



Labor's Stake in Medicare for All in Massachusetts

What is the Problem?

For the last several decades, employers in Massachusetts have waged a battle to transfer the cost of health insurance onto workers. In 2021 workers paid, on average, \$4,511 for their share of premiums and \$2,850 for deductibles and co-pays. A total cost of \$7,361 per year.* For a full-time worker that is a \$3.54 per hour wage cut.

*Commonwealth Fund, Jan. 2022, "State Trends in Employer Premiums and Deductibles 2010 - 2020"

The Solution: Medicare for All

We take bargaining for health insurance off the table and pass a law that provides all the people of Massachusetts with health insurance, publicly financed and no out-of-pocket costs for care, commonly called "Improved Medicare for All" or "Single Payer Health Care". No longer could employers deprive us of wages and livelihoods to pay for private health insurance.

There is legislation titled "Medicare for All in Massachusetts" (M4A in MA) that has been filed in both the Massachusetts House and Senate that would do this: H.1239 and S.744.

Insurance companies are making record profits while costs for health care keep skyrocketing. Under the Medicare for All legislation, insurance companies would be eliminated from health insurance. Bills would be paid by a public health insurance trust funded by residents and taxpayers of the Commonwealth.

There would be **no** premium co-pays, **no** co-pays for services, **no** co-insurance payments, **no** out-of-pocket costs.

All medically necessary health care services would be covered, including hospital care, outpatient care, reproductive care including abortions, dental care, nursing and long-term care.

You could go to any doctor or hospital of your choice. All residents of Massachusetts, regardless of immigration status, would be covered.

How Do We Pay for Medicare for All?

The "need" for insurance companies would be eliminated, along with their profits, CEO salaries, advertising, and marketing. This would be an immediate savings of \$36 billion dollars* which could be put into actual health care.

*Prof. Gerald Friedman, UMass Amherst, Feb. 2023, "Funding universal health care in the Commonwealth of Mass."

Employers would pay a 7.5% payroll tax (excluding the first \$20,000 of the total payroll); 8% if there are 100 or more workers.

Employees would pay a payroll tax of 2.5%, excluding their first \$20,000 of earnings. Unions can negotiate that the employer pays the 2.5%.

There would be a 10% tax on unearned income over \$20,000, basically on earnings from investments and stock transactions. Pensions, annuities, unemployment, sick pay, Social Security, Workers Compensation are not unearned income.

How Much Would a Worker Save?

The average family health insurance plan costs \$21,965 per year. That's \$422.40 per week. If the employer pays 80% (the average in Massachusetts is 74%), then the workers pay about \$84 per week.

Add to that the average that workers pay for deductibles and co-pays: Another \$55 per week.

Add the two and the private health insurance family plan costs the average worker \$139 per week.

With the Medicare for All in Massachusetts plan the average cost would be \$25.38 per week.

Our calculation:

A full-time worker, with a family, earning \$35 per hour, or \$72,800 per year, would save about \$113.62 per week, over \$5,900/year.

$\$72,800 - \$20,000 \text{ exclusion} = \$52,800.$

$\$52,800 \times 2.5\% \text{ payroll tax} = \$1,320 \text{ per year or } \$25.38 \text{ per week total payment for public health insurance.}$

$\$139 \text{ per week for private health insurance} - \$25.38 \text{ for public health insurance} = \$113.62 \text{ per week savings.}$

What Would the Employer Save?

Employers on average pay \$338 per employee per week for a family plan. Under Massachusetts Medicare for All the employer would only pay a payroll tax of 7.5% (8% if they have 100 or more employees).

If the worker is earning \$1,400 per week $\times 7.5\%$ payroll tax on employers = \$105 per week. The employer would be saving \$233 per week for that one employee. The union negotiates with the employer over how the savings are utilized.

Savings to Cities and Towns

Example: Greenfield in 2021 spent \$7,327,551 on health insurance for employees. The total payroll was \$33,613,578, minus \$20,000 equals \$33,593,578 million. The payroll tax would be 8% or \$2,687,486. Under Mass. Medicare for All, the city of Greenfield would save \$4,640,065 per year!

That's a lot more money that could go to improving employee pay and other city projects, and the city employees would have much better health care.

Why the Labor Movement Should Support M4A

- Immediate significant financial benefit for union members and all workers.
- Improvement in health care and health for workers, our families, and our communities.
- Long-term care, dental, eye glasses, hearing, not covered by most health insurance plans, would be covered.
- Workers and unions would no longer have to worry about losing health insurance when they go on strike.
- Unions could stay focused on bargaining better working conditions, more time off, better pensions, higher wages, etc.
- Having all workers guaranteed public health insurance removes a way for employers to demand concessions.

What Can Unions and Workers Do to Help

- Distribute this brochure to your members and co-workers.
- Contribute yearly to Mass-Care. We cannot fight the power of for-profit insurance companies and hospitals on goodwill alone.
- Have a Mass-Care speaker make a presentation to your union.
- Pass a resolution in support of Medicare for All in Massachusetts.
- Take a resolution to your elected town or city or school board leadership for passage and support.
- Set up a meeting with your local legislators.
- Join Mass-Care, the statewide coalition fighting for Medicare for All.



How to Contact Mass-Care:

labor@masscare.org

(617) 297-8011

<https://masscare.org/labor>

1534 Tremont St., Boston MA 02120

