**Headline:** Medicare for All and the Public Option: What’s the Difference?

By Diane Archer

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**[Article Body:]**

We’ve heard endless amounts from the Democratic presidential hopefuls about their health care reform proposals. But the latest [Kaiser Family Foundation health tracking poll](https://www.kff.org/slideshow/public-opinion-on-single-payer-national-health-plans-and-expanding-access-to-medicare-coverage/) reveals substantial public confusion about them. In short, the proposals fall into two camps, Medicare for All and a public option. Here’s a cheat sheet explaining their key differences.

**What’s the role of public and private insurance?**

Medicare for All, which is already embodied in legislation sponsored by [Senator Bernie Sanders](https://berniesanders.com/issues/medicare-for-all/) and [Congresswoman Pramila Jayapal](https://www.congress.gov/bill/116th-congress/house-bill/1384), is essentially improved traditional Medicare because it fills all of traditional Medicare’s coverage gaps. It would create a single public health insurance system for all Americans, a “single payer.” The federal government would negotiate provider fees and pay the bills; and it probably would enlist private insurance companies to process the claims. Medicare Advantage—private insurance plans that offer Medicare benefits—would end.

The public option is essentially an add-on to our current health care system. It could take a variety of forms. People could choose between private insurance and public coverage. Depending upon the plan, public coverage would be offered through the state health insurance exchanges or Medicare.

**Who’s in and who’s out?**

With Medicare for All, everyone’s in and nobody’s out. The federal government would guarantee cradle to grave coverage. It’s automatic. Your health care would be paid for much like Social Security, police departments, and public roads.

With a public option, the aspiration would be for everyone to have coverage, but that’s unlikely. The burden would be on individuals to obtain coverage. If you left your job or moved or couldn’t afford the health insurance premium, it’s not clear how you’d be covered. So, most likely, millions of Americans would still be uninsured.

**What’s covered?**

Medicare for All covers all medically reasonable and necessary care, including vision, dental, hearing and long-term services and supports, such as home care and nursing home care.

The public option covers all reasonable and necessary care. But, it would likely not cover vision, dental, hearing or long-term services and supports. Families would have to pay for those costs themselves.

**Which doctors and hospitals could you use?**

Through Medicare for All, the federal government covers your care from any participating doctor or hospital anywhere in the United States. Virtually all providers would participate.

In a public option system, private insurers would continue to restrict access to a network of doctors and hospitals. If the public health insurance plan were state-based, it likely would restrict your access to doctors and hospitals willing to accept this health plan.

**Is there a monthly premium?**

You would not pay a monthly premium for Medicare for All. Rather, you would pay a tax, effectively a public premium, which would be a percentage of your income, with wealthier individuals paying more. This tax would replace premiums you pay now to private insurers.

The public option builds on the current system. You would continue to pay a fixed amount in premiums, which would vary depending upon the health plan you chose. The government would help cover the cost of those premiums for individuals with low incomes.

**Would you pay deductibles and coinsurance?**

Medicare for All covers 100 percent of the cost of care. It eliminates deductibles and coinsurance. The U.S. would no longer ration care based on ability to pay. You could visit the doctor without worrying about the cost.

The public option continues our current system of deductibles and coinsurance, with an out-of-pocket cap that is often thousands of dollars a year. The more care you need, the more you would be required to pay. You would be forced to skip care if you couldn’t afford it, as many people do today.

**What about overall health care costs?**

Only Medicare for All reins in health care costs substantially, which [could save](https://www.nytimes.com/2020/02/03/upshot/wages-medicare-for-all.html) working families [10 percent of their take-home pay](https://www.peri.umass.edu/publication/item/1127-economic-analysis-of-medicare-for-all). Medicare for All creates significant savings because it eliminates about [$600 billion a year in administrative costs](https://justcareusa.org/medicare-for-all-would-save-600-billion-a-year-in-administrative-costs/) and cuts prescription drug prices by one-third or more. So, while federal taxes would increase, benefits would be expanded, everyone would be covered, and [overall national health spending would come down](https://journals.plos.org/plosmedicine/article?id=10.1371/journal.pmed.1003013).

A public option would cut prescription drug prices but would not lower administrative costs. And, because private health insurers are unable to contain costs as well as the federal government, Americans would pay significantly more for care than they would with Medicare for All, and overall national health spending would rise.

**What’s the bottom line?**

Medicare for All moves us to a social insurance system like Social Security, where everyone contributes and everyone is guaranteed good protection from financial and health risk when they get sick. But, it can do so only by raising taxes, turning responsibility for access to health care over to a single payer, a public health insurer. By doing so, it will eliminate the hundreds of billions of dollars a year we spend on administrative costs.

A public option allows you the choice of private or public health insurance. But it guarantees neither coverage nor elimination of financially burdensome cost-sharing. Taxes will not go up as much, but your costs likely will not come down much because the many hundreds of billions of dollars in administrative waste will remain.