American Hospital Association™
Advancing Health in America

Fact Sheet: Medicare for All

The Issue

"Medicare for All" – a catch-all label that has become a part of the political dialogue – represents a variety of health coverage proposals that would do everything from establish a national health insurance program with no competition to create a public, Medicare-like option for sale on the individual exchanges.

While these proposals vary, they all could do more harm than good to patient care.

AHA Position

The AHA is committed to the goal of affordable, comprehensive health insurance for every American. However, "Medicare for All" is not the solution.

Why?

- **Right goal, wrong path.** There are better and less disruptive ways to expand health coverage than by upending the employer-sponsored coverage market, which covers more than half of all Americans – 180 million people – and replacing it with a new, government-run, one-size-fits-all plan. This would take away choice from millions of people who have no desire for such drastic change.

- **Health care funding shouldn't be subjected to further politicization.** Medicare is already subject to politicization and micromanagement, including reducing provider payments to offset funding for other priorities that have no relation to health care. This instability, as well as the uncertainty wrought by repeated government shutdowns and political standoffs, could combine to jeopardize funding and access for everyone under Medicare for All.

- **Innovation could be stifled.** Ramped up efforts to advance care, enhance quality and improve the patient experience would cease to be a priority if the federal government is controlling all payments to providers and can reduce costs simply through reducing rates. Further, funding cuts could hamper hospitals' ability to implement lifesaving new technologies, upgrade facilities and provide patients with the latest medical advances.

- **Access could be limited.** Medicare does not reimburse hospitals for the real cost of the care they provide, paying only 87 cents for every dollar spent by hospitals caring for Medicare patients in 2017 – a shortfall of $53.9 billion. Chronic underpayment can lead to access issues for seniors as some providers, especially physicians, may limit the number of Medicare patients they take or stop seeing them altogether. A recent study found that one proposal to create a government-run, Medicare-like health plan on the individual exchange could create the largest ever cut to hospitals – nearly $800 billion – and be disruptive to the employer-sponsored and non-group health insurance markets, while resulting in only a modest drop in the number of uninsured compared to the 9 million Americans who would gain insurance by taking advantage of the existing public/private coverage framework.

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Alternative Solution — Better Care for America

The better path supporting access to health coverage for all Americans lies in continuing to build on the progress we've made in increasing coverage over the past decade.

The number of people with health insurance has increased significantly over the past five years, with more than 20 million individuals newly insured. Most of these individuals were able to enroll in coverage offered through the Medicaid program, their employer or the individual market as a result of improved and expanded coverage programs and insurance market reforms.

To advance our objective of universal coverage, we support:

- **Continued efforts to expand Medicaid in non-expansion states,** including providing the enhanced federal matching rate to any state, regardless of when it expands. This would give newly expanded states access to three years of 100% federal match, which would then scale down over the next several years to the permanent 90% federal match.

- **Providing federal subsidies for more lower- and middle-income individuals and families.** Many individuals and families who do not have access to employer-sponsored coverage earn too much for either Medicaid or marketplace subsidies and yet struggle to afford coverage. This is particularly true for lower-income families who would be eligible for marketplace subsidies except for a "glitch" in the law that miscalculates how much families can afford. We support both expanding the eligibility limit for federal marketplace subsidies to middle-income families and fixing the "family glitch" so that more lower-income families can afford to enroll in coverage.

- **Strengthening the marketplaces** to improve their stability and the affordability of coverage by reinstituting funding for cost-sharing subsidies and reinsurance mechanisms and reversing the expansion of "skinny" plans that siphon off healthier consumers from the marketplaces, driving up the cost of coverage for those who remain.

- **Robust enrollment efforts to connect individuals to coverage.** The majority of the uninsured are likely eligible for Medicaid, or subsidized coverage in the marketplace or coverage through their employer. We need an enrollment strategy that connects them to – and keeps them enrolled in – coverage. This requires adequate funding for advertising and enrollment efforts, as well as navigators to assist consumers in shopping for and selecting a plan.

We must also ensure the long-term sustainability of Medicare, Medicaid and other programs that so many Americans depend on for coverage.

While we can all agree that there is more work to be done, we should come together and protect and improve our current system.