FACT SHEET

Single-Payer Health Care System

SINGLE-PAYER HEALTH CARE SYSTEM **JULY 2008**

HUNDREDS OF BILLIONS IN START-UP COSTS & NEW TAXES, $42 BILLION DEFICIT WITHIN ONE YEAR

SINGLE-PAYER HEALTH CARE

CALIFORNIA'S PROPOSAL

- Health care system would be run by a vast new government bureaucracy, including a new state agency and nine other entities.
- Contributions to the system would be based entirely on wages: Individuals making the same wages would pay the same, even if one was single and another had a large family.
- To control costs, the government would postpone health benefits, impose copayments, and reduce payments to physicians and for patients' prescriptions and medical equipment.

LESSONS FROM OTHER COUNTRIES

- **Cancer survival rates in regions with government-run health care lag far behind American rates.** For leukemia, the survival rate in America is 50%; in Europe, 35%.[2] The survival rate for prostate cancer is 81% here; the rate is 43% in the United Kingdom, 51% in France.[3]
- **Wait times in countries with government-run health care are unacceptably long.** Only 5% of Americans wait more than four months for non-emergency surgery. However, more than 25% of Australians, New Zealanders, and British wait more than four months for non-emergency surgeries.[4]
- Canada has infused $36 billion into its government-run system in the last ten years, yet **the average Canadian waits 126 days for surgical or therapeutic treatment,** an all-time high.[5]

The Legislative Analyst's Office's (LAO) analysis of SB 840 (Kuehl), the single-payer health care system proposal, reveals that a government-run health care system would not overcome the biggest issue in health care today: escalating medical costs.[1] Further, administrative cost savings realized by government-run health care would be substantially offset by decreased access to and quality of care triggered by government rationing of services, physician shortages, and unmanageable demand.

SINGLE-PAYER HEALTH CARE: BY THE NUMBERS

According to the LAO, in the first full year of implementation (2011-12), the single-payer health care system will create a $42 billion deficit. The 67 percent of the funding coming from new taxes on individuals and businesses will not be enough. Instead, the LAO estimates that the combined payroll taxe rates for employers and employees would have to increase to 16 percent, and self-employed and nonwage income would have to be taxed at 15.5 percent to keep pace with escalating medical costs. Below are the LAO's highlights of the fiscal impact of the single-payer system after just one year of operation:

1. SHORTFALL: $42 BILLION

- In the worst-case scenario, where administrative costs, utilization rates, and cost growth of the system are higher than anticipated, the projected shortfall could reach $65 billion.
- In the best-case scenario, the single-payer system's financial shortfall would still be significant: $19 billion.

2. COST: $210 BILLION

The total cost of the single-payer system includes:

- Health Care Benefits: $194.3 billion
- Administration: $7.7 billion
- Contribution to reserves: $7.7 billion

3. FUNDING: $167 BILLION TOTAL, $113 BILLION IN NEW TAXES

Individuals and businesses will shoulder the biggest burden in financing the single-payer health care system, which will be funded by four new taxes, redirected state and federal funds and state retiree contributions, and local government contributions. Altogether, these sources will generate $167.4 billion in revenues in the first year and $206 billion by 2015.

NEW TAXES: WHO'S PAYING WHAT? *(in Billions)*

Source (tax rate)	2011-12	2015-16
Employers (8%)	$58	$70
Employees (4%)	$29	$35
Self-Employed (11.5%)	$7	$9
Nonwage Income (11.5%)	$19	$24
Total	**$113**	**$139**

REFERENCES

[1] Legislative Analyst's Office, "Single Payer Health Care Proposal," fiscal analysis of SB 840 (Kuehl), May 22, 2008, www.lao.ca.gov.

[2] David Gratzer, "The Ugly Truth About Canadian Health Care," *City Journal*, Summer 2007.

[3] John G. Goodman, "Health Care in a Free Society: Rebutting the Myths of National Health Insurance," adapted from *Lives at Risk: Single-Payer National Health Insurance Around the World,* excerpt available at www.cato.org.

[4] Commonwealth Fund, "Comparison of Health Care System Views and Experiences in Five Nations, 2001," May 2002, www.commonwealthfund.org.

[5] Nadeem Esmail and Dr. Michael A. Walker, "Waiting Your Turn: Hospital Waiting List in Canada, 17th Edition," Oct. 15, 2007, www.fraserinstitute.org.

Please contact Brianna Lierman Hintze at blhintze@calhealthplans.org or 916.552.2915 with any questions regarding this fact sheet

California Association of Health Plans: 1415 L Street, Suite 850 • Sacramento, CA • 95814 • (916) 552-2910 • www.calhealthplans.org

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