Financing single-payer national health insurance: Myths and facts

Myth: Employers fund the majority of health care in the U.S.
Fact: Private business funds less than 20 percent of total health spending. (Government employees have taxpayer-funded coverage through the FEHBP program and employer payments for private insurance receive a substantial tax subsidy).

Myth: The U.S. has a privately financed health care system.
Fact: 64.3 percent of health spending is financed by taxpayers. (Estimates that are lower exclude two large sources of taxpayer-funded care: health insurance for government employees and tax subsidies to employers to provide coverage.)

Myth: Covering the uninsured is unaffordable.
Fact: 31 percent of current health spending is squandered on administrative tasks related to our fragmented payment system with hundreds of different health plans rather than invested in patient care. Nearly $500 billion – about half of the money currently spent on overhead and bureaucracy – could be saved with simplified single-payer administration, enough to cover all the 30 million uninsured. Covering the uninsured is affordable; keeping the current private insurance system intact is not.

Myth: National health insurance would require large new taxes.
Fact: No increase in total health spending is needed to finance single payer. The increase in taxes required to finance national health insurance would be fully offset by a reduction in out-of-pocket costs and premiums.

Myth: Making people more “cost conscious” is the best way to control health costs.
Fact: The U.S. has the highest health care costs even though Americans pay the highest out-of-pocket costs of any nation.

Myth: Rising numbers of elderly Americans will bankrupt the single payer.
Fact: Europe and Japan already have a larger proportion of elderly people than America faces with the aging of the baby boomers. Germany and Japan have adopted single-payer programs for long-term care coverage precisely because of single payer’s greater potential for efficiency and cost containment.

Myth: Rising numbers of obese Americans will bankrupt the single payer.
Fact: The proportion of health spending dedicated to caring for the obese is not rising faster than their share of the population. The best way to address the issues of obesity, smoking and other public health epidemics is through public health measures.

Myth: U.S. health spending is higher than other nations because we get more and higher quality care.
Fact: Americans get less of most kinds of care (doctor, hospital, surgery, etc.) than the citizens of other industrialized nations, and our care is lower quality by several measures.

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