



PARTNERSHIP FOR AMERICA'S  
HEALTH CARE FUTURE

## ICYMI: Medicare For All Was ‘Spectacular Failure’ & ‘Financial Train Wreck’ In Vermont

**WASHINGTON** – As the costs of new government-controlled health insurance systems continue to dominate the national debate, a new editorial in the swing state of Nevada reminds readers that **the effort to implement a one-size-fits-all system in Senator Bernie Sanders’s (I-VT) home state of Vermont “was a spectacular failure.”** The editorial, from the *Las Vegas Review Journal*, [recounts](#) how the unaffordable costs and massive tax increases associated with a new government-controlled system ultimately led to its demise:

*The first step toward implementing it was figuring out how to pay for it. Despite promises that a state takeover of health care would save money, the required tax hikes proved prohibitive. Like Sen. Sanders, Mr. Shumlin promoted the plan initially without explaining how to pay for it ... In 2014, Mr. Shumlin’s office estimated the plan would require an 11.5 percent payroll tax on employers and up to a 9.5 percent income tax on families. Turns out the equivalent of a 21 percent income tax to finance “free” health care didn’t have widespread political support. Go figure. The effort was so unpopular that Mr. Shumlin almost lost his 2014 re-election.*

In a recent column, Peter Suderman, a columnist for *The New York Times*, drew similar conclusions and [explains](#) why Vermont’s failure to implement a Medicare for All style system “**demonstrates why any similar project undertaken at a national scale is unlikely to succeed as well.**”

*... One reason the plan lacked strong support was lawmakers were cagey about how to pay for it. The 2011 proposal included no specific financing mechanism, because Mr. Shumlin’s team worried that might kill its chances ... [B]y 2014, Mr. Shumlin’s own estimates found that employers would have to pay taxes equal to about 11.5 percent of payroll, while families would have to pay as much as 9.5 percent of their annual income to make the financing work. The plan would have nearly doubled the size of the state’s budget. For both political and economic reasons, the cost was deemed too high.*

*... And so, at the end of 2014, Mr. Shumlin admitted defeat. “I have learned that the limitations of state-based financing, the limitations of federal law, the limitations of our tax capacity and the sensitivity of our economy” make single-payer “unwise and untenable at this time,” he said. “The risk of economic*

**shock is too high.”** *The Vermont plan was done in by high taxes, distrust of government and lack of political support. Any effort by a Sanders administration to enact a single-payer system at a national level would probably be doomed by similar problems.*

*Like ... Mr. Shumlin, Mr. Sanders has so far declined to lay out a plan for fully financing his Medicare for All system ... But if it couldn't work in Vermont, with a determined governor, an accommodating legislature and progressive voters, Mr. Sanders will have a tough time explaining why it will somehow succeed on a vastly larger scale. Vermont represents a practical failure on friendly turf, and that is what makes it such a powerful counter to Mr. Sanders's proposal.*

The New York Times editorial board also [acknowledged](#) recently that “[i]n Vermont and Colorado, legislators dropped bids for a state-run single-payer system when it became clear that **people would not support the tax increases needed to sustain such a program.**”

Much like Vermont's former Governor Peter Shumlin's single-payer campaign, national Medicare for All proponents have so-far refused to explain exactly how such a program would be financed. But when it comes to a national Medicare for All system, the nonpartisan Committee for a Responsible Federal Budget (CRFB) [finds](#) that even a low-end cost estimate of \$30 trillion over a decade **“would mean increasing federal spending by about 60 percent (excluding interest)”** and **“require the equivalent of tripling payroll taxes or more than doubling all other taxes.”** And the fact is, **“[t]here's no possible way to finance [Medicare for All] without big middle class tax increases,”** CRFB's Marc Goldwein [explained](#) to *The Washington Post* – a fact that even the bill's author [acknowledged](#) recently.

And while the bill's co-sponsors try to push the argument that the increase in taxes would be offset by savings, **“economists say that most taxpayers would pay more in taxes than they would save from having the federal government absorb the cost of health-care premiums,”** *The Washington Post* [reports](#). *Bloomberg* [adds](#) that without taxing the middle class, the plan laid out by presidential candidate Senator Elizabeth Warren (D-MA) is **“\$30 Trillion Short.”**

**“Her taxes as they currently exist are not enough yet to cover fully replacing health insurance,”** University of California, Berkeley economics professor Emmanuel Saez, who advised the Warren campaign when developing the wealth tax ... **Sanders acknowledged in Tuesday's debate that “taxes will go up,”** but neither of them have detailed how much or who those taxes would hit ... **“She is offering a Medicare for All plan and not offering even close to enough to pay for it,”** said Kyle Pomerleau, the chief economist at the conservative Tax Foundation ... **[T]here wouldn't be enough revenue from top earners and corporations to fund the estimated \$30 trillion 10-year cost for Medicare for All. She'd have to find more revenue streams and that would**

*have to include increasing taxes on the middle class, according to public finance experts across the political spectrum.*

CRFB [confirms this point](#), noting that the options laid out to finance the new government-controlled health insurance system “**would fall well short of raising the \$30 trillion necessary to fully offset the plan**, and are **unlikely to cover much more than half of the cost of Medicare for All**. Though we have not formally estimated these new proposals, **it is clear that they would indeed leave a ‘multi-trillion dollar hole.’**”

Meanwhile, the Kaiser Family Foundation [finds](#) that **60 percent oppose Medicare for All when they learn it would require most Americans to pay higher taxes**. And [Voter Vitals](#) – a new quarterly tracking poll conducted nationwide and in 2020 battleground states – finds that **a majority of Democratic voters are unwilling to pay any more in taxes for universal coverage** while a supermajority of Democrats (69 percent) support building and improving on what we have today over new government insurance systems.