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California Single Payer Is a No-Brainer

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If California implemented single-payer, the state would spend much less on health care than the rest of the US.

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here was coverage yesterday of a new report from the California Senate appropriations committee estimating the budgetary implications of a proposed single-payer health plan for the state (*Sacramento Bee*, *LA Times*, *Vox*). I've not yet been able to access the report directly, but the coverage of it is pretty encouraging.

After the implementation of single payer, the report says, health expenditures in the state of California would total \$400 billion per year, or 15 percent of the state's GDP. This is three percentage points *lower* than the share of GDP the United States overall spends on health care.

The reports indicate that, currently, government spending on health care in California is around \$200 billion and employer spending on health care is between \$100 billion and \$150 billion. There is no indication of how much individuals currently spend on top of employers and governments on individual premiums and out-of-pocket expenses. Nonetheless, net of current government spending (\$200 billion) and employer spending (\$100-\$150 billion), the single-payer plan requires an additional \$50 to \$100 billion of spending, or 1.9% to 3.8% of CA GDP.

For that extra 1.9% to 3.8% of GDP:

The state would pay for almost all of its residents' medical expenses — inpatient, outpatient, emergency services, dental, vision, mental health, and nursing home care — under the plan, and Californians would not have any premiums, copays, or deductibles.

That's an incredible deal for just 15% of GDP, which again is lower than the United States as a whole already spends on health care.

Of course, there are challenges to implementing single payer on the state level. States have to deal with all sorts of federal laws like ERISA that could disrupt their plans. States have to hope the federal government will chip in the share they currently contribute to the state's health-care sector. States have to worry about rich people leaving to avoid tax to some degree. And states have to worry about what will happen during a recession when the state's budget contracts in ways the federal government's budget does not.

But if the plan would work like this report says it does and at the cost this report says it does, it is a no-brainer.