



Press Release

The National Implications of Maryland's All-Payer System

ANDREW EVANS | MARCH 2, 2020

Since the 1970s, Maryland has had a waiver from the federal government that allows it to set a single health care price for all insurers, including Medicare. With many now pushing for single-payer health care, some are pointing to Maryland's all-payer system as a model that, if implemented nationally, could ensure equitable access and reduce costs without eliminating private insurance. But this argument ignores the significant costs that the program brings, AAF President Douglas Holtz-Eakin finds in new research. The Maryland all-payer program has not constrained costs while simultaneously requiring higher payments from Medicare than the state would otherwise receive, and implementing it nationally would only accelerate the depletion of the Medicare Trust Fund.

An excerpt:

Proponents fail to articulate the challenges to a national implementation, and these challenges largely stem from the payment imbalance between Maryland and other states. Despite the modest reductions in the Medicare subsidy resulting from recent reforms to Maryland's system, the all-payer system still results in Maryland hospitals receiving greater payments from Medicare than they otherwise would. While it is estimated that the recent waiver resulted in a reduction in the subsidy of \$796 million from 2014 to 2018, Maryland still received a subsidy from Medicare to the tune of \$1.440 billion in 2017. And even if Maryland hospitals achieve the reformed program's goal of \$200 million in savings on average per year from 2019 to 2023, the state would still be receiving roughly \$1.24 billion in extra Medicare payments per year. In other words, the subsidy from the Medicare Trust Fund that props up the rate-setting program dwarfs the savings the program aspires to achieve.

[Read the research.](#)