrial complex are counted.) Hundreds of billions of dollars more are forgone each year due to gigantic tax-loopholes and gargantuan exemptions for large corporations...as well as massive tax-breaks for the super-affluent. Finally, over a hundred billion dollars in needless corporate subsidies (i.e. hand-outs) could easily be cut. Let's estimate that the savings resulting from addressing these problems would amount to about another trillion dollars each year.

Between the adjustments in both arenas, we're looking at a ballpark of \$2 trillion dollars saved each year: money that could then be used for the budget of UPH. In addition, helping *everyone* would save tax-payers billions of dollars in post-hoc expenses from an unhealthy population. (The expense of the problems incurred as a consequence of needing to address the problems precipitated by an unhealthy population cost us tens of billions each year—even MORE money that would be saved by taking care of everyone.)

Currently, the U.S. spends about \$7,300 per capita on healthcare, or roughly \$2.3 trillion in total. That means that—as it now stands—the government (through the current "entitlement" programs) pays for about

43% of total medical costs incurred (most of which is siphoned to the profit margins of the FPSTI). Meanwhile, the remaining \$1.3 trillion is direct out-of-pocket expenses. UPH would drastically lower that \$2.3 trillion, while making the state fund 100% of the costs. To reiterate: The State CURRENTLY funds over 43% of the total medical expenses: almost a trillion dollars of the total \$2.3 trillion spent.

But exactly *how much* would the \$2.3 trillion price-tag for the FPSTI be lowered? We can contrast the \$7,300 figure U.S. citizens currently pay with the per-capita expenses of much healthier societies that implement a more socialized healthcare system: France at \$3,600; Germany at \$3,600; Japan at \$2,600; and the UK at \$3,000. (Scandinavia, Australia, Switzerland and other spend even less, with even better results.)

We can therefore roughly base an estimate of costs for UPH on these figures—a fair benchmark. To be conservative, let's say that socialized healthcare generally entails about \$3,000 per capita of expenses. That would mean that the total cost of UPH in the U.S. would be well under \$1 trillion—much less than half of the \$2.3 trillion currently spent on the inadequate system we have now.

Add to the \$1.3 trillion in out-of-pocket medical expenses the \$2 trillion in squandered outlays / foregone revenue enumerated above, and the total expenses incurred by the current way of doing things is \$3.3 trillion! Taking into account the savings stipulated above, and the expense of UPH, **the contrast is breathtaking: \$1 trillion vs. \$3.3 trillion.**

In other words, the choice is as follows: \$3.3 trillion for the current system (that leaves tens of millions out in the cold while favoring corporate power and the super-rich)...OR...under \$1 trillion to make sure everyone has healthcare. If there was ever a no-brainer in the history of human civilization, this would be it.

The current system (based on the FPSTI) is 43% State-subsidized, while the latter would be 100% State-subsidized. But how does that translate to *money out of the citizenry's pocket*? Well...what is larger: 43% of \$2.3 trillion or 100% of \$1 trillion? They're about the same: both of them are about a trillion dollars. But here's the crucial difference: In the latter case (with UPH), EVERYONE is covered...and the \$1.3 trillion dollars of direct, out-of-pocket payments is eliminated! Add to this the other trillion dollars in savings, we see that we're currently spending \$2.3 trillion dollars that we don't need to be spending.

By implementing UPH, the result would be a healthier general populace, with EVERYONE taken care of, for MUCH, MUCH less money. That translates to money back into the pocket of every tax-paying citizen *each year*. Above and beyond that improvement would be the tremendous *social R.O.I.* Not only is UPH far more economical and far more equitable than the current system; it's *more moral* than the current system.

Bottom line:

Based on other nations' costs, UPH would cost U.S. citizens a total of under \$1 trillion each year...as opposed to the \$2.3 trillion currently spent annually—saving everyone over \$1.3 trillion dollars each year on medical expenses...not to mention the other trillion dollars in savings mentioned. In other words, \$1.3 trillion in out-of-pocket expenses PLUS the \$2 trillion in savings entailed by the eliminations enumerated above can be replaced by a UPH system costing under \$1 trillion. That means: AFTER paying for UPH, \$2.3 trillion STILL goes back to the citizenry each year.

This \$2.3 trillion could go back to citizens directly (as cash left in their pockets)...and/or to pay down the national debt...and/or via other social investments from the State (i.e. funding for other social services and for public infrastructure, like mass-transit or better schools).

**Imagine this:** Saving the American people over \$2.3 trillion dollars EACH YEAR, while outright eliminating Medicare and Medicaid...and eliminating deficit spending...and alleviating the financial burden on every business to provide insurance benefits to its employees...and reducing the national debt...AND ensuring that EVERYONE is taken care of. No more going broke trying to pay exorbitant medical bills; no more price-gouging of medicine and medical services; no more untreated illnesses; no more bloated corporate bureaucracies to contend with; no more “limited” coverage; and—above all—NO MORE RATIONING OF CARE. Not only is UPH more efficient; it’s the moral thing to do.

Do the math: Such a new approach would amount to saving the average tax-payer almost \$18,000 each year...while making sure every civilian is healthy—regardless of his socio-economic status. (This assumes about 140 million tax-payers.) This would put vital money back into the pockets of the rank and file—while at the same time guaranteeing convenient access to quality medical services for everyone.

But wait a minute. “*Saving the average tax-payer about \$18,000 each year,*” you say? Preposterous. Many people barely even pay that much in taxes to begin with...so how on earth would THAT work? (Sound completely outrageous? Seem impossible? Check the numbers. It’s basic arithmetic.)

Such a huge change is, indeed, possible. UPH is only one piece of legislation away...if we want it to happen. It’s NOT “too good to be true”. It only sounds preposterous because we’ve become so used to the nutty way that things have been done for so long—and we believe the right-wing propaganda churned out by corporate power. But we’re better than this. We deserve so much more. It is in our power to bring about this drastic improvement. It is not too much for us to overcome the massive impediments that corporate power has erected to protect the dysfunctional system we currently endure—so that corporations can fill their coffers with more and more money.

The next time we hear a politician talk about the unwieldy expense of “entitlements”...or the need to curb the deficit...or the need to reduce the national debt...or the need to save tax-payers money...or the need to make healthcare more affordable and more equitable...then make sure he is aware of this. If he refuses to consider UPH, then he is LYING when he states that he’s concerned about such matters. WHY is he lying? Because he’s refusing to consider the one solution that addresses ALL of the problems he claims he wants to solve.

The fact is this: If one wants to eliminate Medicare and Medicaid while reducing the State’s financial burden for funding Social Security; if one wants to eliminate deficit spending; if one wants to keep more money in the pockets of the citizenry; if one wants higher quality, more efficient healthcare; then one will push for the very system that will make all these things happen: **SOCIALIZED HEALTHCARE.**

The question, then, becomes quite simple. What’s more important to us: Using our hard-earned money to subsidize the obscene profit margins of Big Pharma and huge insurance companies...or taking care of the American people’s health...while simultaneously saving every civilian MOUNTAINS of money each and every year?

### **THREE COMMON OBJECTIONS TO UPH:**

- 1 But what about all the jobs that would be rendered obsolete by eliminating the FPSTI (e.g. health insurance companies)?
- 2 But wouldn’t that eliminate the profit-motive and competition where they are needed, thus inhibiting the incentive to innovate and yield the highest possible quality products / services?
- 3 But wouldn’t this limit the “choices” people have for getting medical services?

None of these would be a problem. Each of these concerns are based on fundamental misconceptions.

First, any / all jobs lost by the closing of insurance companies would be balanced by the new job opportunities provided by the UPH system. Instead of serving the interests of a corporation, such people would actually have a vocation where they served society. All hospitals could stay open, they would simply become non-profit organizations providing a public service instead of selling a product on the market. UPH would not cause unemployment; even the former corporate executives of health insurance companies could pitch in to help.

Second, the UPH pertains to the PROVISION side of the medical world, not the R&D side. Moreover, a large portion of R&D is already funded by the NIH. UPH would simply render the entire R&D budget a matter of NIH subsidies. R&D would continue apace, no longer subsidized by the revenue from bloating pricing schemes. Funds for R&D would be adequate under this system. Meanwhile, merit-based competition would be maintained. More to the point, there would be no more price-gouging simply because the State would be the omni-buyer of all medicines and instruments. UPH would entail a monopsony with regard to medical technology. Here, the pricing from private companies would be kept in check by the bargaining power of the State.

Third, “choice” would be enhanced, not hindered, by UPH. The rationing currently experienced would be eliminated. Healthcare would become a public service, like the police department and the fire department. All resources would be universally available (and accessible) to all people, everywhere, at all times. We don’t complain about not being able to “shop around” for the best law enforcement. We don’t complain about not “choosing” the fire department we personally prefer. We don’t make such complaints because they’d make no sense. The same would go for public health services. This is how the provision of “public goods” *works*. By making medical services (sickness treatment, wellness promotion, injury treatment) a *public* service, people’s options would be augmented, not decreased.