What are Global Budgets for hospitals?

Global budgets are a key Medicare for All strategy to drastically cut costs, guarantee coverage, and protect hospitals from closure.

Global operating budgets would replace today’s wasteful per-patient billing by funding hospitals with annual lump sum payments, similar to how we fund essential public services like fire departments. Funding is used for patient care, not for profits or advertising. Capital projects like expansions are funded separately.

Global budgets slash costs

Global budgets are critical to controlling costs, and could save the U.S. $220 billion per year. How? Americans spend $1.3 trillion a year on hospitals, but one-third of that money is wasted on the bureaucracy needed for billing and payment collection. This waste costs Americans $933 per person each year, compared to $196 in Canada.

Global budgets improve care & health equity in our communities

Global budgets prevent hospital closures by providing facilities in rural and other underserved communities with predictable and stable funding. Additional resources can be provided quickly in times of crisis, like a pandemic or natural disaster.

Global budgets are based on each community’s health needs. Today, many hospitals maximize profits by investing in operating rooms for expensive elective surgeries, while eliminating unprofitable — but critically important — services like psychiatric care, HIV/AIDS care, substance-abuse treatment, and obstetrics. Global budgets would promote health equity by funding capital projects based on health needs, not profits.

Physicians for a National Health Program (pnhp.org) is a nonprofit organization whose 25,000 members support single-payer Medicare for All.