



Statement for Hearing on
“Proposals to Achieve Universal Health Care Coverage”
Submitted to the
House Energy and Commerce Committee

December 10, 2019

Every American deserves affordable, comprehensive coverage—regardless of their income, health status, or pre-existing conditions. Health insurance providers work every day to fulfill this commitment: to improve affordability and access; promote health, wellness and prevention; address the significant drivers of chronic disease and poor health; give consumers the power to choose the care and coverage that works best for them and their families; and improve patient care and the consumer experience with innovative tools, treatments, and technologies.

Lowering Health Care Costs Is Our Most Important Priority

Americans are facing an escalating crisis of affordability across our health care system. Cost pressures are becoming more intense for all who pay the tab for health care in the United States, whether they be consumers, employers, or governments. AHIP¹ and our members believe that the best way to bring down costs is to improve what’s working and fix what’s not, so that everyone has affordable coverage, access to high-quality care, and control over their health care

¹ AHIP is the national association whose members provide coverage for health care and related services to millions of Americans every day. Through these offerings, we improve and protect the health and financial security of consumers, families, businesses, communities, and the nation. We are committed to market-based solutions and public-private partnerships that improve affordability, value, access, and well-being for consumers.

choices. Working together, we can promote a health care system that promotes competition and choice for all Americans, regardless of whether they get their coverage from their employer, government sponsored programs such as Medicare or Medicaid, or an individual plan through the health insurance marketplaces. When the free market and public programs work together to bring down the underlying cost of health care while improving health and value, we can improve affordability, reduce premium growth, and expand access to high-quality care for every American.

To support this goal, AHIP has developed a comprehensive set of recommendations that Congress and the Administration can implement to address rising health care costs without massive disruption to the 300 million Americans who have coverage today.²

Our recommendations include specific ways to:

- Lower out-of-control prescription drug prices;
- Protect consumers from surprise medical bills;
- Reduce the number of people who are uninsured and underinsured;
- Fight health care fraud;
- Promote high-value networks;
- Improve interoperability of health information technology; Provide consumers with access to actionable quality and price information that is specific to their unique circumstances; and,
- Eliminate taxes and fees that increase health insurance premiums and costs.

Health Insurance Providers Are Committed to Whole-Person Health

Health insurance providers know that when people and families do better, we all do better. And we all have a role to play. That's why we are committed to helping people get better when they are sick and staying healthy when they are well. Health insurance providers work together with

² "12 Solutions to Lower Premiums for Hardworking Americans Who Buy Their Own Coverage," November 14, 2018, AHIP. <https://www.ahip.org/12-solutions-to-lower-premiums-for-hardworking-americans-who-buy-theirown-coverage/>

doctors, nurses, and hospitals to break down barriers to good health, so that Americans can get the care they need, when they need it, without hassle.

Health insurance providers do far more than provide coverage and process claims. Insurance providers use their 360-degree view of the patient's experience to understand the root of their health care concern and create new solutions to sustainably improve their well-being. Some examples include:

- **Emphasizing prevention and whole-community health**, through work such as improving vaccination rates, integrating primary care and behavioral health care, working with other community leaders to address the opioid crisis, and improving maternal and child health.
- **Addressing food insecurity** through food delivery services, mobile food pantries, nutrition counseling, and other innovative models to increase access to nutritious foods.
- **Designing housing solutions**, combining housing assistance with community-based support and on-site health care to ensure people have access to both medical and nonmedical help for better health and stability.
- **Ensuring that members have access not only to stable housing, but to safe housing conditions** that can prevent/reduce mental and physical developmental disabilities associated with lead poisoning or asthma exacerbations related to substandard housing conditions.
- **Opening resource centers for homeless members**, designed to avoid emergency department use for nonmedical needs, and provide services such as food, showers, transportation, or laundry access.
- **Engaging members experiencing loneliness and social isolation** to make it easier for them to be involved in social activities by offering programs such as social connectedness, meditation and journaling classes, team exercise activities and social activities to give people a sense of community.

- **Connecting members with training, education, and employment assistance** to improve interview skills and provide job training to help members get and keep jobs that can improve their lives.

Health insurance providers understand that where you live can have a bigger impact on your health than the quality of the care you receive. That’s why health insurance providers continue to grow and expand their programs to ensure that consumers have access to both the traditional and non-traditional health benefits they need.

Health insurance providers are also making significant strides to shift payment incentives towards value and quality of care instead of quantity of care. Health insurance providers have been on the forefront of using alternative payment models (APMs), for example, to better align payment incentives.³ As a result of these efforts, a recent report found that APMs have been steadily increasing. In 2018, 36% of total U.S. healthcare payments were tied to APMs; 3 years ago, only 23% of payments were tied to APMs. In particular, Medicare Advantage plans had 54% of payments tied to APMs in 2018, while traditional Medicare had only 41% of payments tied to APMs. Through payment models such as APMs, Americans receive more effective, efficient care that is affordable and helps them get well.

These are the kinds of solutions that should be improved and expanded for more affordable, accessible, valuable care, and better health for every American. Health insurance providers are eager to work alongside Congress and the Administration to achieve this goal.

One-Size-Fits-All Health Care: Higher Taxes, Lower Quality, and Longer Wait Times

In stark contrast to these solutions that work are the “Medicare for All” and similar proposals before the Committee today. We strongly oppose these proposals. Each of them would force government insurance systems upon Americans while making care less affordable – resulting in higher taxes on all Americans, higher total premiums and costs for the hundreds of

³APM Measurement: Progress of Alternative Payment Models. HCP LAN. <http://hcp-lan.org/workproducts/apm-methodology-2019.pdf>

millions of people enrolled in private coverage, longer wait times, and lower quality of care. To put it simply, patients would pay more to wait longer for worse care.^{4 5 6}

Consequences of a One-Size-Fits-All Health Care System

A new government insurance system would disrupt coverage for the 300 million Americans who are already covered. A recent study⁷ analyzing the impact of a “public option” (i.e., a government-run health plan in the marketplaces where the government sets rates based on Medicare payments) on the U.S. healthcare system found that it would force over 2 million Americans off their existing health care coverage over a 10-year period; close to 8 million Americans would be without a private coverage option through the health insurance marketplace.

Additionally, government-set premiums for a public option would be approximately 25% below market value for comparable private insurance plans, squeezing out private competition and diminishing consumer choice. This significant discrepancy in premiums between public and private options would eventually eliminate all private plans in the individual market. In the first year following the introduction of a public option, 130,000 Americans enrolled through the health insurance marketplace would be forced off their existing health plan as private insurers exit the marketplace. By 2028, 20% of state marketplaces would not offer a single private insurance option.

A public option would also significantly impact access to care in rural areas. A recent study⁸ found that a public option would put as many as 1,037 rural American hospitals in 46 states at high risk of closure. That’s 55% of all rural hospitals closing their doors. When a rural community loses its hospital, per capita income falls 4% and the unemployment rate raises by

⁴ “The Costs of a National Single-Payer Healthcare System,” Mercatus Working Paper, July 2018. https://www.mercatus.org/system/files/blahous-costs-medicare-mercatus-working-paper-v1_1.pdf

⁵ “Why Single-Payer Would Make Health Care Worse for Americans,” September 26, 2018, Heritage Foundation. <https://www.heritage.org/health-care-reform/commentary/why-single-payer-would-make-health-care-worseamericans>

⁶ “Waiting Your Turn: Wait Times for Health Care in Canada, 2018 Report,” Fraser Institute. <https://www.fraserinstitute.org/sites/default/files/waiting-your-turn-2018.pdf>

⁷ “Assessing the Impact of a Public Option on Market Stability and Consumer Choice.” FTI Consulting. <https://americashealthcarefuture.org/wp-content/uploads/2019/11/FTI-Public-Option-Issue-Brief-FINAL.pdf>

⁸ “The Potential Impact of a Medicare Public Option on U.S. Rural Hospitals and Communities: A Scenario Analysis,” Navigant. August 2019. <https://americashealthcarefuture.org/wp-content/uploads/2019/10/Navigant-Rural-Public-Option-FINAL-8.19.pdf>

1.6%. To protect hospitals from the financial impact of the public option, Medicare would need to increase reimbursement levels between 40 and 60% above current rates, costing between \$4 billion and \$25 billion annually.

Similar to the proposed public options, modelling conducted on a Medicare for All proposal found that it would lead to 1 out of every 4 workers previously offered employer sponsored insurance (ESI) losing access to this coverage via their employer.⁹ By 2032, this number would increase to 1 out of every 3 workers losing access to ESI. Overall, spending would increase under such a Medicare for All proposal by 3% in 2023 and 11% by 2032. These types of cost increases are unsustainable yet will be inevitable under the proposed one-size fits-all government run health insurance systems.

Build on What's Working and Fix What's Broken

There is a better way. Today, health insurance providers deliver coverage that is working for hundreds of millions of Americans—including 180 million Americans who are covered through their jobs, 22 million covered through Medicare Advantage, 55 million covered through Medicaid managed care, and 20 million who buy their own coverage. A significant majority of Americans are satisfied with the coverage they have today.¹⁰ They have choice and control, options, and access to treatment. The foundation for an effective health care system already exists. We should improve what we already have, rather than starting from scratch or moving in a completely different direction. We urge Congress to build on the lessons learned in these markets to improve what's working and fix what's broken, ensuring that all Americans have affordable, comprehensive health coverage that promotes timely access to high-quality care.

A broken bone shouldn't break the bank. And we all have a role to play in improving health care in America. We look forward to continuing to work with Congress and the Trump Administration on solutions—including the recommendations we have outlined—for making

⁹ "The Impact of Medicare for America on the Employer Market and Health Spending." October 2019. KNG Health Consulting. <https://americashealthcarefuture.org/wp-content/uploads/2019/10/KNG-Health-The-Impact-of-Medicare-for-America-FINAL-Report-Oct-2019.pdf>

¹⁰ "Most Americans Still Rate Their Healthcare Quite Positively," Gallup, December 7, 2018. <https://news.gallup.com/poll/245195/americans-rate-healthcare-quite-positively.aspx>

health care more affordable. By working together and building on the strengths of the current system, we can succeed in achieving affordable, high-quality health coverage and care for every American.