

Health Care for America Costs and Savings Breakdown of Lewin Group Cost Analysis



How does the Economic Policy Institute's Health Care for America plan cover everyone and save money?

New health spending:

For the uninsured	\$49.8 billion
For the underinsured	<u>\$3.4 billion</u>

Total **\$53.2 billion**

Annual savings:

Lower administrative costs	-\$25.4 billion
Lower prescription drug costs	-\$8.8 billion
Single-provider coordination	-\$11.7 billion
Reduction in payments	<u>-\$7.4 billion</u>

Total **-\$53.3 billion**

Who Pays and Who Receives Savings?*

New Federal Spending **+49.3 billion**

Annual Savings:

Employer savings	-\$4.9 billion
Household savings	-\$23.3 billion
State and local government savings	<u>-\$21.2 billion</u>

Total **-\$49.4 billion**

* These estimates take into account the savings that are passed on to workers in the form of higher wages, as well the effects of those higher wages on government tax revenues.

How Savings Grow Over Time

Lewin estimates that by negotiating deeper discounts for prescription drugs and controlling the growth of provider payment rates (as Medicare does today) Health Care for America will reach per enrollee costs that are a full 35 percent lower than in private insurance by 2017. These savings will lure more people into the Health Care for America plan, yielding a market share effect (covering more people under the plan with lower administrative costs) that further adds to national health savings.

By 2017, Lewin forecasts that national health spending will be 5 percent lower under Health Care for American than is currently forecast. Today, 5 percent of national health expenditures is roughly \$120 billion; it would be expected to grow to \$1 trillion by 2017.