



July 22, 2021

The Honorable Frank Pallone, Jr.
Chairman
Committee on Energy & Commerce
U.S. House of Representatives
2125 Rayburn House Office Building
Washington, DC 20515

The Honorable Patty Murray
Chair
Committee on Health, Education, Labor & Pensions
U.S. Senate
428 Dirksen Senate Office Building
Washington, DC 20510

Subject: RFI — Public Option

Dear Chairman Pallone and Chair Murray:

Every American deserves health care that is accessible, affordable, and of the highest quality. More than 93% of Californians have some form of health insurance, providing them access to care for wellness, emergency needs, and life-threatening illnesses. However, our nation's health care system — especially in California where the cost of living is second highest in the country — is financially inaccessible for too many people. Hospitals, a pillar of the system and often the largest employer in their communities, understand the challenges and have been working for years to slow the rate of growth in health care spending.

While more must be done, calls from Washington, DC to do so by creating a public option are not the solution. To expand coverage to all, the federal government should instead strengthen the Affordable Care Act (ACA), a proven path to expanding coverage. Additionally, at this critical juncture, we must focus on other pressing health care and public health challenges as the country rebuilds from the COVID-19 pandemic and as COVID cases begin to surge again.

By embracing the ACA's coverage expansion provisions, the number of Californians without health insurance fell dramatically from nearly 7 million in 2013 to about 3 million today. The majority of the remaining uninsured population is not eligible for public coverage programs due to immigration status. To address the remaining challenges, California continues to be at the forefront of expanding access by providing Medicaid coverage to undocumented adults ages 19-25 and subsidies for families earning between 400% and 600% of the federal poverty level — and the state continues to explore ways to bolster the premium and cost-sharing subsidies to purchase coverage through Covered California. The federal government should build on these efforts by ensuring that the millions of Americans who rely on its protections have access to care and the ability to provide for their families.

A recent study released by the American Hospital Association (AHA) finds that, in addition to significant disruptions to the health care delivery system, a public option would result in only a modest decrease in

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the number of uninsured compared to how many people would gain coverage by leveraging the public/private framework that exists under current law. In addition, the study found that a public option would be particularly disruptive to the employer-sponsored health insurance market, which currently provides coverage to more than 150 million Americans. And, a public option proposal could impact the ability of hospitals and health systems to continue to provide high-quality care to their patients and communities, due primarily to the estimate of nearly \$800 billion in cuts nationally, according to the AHA report. These potential reductions would come at a time when the foremost challenge lawmakers need to address is strengthening a health care and public health system that has been ravaged by the COVID-19 pandemic.

Hospitals are vital to the health care delivery system and play a critical role in making health care more affordable for consumers — and reforming the system so every Californian has access to affordable care is a priority for them. To that end, hospitals have entered into value-based and other alternate payment agreements that provide high-quality and cost-efficient care. Because of changes in value-based payment arrangements, California has one of the country's lowest health care costs per capita, showing the way to the rest of the nation that these types of initiatives work. Simply put, consumers are better served when we promote value in our health care system to bring down costs for patients.

The pandemic has underscored just how important it is for our system to focus on maintaining people's health, at both the individual and community level. In California, we continue to make great progress in expanding health care coverage for all Californians and are committed to the important steps to help everyone access the services they need, when they need them. Now is not the time to create a new system of care. We must instead collectively work toward and prioritize rebuilding our health care and public health delivery systems.

Sincerely,



Carmela Coyle
President & CEO

cc: California Congressional Delegation