

**FEDERATION OF AMERICAN HOSPITALS (FAH)**

**2008 FAH PUBLIC POLICY CONFERENCE AND BUSINESS  
EXPOSITION**

**HCP PRESS CONFERENCE**

**WELCOME:**

**KEITH PITTS, VICE PRESIDENT,  
VANGUARD HEALTH SYSTEMS;  
CHAIRMAN, FEDERATION OF AMERICAN HOSPITALS**

**MODERATOR:**

**CHARLES N. KAHN III, PRESIDENT, FAH**

**SPEAKERS:**

**JOHN SHEILS,  
VICE PRESIDENT, LEWIN GROUP**

**LINDA DIVALL,  
PRESIDENT, AMERICAN VIEWPOINT**

**MONDAY, MARCH 3, 2008**

*Transcript by  
Federal News Service  
Washington, D.C.*

KEITH PITTS: Thanks for coming today. I'm Keith Pitts. I'm vice chairman of Vanguard Health Systems. I'm also this year's chairman of the Federation of American Hospitals. With me this morning is the federation president, Chip Kahn; Linda DiVall, president of American Viewpoint; and John Sheils, vice president of the Lewin Group.

In February of last year, the federation put forth Health Coverage Passport, our proposal to cover the uninsured. We released information from the Lewin Group containing a detailed description of our HCP proposal. The Lewin information also contains some statistics describing HCP's financial impact in the scope of uninsurance crisis. We also released public opinion polls from American Viewpoint indicating strong support for our HCP proposal.

Today, one year later, we are here for three purposes: one, to reexamine the key elements of HCP, reassess public attitudes, and revisit sobering statistics about the crisis of the uninsured. We are releasing important new information from the Lewin Group. This new information will project the increase in the number of uninsured Americans, describe the uninsured by different categories, and present a revised financial impact of our HCP proposal. We are also released new polling data from American Viewpoint that describes voters' attitudes about the uninsured, voters' preferences for reform, and voters' support for our HCP proposal.

Covering the uninsured remains the federation's top priority. Every day our emergency rooms and the men and women who staff them bear witness to the depth and degree of our national uninsurance crisis and how it devastates individuals and their families. Much of the cost of caring for the uninsured is uncompensated. That is, hospitals are the insurers of last resort for uninsured Americans. Let me be clear, our full-service hospitals are proud of their mission to serve everybody in our communities, including caring for the uninsured, but we can't do it alone. Our national uninsurance crisis is a societal problem requiring a societal solution. One year later, our belief that the Health Coverage Passport proposal is the best solution is reinforced because it builds upon what works, fixes what doesn't work, and doesn't disrupt the coverage that most Americans have today.

Thanks again for coming. I now turn over the podium to Chip. He'll describe today's program, introduce presentations by Linda and John, and moderate questions and answers. Thanks, Chip.

CHARLES N. KAHN III: Thank you, Keith. That was very helpful to get started. And I want to appreciate those who came this morning from the press. We're going to have a brief presentation of the group up here, and then we'll be happy to answer any of your questions.

As Keith pointed out, we do have a new projection to offer today from John Sheils at the Lewin Group. We feel very strongly that this projection that would say that 48 million Americans in the current year are uninsured beyond the 47-million number from last year that we have been using. We think that shows there is an uninsurance crisis and that we can't wait longer. And the longer we wait, the worse it will get.

We are releasing this new report this morning on 2010 because we felt looking forward, we hoped last February 22<sup>nd</sup> that there might have been action and consideration in the 2007-2008 period. But it is clear now that in terms of coming to grips with this issue of coverage that we're looking towards the next administration. So we chose 2010 because that is the first year that it would be possible to have implementation on any healthcare reform at this point – 2009, hopefully an action year, 2010, an implementation year. And John is going to describe numbers that would show the impact of the HCP plan in 2010.

Second, we thought it was very important to look back at the public. We looked at the public last year. We have now had a year of discussion, a national conversation. Hopefully the federation and Families USA contributed to that with our presidential forums; they were conducted last year. But there has been much conversation and attention to health care, and we wanted to see where the public was, where their concern is, where their anxieties are. And so we asked Linda from American Viewpoint to do a survey, which she did in the last few days, and she'll report on this morning.

Before I hand the program over to them, I'd just like to provide a few reminders for you. The Healthcare Coverage Passport is a comprehensive detailed plan to reach coverage for all Americans. It strengthens the employer-based system. It allows Americans to keep what they have. It provides sliding-scale subsidies to purchase private insurance. It expands public programs for lowest-income earning and the poorest Americans who are not now eligible for other programs. It reforms the insurance market for individuals and promises that the kind of benefits that congressmen enjoy – will be affordable for the average American who doesn't get coverage in the workplace or doesn't get it from a public program.

And it requires all Americans to have coverage. It asks for individual responsibility. That is the Healthcare Coverage Passport. We think it's a comprehensive plan that builds on what works and could make a major difference if policymakers adopted it or something comparable to it. We believe in universal coverage. We think it's critical; it's job one for this country. And that is why today we're going beyond February 22<sup>nd</sup> of last year, looking to the next policy cycle, and offering a projection of the impact of our proposal for 2010, the first possible year for implementation. On that, I'll give the stage over to John, and then Linda will review her survey results, and we'll be happy to answer questions after that.

JOHN SHEILS: Good morning. It's a pleasure to be here. We have a few items in our handout designed to give us all a better idea of what the uninsured looks like. We're projecting that by the year 2010, a number of uninsured in the country will actually grow to about 49.6 million people, almost 50 million people. That is up from 47 million in 2006. The uninsured actually has grown by about a million persons per year since 1980 on average. And we're being conservative in doing our projections here. It could turn out to be quite a bit greater than that, particularly if a recession does hit.

Twenty percent of the uninsured are children to keep that in mind. And 51 percent of the uninsured are living below 200 percent of the federal poverty level, which is also important to keep in mind. Two hundred percent of the poverty level, for example, for an individual, is around \$20,000 a year. Most uninsured Americans are working; 71 percent are employed, that is

page six. That has always been a rosy sign for the uninsured, that ray of hope that expanding employer coverage could get a large share of this population.

In 2006, there were 47.3 million uninsured. We estimate that about 17 percent of them, 8 million people were actually eligible for Medicaid or SCHIP but weren't enrolled. And most of those, 61 percent of those who were eligible, non-enrolled, were actually children. The uninsured consume a fair amount of health care. They consume about \$100 billion in health care a year; about half of it is paid for out of pocket, the other half is paid for free by private physicians and hospitals treating medically indigent people as they come into the emergency room. And also there are public hospitals and other public safety net programs around the country run by state, local governments, even private that provide free care.

So it's important to understand that that care – that so much of that spending has already been incurred in the system somewhere. The Health Coverage Passport is designed to first preserve existing coverage and in some ways strengthen it, and then to make sure that all individuals have access to coverage. It relies heavily on some subsidies that we'll discuss in a minute. And it emphasizes preserving the existing – I'm sorry, it also includes reforms to the insurance market – the individual market and the employer market to make sure that the coverage is available to all those who need it.

On page 11, the program works – breaks down into a few categories of eligibility. Medicaid and SCHIP are expanded to 100 percent of the federal poverty line. Right now many individuals, many low-income adults living below the poverty line actually aren't eligible for Medicaid. And this program would extend eligibility to everyone below poverty. The program would also create something called Health Coverage Passports. These are a certificate people will receive, which can be redeemed for insurance coverage with private insurers. For those people who are living between 100 and 150 percent of the poverty line, they will receive HCPs passports, which are actually equal to the full cost of coverage in the private sector.

There is a sliding-scale subsidy provided through 400 percent of the poverty level. And for people above 400 percent of the poverty level, there is an individual deduction for health insurance coverage for people that purchase on their own. That is an important equity consideration for this proposal to make sure that everybody has access to coverage. I'm going to skip a few pages here. This chart here on page 15-12 illustrates some of the features of the program. I want to go straight to the impact, which is on page 16. The program will actually expand a little bit on employer-based coverage. The number of people with employer coverage today, which is on the left-hand side, is about 56 percent of the population. That will actually go up by about 3 million people to 57 percent of the population.

The program will show an increase in the number of people with non-employer-sponsored private health insurance coverage. It will grow from 3 percent to about 12 percent of the population. Medicare and TRICARE, a program for the military dependents and retirees, coverage for them will remain unchanged. We also show an increase in the number of people with Medicaid and SCHIP coverage grows from 37 million people to about 48 million people. And this is all of those individuals living below the federal poverty line who aren't, you know, covered.

The next page summarizes the cost we have estimated for the program. I believe the program costs something in the neighborhood – \$133 billion a year for the federal government. The first key provision is something called automatic enrollment. As we said before, it turns out to be about 17 percent of the country of those who don't have coverage are actually eligible for Medicaid or SCHIP. They just aren't signed up. So an important element of the program is a mandate for all individuals to have coverage and some automatic enrollment processes that would be set up to make sure that everybody does have coverage. For example, you can enroll individuals through other public assistance programs. About half of the uninsured are actually enrolled in some other cash assistance program or assistance program such as food stamps, school lunch. And you could be enrolled through that segment. That gets you about 6.4 million beneficiaries; the cost would be about \$15 billion.

Expanding Medicaid to cover all poor adults, anybody below poverty. That will cover 10 million people at a cost of \$30 billion in 2010. A very important element of the proposal is the Health Coverage Passports, which we have talked about here and their availability to people with employer coverage. If you are a low-income person, the Healthcare Passport could be redeemed to pay for a portion of the employee contribution for health benefits. And that is very important to this proposal because it is designed to strengthen, to make employer coverage even more attractive than it is today.

The people who don't have access to employer coverage, who would get coverage with a Health Passport – that is about 26 million people. These are people between 100 percent of the poverty line, Medicaid eligibility and 400 percent of the federal poverty line. And the cost of those subsidies is about \$42 billion. Last is the new tax deduction that would cost about – they would affect about 8.3 million people, and it would cost about \$11.4 billion. Now, the tax deduction is available to people who have incomes above 400 percent of the poverty line, and actually, some below, between, say, 300 percent of poverty and above. Some individuals will start taking it – most people above 400 percent of poverty will take it. And the idea is to introduce a little bit more equity into the tax system.

Today you can purchase – you can get coverage through an employer. And you as the recipient of those benefits don't have to pay any taxes on that. If your neighbor doesn't have health insurance, they can go out and buy in the individual market, but they don't get any tax benefit at all. And this redresses that inequity by providing that deduction. One hundred thirteen million people would receive benefits, \$133 billion a year as a projected cost.

The next chart lays out the impact of the program on different payers in the system, the key stakeholders. The first key stakeholder here is the federal government. They will have an additional expenditure of about \$132 billion. Private employers will see a small increase, and this comes primarily from the fact that there are a lot of people who have coverage. A great many people, about 20 percent of uninsured workers actually have access to coverage at work. They are eligible, it was offered to them, but they declined it. Those individuals are probably going to take the coverage at work now because that will be the least costly way to go.

States will save about \$18 billion. This would be largely the safety net programs. They are treating people in public hospitals, for example. Households would save about \$35 billion, and this is primarily the impact of the premium assistance and some reduction in out-of-pocket spending for people as well. Remember, the uninsured pay for about half the care that they receive already out-of-pocket.

The program will have a relatively small impact – people are often surprised – have a relatively small impact on what we spend as a nation for health care. The entire nation will spend about \$2.8 trillion on health care in the year 2010. The increase in utilization for the uninsured, the increase in what we spend on health care, would only be about \$83 billion. That is less than 3-percent increase in what we spend on health care. And this, again, goes back to the fact that so much of what the care that the uninsured would use is being used already and already being paid for either out-of-pocket by the individual, but largely paid for through free care provided by private hospitals, physicians, and public programs such as public hospitals serving the medically indigent.

As I said a few minutes ago, one of the key features of this plan is that it's attempting to strengthen the incentives for people to have employer-based coverage. Employer-based coverage to begin with is cheaper to purchase than non-group coverage for a comparable policy in a comparably situation. And the reason for that is that the administrative cost of a private employer plan is usually well below the administrative cost of the public program, rather the private non-group insurance. So it is a less costly way to go to begin with. When you have a mandate, there will be an increase in worker demand for health insurance through work. And we expect that to materialize in the form of more people taking coverage from their employer when offered, for example.

Well, I guess those are the key reasons. We actually have a write-up of what some of the other – in your packet, which covers the question of employer coverage. So I'll leave that there so we can go to the next.

LINDA DIVALL: Thank you. As both Keith and Chip said, we conducted a national survey of 1200 registered voters in mid-February to update voters' attitudes towards HCP and elements of other healthcare reform proposals. We started off with the feeling thermometer, and you may be familiar with this. It operates on a scale of 0 to 100 degrees, 0 meaning you have a very cold or very unfavorable impression of somebody or something, 100 that you have a very warm or very favorable impression. As you can see when we look at various healthcare entities, at the bottom of the chart, our pharmaceutical companies at 36 degrees. But I think when it comes to healthcare reform; probably the most important element to point out is voters' ratings of their own healthcare coverage, which is 65 degrees.

So obviously, any reform has to take into account that people like their own individual healthcare coverage. Contrast that if you go back to the bottom of the chart, look at our current healthcare system, 41 degrees. It's not an inconsistency; it's just a very definite difference in perceptions in terms of their outlook on the healthcare system itself versus their own healthcare coverage. I think the third interesting thing to look at on this chart is the phrase "universal healthcare coverage," which has received an inordinate airing in this Democratic primary. And it

works quite well with Democratic voters. You can see that Democratic voters rate universal healthcare coverage at 63 degrees. But it is not a winning phrase with Republican voters. So when you are trying to talk about healthcare reform, using the phrase universal healthcare coverage is the last thing you want to phrase it at. You probably want to phrase it instead as accessible healthcare to all Americans, which would be a much better phrase. Even with Independents, it only comes across at 50 degrees.

When we asked people what is their most important financial concern as we get to this uncertain economy, this chart, I think, is a very important and very instructive chart to keep in mind. Most important on people's list is being able to pay for their families' healthcare benefits. Indeed, being able to pay for their healthcare benefits and fear of losing their healthcare benefits described 26 percent of the electorate. And as you might expect, minorities, the uninsured pool of voters, those 55 to 64 years of age, in other words, those at the age cohort right before receiving Medicare, retired women and unmarried women and single working women, some of those people most on the margins, if you will, are those most concerned about the ability to pay for healthcare reform.

Which of the following domestic issues do you think is most important for the next president and Congress to address? Again, heightened concern of the economy is underscored in this chart. Thirty percent of all voters say the economy and jobs is their most important domestic priority. Thirty percent of Independents, 37 percent of – Democrats, excuse me. Immigration reform is cited by 20 percent of the public, and that is mostly due to the ordinate emphasis with Republicans at 33 percent. Health care at 18 percent and you can see how that increases as you go along the partisan scale. Only 8 percent of Republicans say health care is most important, 17 percent of Independents, and 27 percent of Democrats.

We asked people when you look at the various healthcare issues, which one of these do you think should receive the highest degree of importance for the next president and Congress to address? This is a list of actions before Congress that we provided in a close-ended fashion to our respondents. Number one on their list – and this tracks very closely with what we found last year – provide healthcare coverage for the 47 million uninsured Americans, 46 percent shows that this year, a slight increase from 43 percent in 2007. It was number one with Republicans, Democrats, and Independents. Address medical malpractice reform was second at 14 percent. Require that Medicare negotiates prescription drug prices was third at 13 percent. And entitlement reform actually dropped from 19 percent to 9 percent, even though as all of you know, it represents a very significant looming crisis down the road.

The other interesting thing, going back to providing health care for the uninsured, you look at the sample again in terms of who is most concerned about this, and you see many elements of the general election that will comprise your swing voters. Working women, 60 percent say it's most important; suburban women, 56 percent; Independent women, 49 percent. Even those with employer-provided coverage, you would think those who are most safe, if you will, are also equally concerned about this.

This question is very interesting to look at in terms of election outcomes. This is the role of government. And the question is generally speaking, do you feel that government should do

more to solve the problems facing the country today? Or that government is already doing too many things better left to businesses and individuals? In 1994, when Republicans took over Congress, which was largely a reaction to an overstepping of health care by the Clintons, you found that a majority of voters said that the government was doing too many things better left to businesses and individuals. What you see right now is a very definite reversal in opinion. We now see a clear majority, 53 percent, saying that the government should do more to help people solve problems.

And when you look at some of the healthcare issues by those who say government should do more versus those who say government should do less, you see some interesting things. For example, those who say the government should do more, 25 percent rank health care as the most important domestic issue, in contrast to just 10 percent of those who say government should do less. Sixty percent of those who say government should do more view health care for the uninsured as the most healthcare issue, in contrast to just 28 percent of those who say government should do less. And 41 percent of those who state that government should do more, state that it is the government's responsibility to provide coverage for all Americans; only 15 percent say that – of those who say that government is doing too many things better left to individuals.

And favoring Health Coverage Passport, which we'll get to a little bit later. Of those who say the government should do more, they favor HCP by a very strong margin of 69, 24. Of those who say the government should do less, they still favor HCPs by a majority 50, 44. This question – look at the gray boxes on the left. We asked people what they think the responsibility of the federal government is, and we provide them these three choices. Provide universal government-run healthcare coverage to all Americans. Assist those Americans who can least afford healthcare coverage to purchase it. Or it's simply not the federal government's responsibility. And then you can look at the next three columns and see how that is driven by partisanship. So of the Republicans – you can see it divides roughly a third, a third, a third. No real significant spread.

So 30 percent say provide universal government-run healthcare, 35 percent, assist those who can least afford it, and 31 percent outright, it's not the government's responsibility. Republicans, as you would expect, 54 percent of Republicans say it's not the government's responsibility. But one thing to always look at it is how Independent voters break because they are the swing voters in any election. So 44 percent of Democrats say that the government should provide universal government-run healthcare. But if you look at Independents, they are very much split right down the middle, which says that in spite of the inordinate attention that the Democrats have paid to universal healthcare coverage, this is a debate that is still very unformed in the minds of the public. There is still a lot of ground to go, and there is still a significant degree of convincing that any candidate has to do on significant healthcare reform.

Look at those who have employer-provided health care. Again, you can see the stress points here, roughly a third, a third, a third. And even the uninsured pool of voters, only 36 percent of uninsured pool of voters say provide universal government-run healthcare coverage to all Americans, suggesting that there is some resistance with them to that particular phrase and that way of providing health care.

The case reform is clearly understood by voters when we asked people what degree of change is needed in the overall healthcare system. Fifty-six percent said there are some good things in our healthcare system, but major changes are needed. Again, if you look at this by partisanship, 62 percent of Democrats say major change is needed; only 49 percent, but still almost close to a majority of Republicans say major change is needed. So any candidate who simply says our healthcare system is fine is going to be met with a high degree of cynicism by voters because voters, even those who like their own healthcare insurance believe that there is some significant degree of reform that is necessary.

Looking at the view of coverage for the uninsured, 65 percent say major change is needed; 84 percent of Democrats, 65 percent of Independents, 43 percent of Republicans. And look at this, 72 percent of the uninsured pool, but even almost two-thirds of those who have employer-provided insurance, say major change is needed in coverage for the uninsured. And undecided presidential voters, 57 percent.

Now we look at various elements of reform, and we tested these six or seven elements. And just reading across, the chart looks complicated, but bear with me here. You can see that the first two that are highlighted in green are the elements of reform that scored significantly well across the partisan divide. Associated business plans, allowing small businesses and the self-employed to purchase health insurance, 87 percent favored that, 8 percent opposed it. The net favorability was 74 percent. With those having employer-provided insurance, 84 percent net favorability. With those who purchased their own insurance, 81 percent net favorability. With those who are the uninsured pool, 81 percent net favorability. So you can see how well that scores across all insurance categories and across the partisan divide.

Same with the second one, offer tax benefits for those who purchase their own health insurance equal to the tax benefits offered to those with employer-provided coverage. Again, that scored consistently well across insurance categories and across the partisan divide. Then you see something very interesting. When we look at the remaining elements, expanding Medicaid, requiring all large employers to purchase coverage for their employees or pay into a government fund, requiring all Americans to have healthcare coverage, expanding government to operate a public insurance plan similar to Medicare, or requiring only children to have health care, what you see is that Republicans are very resistant to these elements, but you see a high degree of acceptability with Democrats. And Independents are pretty much right in the middle. They are nowhere near as strong as Democrats in terms of the acceptability towards that reform.

So again, that suggests that any degree of reform – it's not going to be enough to just win it with one partisan base. The Independents will come into play, and there has to be some degree of reaching out to Republicans to make them, you know, a little less resistant to some of the reforms that are presented; otherwise, as you see from this, it's simply not going to work. And indeed, the last one, requiring only children to have health care resistance is the lowest, even across partisanship or even with Democrats, the net favorability is only plus 21 percent.

Now, a very important element of reform, as Chip talked about with HCPs in particular, how important is it that any reforms to health care allow people to keep their current employer-

based coverage? And you can see here, this is a very important element of reform, 62 percent say that it's very important. With those having employer-provided coverage, 68 percent say it's important. Even those who are the uninsured pool, which is a combination of those who are uninsured now, have been uninsured in the last five years, and fear that they will be uninsured in the very near future, 61 percent of them believe it's very important to keep current employer-based coverage in tact.

Consequences of ignoring this issue will be significant. Shortly after taking office next year, how important is it that the next president and Congress handle the issue of healthcare coverage for the 47 million uninsured? Eighty-three percent believe immediate action is required. Again, note the similarity here with these key swing voter groups: retired women, 62 percent; Independent voters, 49 percent – this is just the percentage saying that this is very important – undecided presidential votes, 58 percent; suburban women, 61 percent. Chip, did you want to say something?

MR. KAHN: No.

MS. DIVALL: Oh, okay. Acceptance towards HCP is keen across all groups. We gave people a short paragraph description of HCP, which you can see in the blueprint there. And we said, knowing what you do, do you favor or oppose the Health Coverage Passport proposal? By a margin of 61 to 32, two to one basically, they favored it. You can see that the intensity is quite positive, 27 percent strongly favored it, 19 percent strongly opposed it. And look at across the insurance classifications, the uninsured pool of voters favored it 67/27, those who purchase their own insurance favor it 59/32, and perhaps most importantly, those with employer-provided insurance favor it 62/31.

It does score very well across the partisan divide. It is most well received with Democrats, but even a majority of Republicans favor HCPs 51/43. And Independents, a little bit more favorability towards it than even Republicans, 58/32. Obama voters, 72 percent favor it. McCain voters, 51 percent favor it. And undecided voters are very much moving towards majority consensus on it.

When we looked a number of key features of HCP, all the features test quite well. And HCP is strong with critical groups, those with employer-provided coverage and the 31 percent who comprise the potential uninsured pool of voters. So for example, allow Americans to continue to make healthcare choices to fit their needs. By a margin of 93 to 5, that was favored by the entire sample. Seventy-three percent strongly favored it, so that is excellent intensity. Those having employer-provided insurance, net favorability of 92 percent. Those who purchase their own insurance, net favorability of 90 percent. Those with the uninsured pool of voters, net favorability of 89 percent.

Medicare – Medicare recipients would continue to keep their existing coverage, favorability 85 to 10, net favorability is 76 percent. Provide coverage at a fair price, net favorability of 72 percent. Provide a way to help all Americans meet their obligation – I think this is a key phrase here – provide a way to help all Americans meet their obligation of being responsible for having healthcare coverage for themselves and their families. So that

responsibility component is quite strongly stated here. And note the similarity, plus 59, plus 58, and plus 59 percent across the insurance classifications.

Treat all Americans equitably, same type of trend, actually does quite well with the uninsured pool, plus 66 percent. Lower premium cost for those with insurance, net favorability of plus 49 percent. A key element of HCP, provide assistance on a sliding scale based on income for those who need it most, net favorability of 45 percent, plus 48 percent with those having employer-provided insurance, plus 45 percent with those in the uninsured pool. Provide savings of \$275 in health spending for the average family with insurance tests very well across the board. And last, more employers would offer coverage and increase the amount they spend annually on employees' healthcare plan if this enacted, plus 36 percent net favorability.

Now, unlike a lot of other proposals, we took the time to actually test what we thought the most significant detractors against HCP might be to be fair and simulate what the opposition might do. And so we talked about, you know, cost and mandate and the fact that some might say the plan doesn't go far enough. And you can see that these are, indeed, arguments that do tend to make voters less likely to support it, particularly when it comes to the cost and the mandate. But both Republicans and Independents react most negatively to the cost. But when we re-administer the question after these negative arguments and ask people, do you now favor or oppose HCP? Where we had the elements of it and we had the most significant, and I felt, the most damaging arguments against it, you still see that a majority hang together and support HCP. So by a margin of 53 to 34 percent, voters still favored it. So I think at the end of the day, it stands up to the test of scrutiny in terms of what detractors might say against it.

And when you look at the uninsured pool of voters, they favored, obviously, 58 to 30. But even those having employer-provided insurance favor it 56/34. The group that really changes the most are Republicans, probably due to the cost element. But Democrats remain at a very consistent high two-thirds level supporting HCPs, and Independents support it 51/36

At the end of the day, I think what is instructed to look at is this particular chart, particularly given the uncertain economic times that we find ourselves in. On the far left, we asked people, how concerned are you that your employer may terminate your insurance benefit completely leaving you uninsured? Eighteen percent say that they are very concerned; the green bar. And if you look at that group of voters, by a margin of 78 to 19, they favor HCPs. Of those who are somewhat concerned that their employer may terminate their insurance, 13 percent of the voters, they favor HCPs 72/21. And if you look at the right-hand side, those who are concerned that their employer may increase their co-pays or the amount of premiums they pay for health insurance, you see the same type of trend. Very high support for HCPs with those who are most concerned about either having their insurance terminated or having to pay more in co-pays and the amount of premiums they pay.

So I think that the bottom line is that we have found for the second straight year very strong support for HCPs, even while there has been a lot back and forth on this particular issue. And even when we advance to very major arguments against HCP, it still survives significant scrutiny with over a majority supporting it. And with that, let me turn it back over to Chip.

MR. KAHN: Thank you, Linda. And thank you, John. Let me just add, John at the end of his remarks mentioned the employer issue, and there is a memo that he wrote to me included in your press packet. The reason that we asked him to focus on this is because in the feedback and discussion that took place regarding the HCP following our introducing the initiative last year, there was much discussion without an employer mandate, which we don't have, whether employers with all the subsidies would still be willing to offer insurance, whether there would be a decline in employer coverage. And John in his estimates, as well as in his base assumptions, sees, actually, the opposite taking place and that the employer system would be at least sustained if not strengthened through the way the subsidies are provided. The rationale is in the memo. But I think it's an important working assumption that we're making and that he, in terms of, he provides, sort of, the gold standard on all of the projections, on all of the estimates, on all of the different proposals.

He is saying that the construct of this proposal, from his view, should work because the individual mandate and the other aspects of it should hold together the current system with our level of subsidization, and the employer system should remain strong. So with that note, I'd be happy to answer any questions myself or have questions to the panel. Let's have at it.

Q: Did you suggest previously any pay-fors for this 141 billion in federal government spending –

MR. KAHN: Well, as on February 22<sup>nd</sup> of last year, our point of view was that we wanted to show that you could get a plan that built on coverage for all Americans that could be done built on the current system. And we thought that was important in terms of spurring on the national conversation. Frankly, on the pay force side, we think most of what will have to come to pay for this needs to come from tax policy and other policies. And I could be glib and say that was outside our expertise, but frankly, that really is, those are the hard decisions policymakers are going to have to make.

But our view was we think that you have to talk about what the construct is, make it attractive to the American people, answer the kinds of issues and concerns Linda has raised, and at that point then, we're going to have to work out a compromise. And frankly, if we look at California as a model, that is the issue that the policymakers have to deal with, and we can't. We can have opinions about it, but we viewed our expertise on the healthcare side and that was important to get the conversation going.

Other questions? Yeah?

Q: How do you envision, let's say in theory, the next president comes in, the next Congress builds a mandate to act on the uninsured. How do you see that developing? And do you think that if we don't have something passed in 2009 that this issue is dead then for a few years because you'll have a mid-term cycle, then we'll have another presidential as well.

MR. KAHN: I feel very strongly – and, I mean, this is no great profundity – that you're not going to get anything as major as this kind of social legislation through without presidential leadership. And obviously, it has got to be effective presidential leadership. So my working

assumption is that if we're going to get real progress here, the new president has to come in, one, with the assumption that there is a mandate to deal with this issue. And, two, with the will to deal with it in the first year because I think it's going to be very difficult once you get beyond there to effectively, you know, because then you get into the who knows what is going to happen and you're, sort of, beyond the mandate.

So at least from my view, I think there has got to be something happening in '09. And frankly, it's not just the coverage issue. If you listen to all the major candidates, but my presumption – we're presuming that tomorrow will provide the decision day in the Democratic side, you know, who knows? But our assumption is that we're talking about healthcare reform not simply coverage legislation because they are going to want to deal with the cost side as well as the coverage side. All the presidential candidates have been talking about that.

MS. DIVALL: I think one other thing to note is look at the outcome in the House and the Senate this November. I mean, there are 27 open House seats – Republican House seats. And if the Democrats make significant strides in those seats and continue to change the composition of Congress and gain anywhere from three to five seats, that could give them a more significant consensus to move and embolden – assume they, you know, if they win presidency, and if they increase their margins in the House and the Senate, that should embolden them to take quicker action. That coupled with continued economic uncertainty would suggest that they might move in that direction.

MR. KAHN: And I think we have seen both models in legislation in health area between bipartisan models and partisan models. I mean, the Medicare Modernization Act, even though it had some support in the Senate on the Democratic side, really was a partisan bill, and it was a major piece of legislation. I could find other models that were more bipartisan, maybe the original SCHIP legislation back in '97. So I can think of a lot of different models. It's hard to guess though because we don't know the makeup of the houses yet, and we don't know whether we're talking about a Republican White House, Democratic Congress, or a totally Democratic Congress yet.

Q: I'm curious about how important it is to have, you know, a broad health bill coming into the next Congress. And could there have been – some of the staff that I talked to that had taken the SCHIP reauthorization is they need to be done right at the beginning, and that is a workable piece of legislation we can do right at the beginning, and, you know, whereas something like what you are proposing or what Hillary Clinton is proposing or anybody else, it's really big and unwieldy. Are you getting in a position of having to make a decision about what you can support, what would be a smaller bite of the apple?

MR. KAHN: Well, we have supported and probably always will support incremental progress. So we were very much behind the SCHIP Bill and joined with all the others in the community that supported it. But our point of view is that if we just chip away at it, we're not going to get there in our lifetime and that it's time to take the bull by the horns and face up to an overall program. In October of '06, when our board and our committees got together and made the decision they wanted to push forward with this proposal that was finally made public in

February of last year, that was their call. They thought that the Gordian knot needed to be cut and that we needed to proceed on health care for all.

So obviously, we'll have to live with the realities of next year. And I understand that some would argue what you're saying. But from our point of view is if you don't have the will to take it all on, we're never going to get there. And that is why the members of the federation decided to stand up and say this is the time to go ahead and face the big question of how we're going to assure all Americans healthcare coverage.

Other questions?

Q: Why not look at the cost side as part of what you're doing here as well? You mentioned that obviously policymakers are going to look at both of those sides. Why not also propose something –

MR. KAHN: Well, obviously, in terms of overall federation policy, there are a number of cost areas that we have advocated. We would like to see more use of information technology, which is in all the presidential plans. We have been a big supporter all along of reporting through Hospital Compare and see that a lot of progress can be made at improving care and making it more cost effective. So there are a lot of areas where we are very supportive of the kinds of proposal that you find the presidential candidates making. Getting into costing that out, we, sort of, felt was beyond what we wanted to ask John to do because we wanted to focus on the structure of a proposal on the coverage side in more detail than virtually anyone else has done up to this point in recent years.

And second, and I hope I'm not being glib here, but in some ways, you are reticent to negotiate with yourself because once you get past the in a sense low-hanging fruit I just described, you then get into some very touchy areas. And there will be give and take. There was give and take in Massachusetts. There was obviously give and take in California. It was successful in Massachusetts. At least up to this point, it hasn't been successful in California. But, frankly, I'd rather leave that to policymakers saying they're serious about trying to cover all Americans and at that point, you know, we're willing to come to the table and talk about some of those hard questions. Clearly in California, there were tradeoffs regarding Medicaid policy that on the one hand, made it difficult for hospitals, on the other hand, made it better for hospitals. So hospitals had something to work with.

We want to have a serious process. And we think that showing that it can be done on the coverage on the policy side regarding coverage is one way of, sort of, jumpstarting the process. And that was why we decided to make this part of our contribution to the national conversation about healthcare coverage and health reform.

VICTOR CAMPBELL: Chip, you might want to say something about how we actually had members of Congress that encouraged us to put a plan together. And they weren't asking us to figure out how to pay for it. They were actually saying, you deal with the uninsured. Help us understand how do we get coverage.

MR. KAHN: Yeah, actually, prior to October of '06 when we had our meetings, we had a session; probably the most memorable session was with Congressman Rangel, the chairman of the Ways and Means Committee. And Chairman Rangel said, you know, you guys are talking about all the people coming into the emergency room, the pressure it's putting on you and your ability to provide care. I see it in New York, but, you know, put something on the table. Help get it started. And I would say, as Vick (sp) pointed out, that was really the generator that, sort of, combined with the concerns that our members have about what is going on in emergency rooms today with people who don't have coverage, and either haven't come in at the right point in terms of their care, or come in with problems that we have to provide care for, but make it difficult for everyone. If they had coverage, those problems would be a lot easier to deal with.

Any more questions?

Q: Have you gone to the presidential candidates themselves to offer –

MR. KAHN: Let me say this about that. I mean, first obviously, we have provided our proposal to the presidential candidates. But our decision last year was to join with Families USA and the foundations that helped us and try to spur on the conversation about health reform by having the candidates come and speak and answer questions in our forums. And I think those forums were pretty successful.

On the Republican side, if it was my responsibility to get the Republicans in, I only succeeded in getting McCain there, but, you know, he's the nominee, so. (Laughter.) That worked out pretty well. On that, I'd like to – oh, Vince?

Q: Linda, have you done any polling of voters about the cost issue because obviously that is the hook side to their concerns about coverage or losing their coverage of their employers, you know, raising the cost of it –

MS. DIVALL: If you just do it as a two-sided question, you know, cost versus the uninsured, cost tends to weigh out. But again, the cost factor, when you look at all those healthcare initiatives that we put forward, is sort of – cost is a consequence of all those items. And so I think voters look at those actually as two things that are very important to their consideration, which is why we emphasize affordable and accessibly health care for all Americans. I think that phrase is what kind of unites people about the twin goals that they want to see with healthcare reform.

MR. KAHN: Great, well, thank you all for coming. And I'm going to probably run off to another meeting, but you could probably catch John or Linda as they are walking out if you have other questions. Thanks a lot.

(END)