



COMMENTS ON THE PUBLIC OPTION

July 8, 2016

The Honorable Elijah Cummings
Chairman
Democratic Platform Drafting Committee
430 South Capitol Street, S.E.
Washington, DC 20003

Dear Chairman Cummings:

On behalf of the membership of our respective organizations, we applaud your leadership of the Democratic Platform Drafting Committee and commend your efforts to address a multitude of important health care issues within the framework of the 2016 Democratic Platform.

We strongly support universal health coverage as a right of all Americans and endorsed the 2010 Affordable Care Act as a major step toward achieving that goal. We hope the Democratic platform draft will continue to move the nation in the direction of more equitable, affordable health coverage and access to care, resulting in improved population health. However, our members have serious concerns that creating a public option with Medicare-like payments would subvert those goals by depressing insurer payments to health care providers and disrupting the fragile finance system that sustains hospitals today.

Data from our member hospitals confirms that nearly two-thirds received less than the cost for treating Medicare beneficiaries in 2014. Further, Congress' own advisory commission, the Medicare Payment Advisory Commission, reported that hospitals had a *negative* 5.8 percent Medicare margin in 2014, on average, and projects that hospital Medicare margins will decline to negative 9 percent in 2016, the lowest such margin ever recorded. Adding millions more enrollees whose health care would be reimbursed at Medicare rates would likely threaten access to needed health care services, particularly for those in vulnerable communities.

We continue to believe the framework of health care exchanges providing subsidized coverage, combined with expansion of the Medicaid program, was the best means of achieving universal coverage. The addition of a public option at this time would only introduce greater uncertainty to a health care system that is experiencing rapid transformation.

We respectfully request the Platform Committee's consideration to exclude the public option alternative.

Sincerely,

Thomas P. Nickels
Executive Vice President
American Hospital Association

Charles N. Kahn, III
President
Federation of American Hospitals