



“Financing the Maryland Health Security Act”

By Dr. Gerald Friedman, Ph.D., UMass Amherst

SB206 and HB1015

The Maryland Health Security Act (MHSA) creates a single-payer healthcare system that covers all Marylanders. It is publicly financed and privately delivered. The new healthcare system would save over **\$6 Billion** in the first year, by reducing administrative expenses and enabling bulk purchasing of pharmaceuticals and medical equipment.

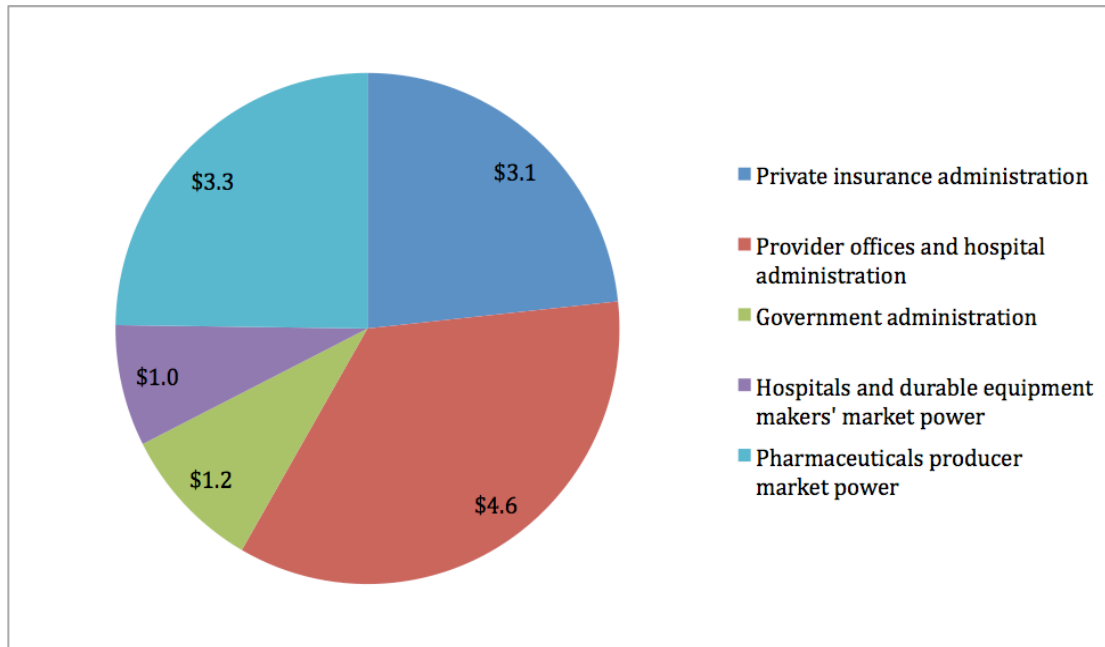
Dr. Friedman’s new study models the MHSA and assumes Maryland would be able to incorporate all public sources of funding including Medicaid, Medicare and the Veterans Administration by obtaining necessary waivers from the federal government.

Highlights:

- The current rate of increase in healthcare spending is **unsustainable**; rising almost twice as fast as per capita income.
- Maryland would realize **24.4% savings** in total healthcare spending compared to the current system under the MHSA. **(see fig. 3)**
- Even after insuring the uninsured and under-insured, total healthcare costs would decline from \$54.3 billion to \$46.2 billion, **a 15% savings** in the first year.
- The benefits package includes hospital care, outpatient care, imaging, medical equipment, pharmaceuticals, dental, mental health, vision, home health; all with **no copays and no deductibles**.
- Most businesses and individuals would be paying less for healthcare. **A job creator**; MHSA is estimated to create at least **20,000 jobs** in Maryland.
- Governments would save **\$3 Billion (\$1.5 Billion federal, \$1.0 Billion local and \$0.5 Billion state)** due to lower employee health costs and administrative savings.
- Ten year cost projections of the MHSA (single-payer) versus the current system and the Patient Protection and Affordable Care Act (PPACA) show that single-payer reduces the rate of increase by 1.1% per year compared to the current system, while under PPACA the rate of increase in healthcare spending accelerates. **(see fig. 5)**

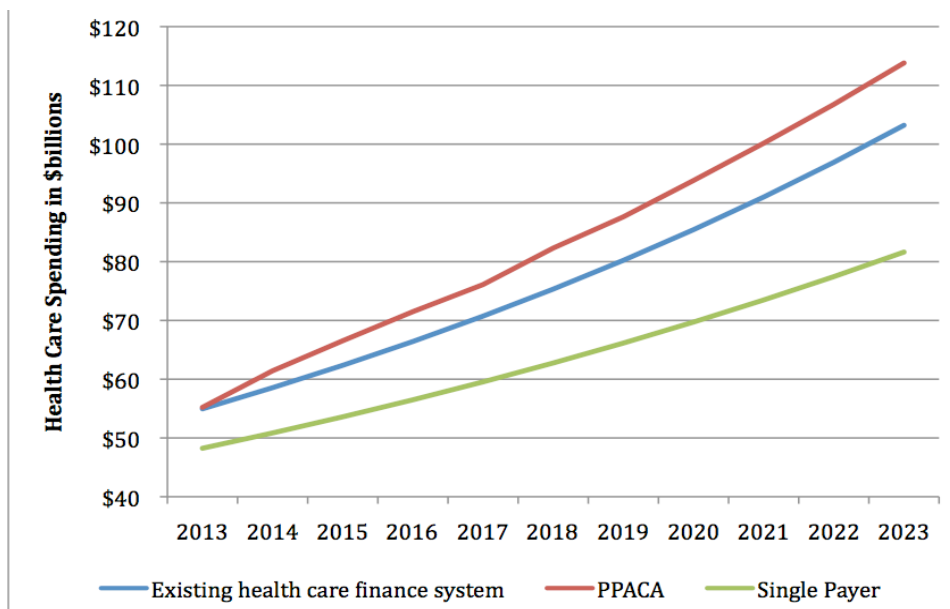
Dr. Friedman’s report is available at www.mdsinglepayer.com
Contact: 443-562-6562 or info@mdsinglepayer.org

Figure 3. Savings from Maryland Single Payer, 2013, in billions.



Note: This shows the projected savings from a single-payer system in Maryland. The largest area of savings would be in provider officers' billing and insurance related operations with large savings also realized in other administrative costs and by reducing the market power of drug companies, equipment makers, and some hospitals.

Figure 5. Maryland health expenditures, alternative financing programs, 2013-2023, billions.



Note: This gives the share of health care under alternative plans. Expenditures under the "Single Payer" are assumed to start from a lower base in 2013, based on the estimates discussed below, and then growth is 1.1 percent slower per year, as has been the case for Canada compared with the US since 1971.