



The Daily Dish

# Paying for Single-Payer

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Yesterday a bipartisan group of Senators introduced a bill which aims to assist graduate students trying to save for retirement. The bill will allow graduate students to put excess money gained through fellowships and stipends into a tax-deferred retirement account. Under current law students are unable to place these funds into retirement accounts as stipends and fellowships are not considered compensation.

Yesterday the American Action Forum released new research examining the economic impact of the U.S.'s Liquified Natural Gas (LNG) export market. According to the AAF research, in 2016, LNG exports from the U.S. totaled 184,141 million cubic feet with a value of roughly \$564 million and these numbers are only expected to grow. Of the 35 countries capable of receiving LNG exports, the U.S. is currently exporting to 23. AAF finds that for the first time in 60 years the United States is now a net exporter of LNG. benchmarks set by the administration.

## *Eakinomics: Paying for Single-Payer*

As the Senate continues deliberation on the American Health Care Act — the presumptive replacement for the Affordable Care Act — there is a predictable drumbeat from the progressive left about the temerity of Congress in rolling back the Medicaid expansions. After all, the Medicaid expansions put able-bodied adults who are not in poverty on the government health care books. This is fine if you are (as the progressives are) marching steadily toward a single-payer, nationalized health system, but not fine if you believe that the social safety net is right-sized at something short of an all-encompassing cocoon.

To get a feel for what is at stake, let's review the U.S. evidence to date. Recall that under Democratic Governor Peter Shumlin Vermont committed to a single-payer for the state but had to abandon the effort in 2015. Why? The cost was staggering — \$4.3 billion when Vermont's entire fiscal 2015 budget, including both state and federal funds, was about \$4.9 billion. That's right: essentially doubling the size of the government.

More recently, California is marching ahead with its proposed single payer. A recent legislative analysis indicated that it would cost \$400 billion annually, of which one half could come from existing federal aid and state spending, but another \$200 billion in new funding would be needed. That is tantamount to a new 15 percent payroll tax. Or, if extrapolated to the federal level, is the equivalent of doubling payroll taxes — the single largest tax for a majority of Americans.

But doubling the size of government should come as no surprise. Senator Bernie Sanders proposed a single payer program during his presidential campaign. The Urban Institute — nobody's idea of bastion of conservative thought — put the price tag at \$32 trillion over the next ten years. At \$3.2 trillion a year, this is just a tad (well, a "tad" by government standards) below the \$3.8 trillion in total federal spending for 2016. Again, it would roughly double the size of government. Senator Sanders never proposed a real way to finance his proposal.

The AHCA debate will continue. But be careful when you hear critical voices saying the solution is to pay more. They want to pay way more, and way more than can reasonably be financed.