BEYOND THE HEADLINES

UNITING ON HEALTHCARE REFORM

KGO TV

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A P P E A R A N C E S

THE MODERATOR:

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INTERVIEWEES:

HELEN SCHAUFFLER, Ph.D.

DIANE ROSAS

THE PANEL:

JAMIE COURT
The Foundation for Taxpayer and Consumer Rights

TAMI GRAHAM
Intel Corporation

MARIE KUFFNER, M.D.
California Medical Association

BOB SILLEN
Santa Clara Valley Health and Hospital System

MARK WEINBERG
Blue Cross of California

DANIEL ZINGALE
California Department of Managed Care

ALSO PRESENT:

AUDIENCE MEMBERS

I N D E X

I N D E X

(Continued)

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THE MODERATOR: Good evening and welcome to BEYOND THE HEADLINES.

For many, the ability to receive quality, affordable medical care is a daily struggle. Roughly 40 million Americans are living without healthcare insurance. Seven million of those live here in California. The uninsured and underinsured point to a costly, complicated, and inefficient healthcare system. Tonight we go beyond the headlines and listen to the many voices surrounding this critical issue with the goal of finding common ground and uniting on healthcare reform.

DR. SCHAUFFLER: It's probably someone that you know. I mean, it's literally almost one out of every four people in California don't have health insurance coverage; not because they don't want it, but because they can't get it.

THE MODERATOR: From low-income families to those denied because of preexisting conditions, the uninsured cross nearly all social, economic, and ethic boundaries. It's a problem that impacts our entire healthcare system. Because when they do finally seek

help, it's often at the point of crisis.

DR. SCHAUFFLER: We're likely to see them in the emergency room, where their condition will be much more serious, and the cost of treating of them will be much higher.

UNIDENTIFIED SPEAKER: I see it having the effect, ultimately, of really continuing to deteriorate the system that's available to us, the quality of care

that we get, the -- the number of trained healthcare professionals that want to stay and continue practicing medicine in our state.

THE MODERATOR: Rising healthcare costs have shut many businesses out of the system. Only 58 percent of Californians have insurance through their employer, compared to 69 percent nationally.

DR. SCHAUFFLER: So they're working. They're paying taxes. They care about their families and their children. But their employer won't provide them with coverage. They're not poor enough to qualify for the public government programs, and they cannot afford to buy coverage in the private market. So there is literally no place for these people to turn.

THE MODERATOR: Diane Rosas knows that feeling all too well. A switch in employment and a preexisting condition left her uninsured during a serious medical

crisis. Now she'll spend the next three years paying off thousands of dollars in bills.

MS. ROSAS: There was the stress of the physical ailment, but that was compounded by "What am I going to do to pay the bills?" And it really forced me to cut corners as far as my recuperation time. And it should not be this complicated of a process. It should not be that emotionally draining.

THE MODERATOR: As you can see by the number of people gathered in our studio, this issue is one that touches everyone's life. We've brought together consumers, medical professionals, business leaders, insurance executives, and government officials to answer the critical question: Can this be fixed?

Let's start by meeting our panel.

Daniel Zingale is the director of the California Department of Managed Care. He oversees the HMO industry.

Tami Graham is the director of the U.S. benefits for Intel. Deeply involved in this issue, she also works with the American Benefits Council and the Corporate Healthcare Coalition.

Jamie Court is the executive director of The Foundation for Taxpayer and Consumer Rights. He's also

25 the coauthor of the book, MAKING A KILLING, HMOs AND THE
THREAT TO YOUR HEALTH.

Dr. Marie Kuffner is the immediate past president of the California Medical Association, which represents 30,000 doctors across this state. She's also a professor of medicine at UCLA.

Mark Weinberg is a Group President for Blue Cross of California.

And finally, Bob Sillen is the executive director of the Santa Clara Valley Health and Hospital System, overseeing more than 400 hospital beds.

Thank you all for joining us. I'd like to start by asking each of you, briefly, why you're here. Let's start at the end, then. Dan?

MR. ZINGALE: Well, Michael, I'm here for the same reasons that three dedicated coworkers of mine and I where out on a street corner about an hour ago in front of a showing of JOHN Q, the new movie about

someone who goes to extremes in fighting these HMOs, passing out brochures, letting people know that in California there is now a Patient Bill of Rights. Thanks to Governor Gray Davis, Senator Liz Figueroa -- who I see here -- and others, we have rights that most patients are not aware of.

So I'm looking for every opportunity I -- I can to get that word out, let people know if you feel like a

real-life Jane Q. or John Q., the only weapon you need to pick up is your telephone and call 1-888-HMO-2219, the HMO Help Center.

THE MODERATOR: Tami, from Intel?

MS. GRAHAM: Michael, I'm delighted to be here.

We at Intel are committed to the health and productivity of our employees. Last year in the U.S. alone we spent well over $200 million to provide

comprehensive healthcare to our, roughly, 50,000 U.S. employees and their families. This year, with just reasonable estimates of healthcare inflation, we expect to spend well over that, significantly more than that.

We're looking for the ability to continue to provide our employees quality healthcare choices at a reasonable cost.

THE MODERATOR: Jamie?

MR. COURT: Well, patients face unbelievable financial and physical burdens in the system. The uninsured have to choose between medicine and food. The insured have to make all sorts of choices because they have tremendous anxiety about whether their coverage, which is shrinking, is going to be there and whether they can afford out-of-pocket costs.

Healthcare is fundamentally a financing

problem. And yet there's no public financing process to deal with it, to resolve it for the patients.

So it's like a city without a master planner. There's going to be a lot of avoidable tragedies. And I hope tonight, if we can find some common ground on what's illogical, irrational, what's, as a consensus, wrong with the system, we can avoid some tragedies.

THE MODERATOR: Doctor?

DR. KUFFNER: Michael, the practice of medicine in California, at its very best, is clearly among the finest in the country. And certainly, when you look it on a world scale, it's the finest in the world. And yet, when we look at the delivery of healthcare in this state, it is in near collapse, near meltdown.

As we look around, there are many manifestations of that. We see people that are not getting adequate access to healthcare. We see diversion of hospital beds and ambulances. We see closure of ERs, shortages of nurses, doctors leaving the state. It's manifest in almost every corner of the state.

And I think what I would like to see tonight is the beginning of a discussion as to how we can solve those problems. And as a physician, I'm delighted to be here.

THE MODERATOR: Mark?

MR. WEINBERG: I spent a good part of the last two years coming to understand the uninsured dynamics around the country and in the state. And I think we're at one of these unusual times where there are probably more common incentives, that people throughout the system are probably more willing to come together to uncover ways of dealing with this issue than they have in the last 15 years.

THE MODERATOR: Bob?

MR. SILLEN: Well, I -- I participate in all sorts of discussions about healthcare, trying to -- my goal is to bring as much equity and justice into the healthcare system as possible, providing equal access and high quality care across the board, irrespective of race or gender or any kind of preferences that one may have. Healthcare, to me, is a basic right, and yet it is not in this country.

So I'm here to express those opinions and to

try to add to the discourse.

THE MODERATOR: Well, it sounds like we all get along beautifully here. And that's why I'm going to throw the question out to the audience now:

Where is our healthcare failing? Where is it failing you, your families, your community?

MR. THOMPSON: Well, to me, an essential

question that I think ought to be addressed by the panel is the incredible conflict between how the public feel and the political will to make it happen.

Nearly 90 percent of Americans, and almost every poll, believe that every American ought to have basic universal health insurance or basic universal coverage. And yet, 25 percent of Californians don't. What is preventing the healthcare system from delivering something that is so fundamental to every American?

THE MODERATOR: Yeah, that's a fabulous question.

Bob, you've got your hand up. I'll let you go.

MR. SILLEN: To me, one of the basic reasons why there's so -- 40 million uninsured Americans, or whatever, is how our political system works. The problem is, is that the people who have choices to vote and who are most hurt by this don't have any political clout.

And so, those same studies show that although most people want universal healthcare insurance, when you ask them how much they're willing to pay for it, it's not enough to pay the bill. And so what we really need is some political leadership to take the bull by the horns, say, "This is a basic healthcare right," and make that feasible and viable in the political sense so

that those who put it forward don't have to sit at home and not get reelected (inaudible).

THE MODERATOR: So the problem is leadership.

Talking about political will, we do have a politician with us here. So we -- we ought to hear from you, Senator Liz Figueroa.

SENATOR FIGUEROA: Well, I agree with Bob that there isn't the leadership in Sacramento. We're not going to see a lot of activity regarding healthcare because the public has told us that it's really not important.

We're talking about a crises here. We thought we have an energy crises in California; it's nothing compared to our healthcare crises. We have -- our emergency rooms are closing. We have the physicians leaving. We have nurses that -- there's not -- there's too many patients to take care of. I mean, every single day I deal with this, but the healthcare issue is not the sexy, political issue that's going to get you elected.

So we need the voters. We need your audience to start the conversation and say, "We will only elect politicians that make healthcare the number one priority."

THE MODERATOR: Jamie, what do you say to that?

MR. COURT: Well, I think it's a money problem. And the uninsured don't have a lobby in the state house, and they don't have a lobby in congress. They don't give campaign contributions. And it's a money problem politically, and it's a money problem policy-wise. Because to insure more people, to get more money to patients, what you need to do is cut out the inefficiencies in the system.

I mean, it's ridiculous that in an HMO system we have patients scrounging for basic medicine, access to specialists. And -- and Blue Cross -- not to pick on Mr. Weinberg too much -- his company takes 23 cents of every premium dollar given to it and spends it on administrative costs or profit. And in fact, if you look at -- at Mr. Weinberg's salary, it's $8.9 million in compensation in the year 2000 according to a report by Families USA. The top five executives of Blue Cross made $35 million that year according to Families USA. That is the budget for Mr. Zingale's department.

And if you wonder why we can't have a control

on this industry, it's because the HMOs and the insurers have made it very inefficient to get dollars to the patients.

THE MODERATOR: Mark Weinberg, it seems like you would be next.

MR. WEINBERG: You know, there are -- there actually are some things that we can do. And I -- and I've listened now for two years of people complaining about the problems with the system.

Out of the seven million uninsured people in California, nearly half of them are not poor. And nearly half of those that are not poor believe that the price of buying a health insurance policy, private health insurance policy, is near- -- nearly double what it is. When they were presented with actual prices in a recent study by the California Healthcare Foundation, they were surprised that the price of purchasing a

policy was well within the range of what they would be willing to pay. Now, these people are not sick and destitute. These people are healthy people. And because they're not buying into the system, there isn't enough money in the system.

So what we can do today, we can bring, two, three million people in California into the system, if we create incentives for them to be willing to buy in.

THE MODERATOR: What's an incentive? Tax write-off?

MR. WEINBERG: Tax -- well, these people are not necessarily, as I said, nonpoor (sic).

We have to start talking about public

education. There are regulations that could be relaxed that would allow insurance companies to give premiums, to give discounts on health insurance, to -- to -- to incent (sic) people to purchase.

What we see in all of our studies is that the

very people we need in the system, the healthy people that have the opportunity to sup- -- to supply money for those who need, are not interested. Because, see, they're not sick. So they're thinking, "Why do I want to waste my money?" We need to work to bring them in. And there are millions in this state that could come in that way, that have said that they would be wil- -- that -- that -- that the price that they would be willing to pay is a price that's available in the market.

THE MODERATOR: What's the price? What -- what are you talking about?

MR. WEINBERG: The average price of the ten million people that we cover is $155 a month. We have products that are as cheap as $50 a month.

THE MODERATOR: Right here.

MS. WOLFE: This particular issue has just been raised with my family, and it was $455 a month to include dental, to have the same coverage for my partner to -- to purchase healthcare at the level that he's been

receiving it through his company. So it -- it's not worth it to me. It is more -- it's worth it to me to have my child going to preschool, which is almost that amount, and I had to make some choices.

But for half that price we would have taken it, you know. And we are not "nonpoor," but we are not rich. And $455 for continuing services that he was already receiving was too high.

THE MODERATOR: We hear that a lot. $455 is a lot of money every month. I'll -- I'll go back to you.

MR. WEINBERG: This is for a family --

THE MODERATOR: You hear these complaints.

MR. WEINBERG: This is for a family of --

(Simultaneous colloquy.)

MR. WEINBERG: For one person. I would tell you to get an insurance agent and shop the market. Because the average -- as I said, the average amount that is paid for our ten million people is $155 as -- at the end of last year. So --

THE MODERATOR: That's if you're not sick, though.

MR. WEINBERG: Well, these are sick people; these are healthy people. That's the average of everyone that we cover. And, we pay, you know, $8 billion out a year in healthcare costs. So some of

those people are very sick.

MR. SILLEN: You can't deal with the averages. And -- and -- and I would suggest, to have a true, meaningful discourse, there -- there are thousands of subcomponents as to why the healthcare system doesn't work for everybody.

But I think the overarching issue is there's no national policies regarding healthcare. We are still the only industrialized country in the world that does not have a national health coverage or national health insurance or national health policy, whatever one wants to call it.

One excuse ten years ago was, "Well, you know, in a global economy, how can we compete if we cover

everybody, yet all of our competitors, all of their populations aren't covered?" We are in the middle of a marketplace healthcare system.

And so what happens with the marketplace? The marketplace is amoral, at best. Healthcare is not, in my judgment, a commodity or a widget. And if we provide healthcare in a marketplace economy and the healthcare system ends up like Enron, where are we going to be?

THE MODERATOR: Doctor, speak to that point. Is it a commodity? Is it amoral?

DR. KUFFNER: Well, I -- I think that leaving

healthcare to the marketplace has clearly not worked in California. Healthcare is underfunded in this state. And as a result of the underfunding, we have everybody scrambling for dollars. Big business says it's a global economy and they have to compete. The HMOs say that they have to get the business from -- the premiums from

big business, so they have to tighten the packages and be competitive with each other so they keep the premiums as low as they can.

The maldistribution of the dollars has already been spoken to. As we can see, there are some of the insurers -- Mr. Court mentioned earlier about the number or the percentage that WellPoint spends on patients. He didn't mention that on the flip side there are other places, like the Kaiser system, that spends 96 cents of every premium dollar on patients. So there's a wide diversity as to how the dollar is spent, and there's a tremendous amount of waste.

And I think most people believe that the greatest part of the premium dollar actually goes to physicians and providers and hospitals, when, in fact, it goes to many other things not in that primary loop. So the distribution of dollars is a very big issue.

THE MODERATOR: Let's go ahead and hear from some more consumers.

Wendy?

MS. MARX: That was really my question, was whether everybody on the panel thinks that healthcare is a right or if it's a marketplace decision. And when California is seeing a lot more unemployed people who are potentially going to be losing their insurance, and if they do have a preexisting condition and their company goes out of business, they have no COBRA option, what are we going to be doing with these people when our costs are going to mount if it's left to the marketplace, if we don't take this over as a government and as a people?

THE MODERATOR: Tami, I want to direct --

MS. GRAHAM: Yeah.

THE MODERATOR: -- that to you. You're spending $200 million a year --

MS. GRAHAM: Uh-huh. And --

THE MODERATOR: -- but if you don't work for Intel, that's $200 million that went nowhere.

MS. GRAHAM: I -- I think that there's something in between. I think that going further into completely an universal system will, in some cases, make some of the problems worse. I think some of the problem

is -- and I'm hearing them tonight -- is that consumers are not informed. And so the more you make it

universal, and they don't have to be informed about what their rights are and what the -- what is available to them.

I do think healthcare is, to some extent, consumer-driven. But it is probably the single thing that we purchase as consumers that we're the least informed about. And so, at Intel we think that by informing our employees as consumers more will drive quality and efficiency changes in the market.

THE MODERATOR: Daniel, you -- you're dealing with patients who are beefing --

MR. ZINGALE: Yeah.

THE MODERATOR: -- with your HMOs all the time. You're being sued by half the major corporations in this state, it seems like.

MR. ZINGALE: Not quite that many.

I do want to offer a different point of view. I do have a different view of that, though.

I think we should all try to at least agree on the goal being universal coverage. And the reason for that is the economic evidence is really indisputable that we could actually better control costs if everyone were covered.

The other reason I think that makes sense is we're of two minds in this society. We don't want to

say that it's a right for everybody all the time, but, in fact, when it comes to it and someone shows up in an emergency room and they're in dire need of healthcare, we also are not really willing to say, "No, we're going to turn them away." So let's be honest about it. Let's recognize that -- that we do intend to provide care to people when they truly need it. And let's do it in a more cost-efficient way.

Now, getting there, as a practical matter, is going to be a -- a steep hill to climb. I think whenever you are trying to get someplace, you want to take a look at where you've been, at least briefly. And let's be honest.

The last time this was tried in terms of political will was First Lady Hillary Clinton, and then President Bill Clinton, tried to utter the words "universal care" and "healthcare reform," and it failed. And we are still operating, to some degree, under that cloud of failure. At least the political folks are still inhibited by that. I think it's time that they dust themselves off and take a fresh look at, again, what the goal ought to be. Universal coverage should at least be an agreed-upon goal.

THE ANNOUNCER: BEYOND THE HEADLINES with Michael Finney will be right back.

GROSSMAN & COTTER

BEYOND THE HEADLINES: UNITING ON HEALTHCARE REFORM

(Commercial break.)

THE MODERATOR: Right here. Right in front.

MS. NICHOLS: When we think about healthcare consumers, of course, businesses are the biggest consumers in terms of payers of healthcare. And they're really an important part of this equation. And one thing that's always been difficult to understand, both politically and in the public policy arena, is why businesses and consumers and medical providers can't be shoulder to shoulder in this push for universal care. And if we did, I think we'd win. Because it should be of paramount concern, I think, to businesses how their money is spent. And if 25 to 30 cents out of every dollar that they give to an insurer is really going to overhead or administrative problems instead of actually providing healthcare for their employees, that's a tremendous waste of money.

THE MODERATOR: Mark Weinberg, do --

MR. WEINBERG: Let me -- I think there's a lot of popularized myths in several things that were said tonight. And I'll represent the industry when I make this point.

In our -- in the case of our company -- I don't know where -- where you got your figures -- 89 percent

of all premium dollars with our company either go to the

care delivery system or to state or federal taxes. Of the remaining 11 percent, we made a 3.3 percent profit last year. The balance, about 7 1/2 percent, went to administration. Our numbers are not a whole lot different than others'.

But the issue is the employers don't have to buy from us. No one does. This is an open system in California. There are many, many quality choices for both individuals and for employers. Some are nonprofit; some are for-profit. People choose who to do business with, and they choose based on what their employees and what their experience tells them works for them.

MR. COURT: I -- just to -- to answer the numbers, they came from, actually, a report by the California Medical Association, which -- which comes from, I believe, public --

DR. KUFFNER: Medical Loss Ratios.

MR. COURT: -- Medical Loss Ratios, which is public filings of the difference between what is spent on patient care, at least doctors.

You know, I talk to patients every day who have a real hard time affording healthcare. And what strikes me is that for auto insurance in this state, if your auto insurance is going to go up, the auto insurer has to file an application with the state and seek public

approval. And there's an opportunity for consumers, the public, to come forward and say, "I can't afford this, and they're making too much money." And we don't have that for healthcare.

THE MODERATOR: I want to talk to a consumer.

Cliff, you -- you've had trouble getting insurance.

MR. FIGALIO: Yeah. I got laid off by a dot-com. And then the dot-com went out of business, and

then the COBRA disappeared. And then, since I have preexisting conditions of cholesterol and high blood pressure, I had to go, you know, looking around, "How am I going to get insurance?" You know, I was getting turned down by insurance companies.

THE MODERATOR: Was the price too high, or were you turned down?

MR. FIGALIO: Turned down. Turned down. And then they asked, "Have you ever been turned down?" Well, you're afraid to say, you know.

So then I ended up joining an association, a professional association, and got coverage through them. And I pay $300 a month for that.

And my concern, though, is that my doctor and my wife's doctor are just at wit's end about working for insurance companies.

My wife's doctor just about quit practice, and decided just to have people paying up front when they

come in, and then he bills the insurance company. He wants to make sure he gets his money in a reasonable amount of time.

My doctor, when I had -- was involved in an bicycle accident and I was on HMO, he got very concerned because he only gets a certain amount per month, no matter how many times I come in. So suddenly I'm appearing every other week. And he says that, you know, that it's -- this is the worse that it's ever, ever been; he couldn't imagine how it could get any worse for doctors.

THE MODERATOR: What hits me is there is no system here. You know, you -- you can work for somebody and you can get COBRA, but if they go out of business, you join an organization -- I mean, how bizarre is that?

MS. GRAHAM: I'd actually like to -- to respond to that. And I think it gets back to an informed-consumer point. There is a federal --

MR. WEINBERG: Absolutely.

MS. GRAHAM: -- law existing today. It's called "HIPAA."

MR. WEINBERG: Absolutely.

MS. GRAHAM: It's the Health Insurance Portability and Accountability Act. And under that law, if you lose coverage and exhaust your COBRA rights -- and you would have exhausted your COBRA rights when the company can no longer provide it -- there is a -- there is a law that says that the individual market has to take you. There -- there is a -- sort of a -- a pocket within the individual market that has to take you at a certain rate.

MR. WEINBERG: Absolutely.

MS. GRAHAM: And -- and so I think -- I've heard that exact story a number of times. I've read it in the paper. And I've wanted to call those people and say, "There is a law that protects you, a federal law that protects you."

MR. ZINGALE: We get about 500 calls a day from patients now at the Department of Managed Healthcare. Those calls, in this case, always state the same thing,

"Try and navigate all of this as a consumer." This is an informed group of people in this studio tonight, and I'll bet you we couldn't answer half of these questions.

When people call us on the phone, they're trying to figure out, "Am I calling the right place? Do I call the state? Do I call the federal government? Do I call the Department of Insurance or the Department of

Health or this new one?" that many of your viewers are probably being introduced to for the first time tonight. And then you try -- try to start navigating all of these rights and responsibilities, it's -- it's almost impossible for any person to navigate.

(Simultaneous colloquy.)

MR. SILLEN: You know, what I think we can all agree on on this panel and in the audience is education in any forum is important, and we're all for it.

Let's not pin the -- anywhere near a primary cause or a secondary or even a third-level cause of 40

million uninsured Americans on a lack of education. That's insane.

MR. ZINGALE: No, but it's bad enough --

MR. SILLEN: And this --

MR. ZINGALE: I agree with that.

MR. SILLEN: We're -- we're talking about economics. We're talking about racism. We're talking about all sorts of -- of -- of issues in the social fabric that dictate that certain people are always at the wrong end of the stick.

What we have to do is stop picking out these little things, which are all important in the cumulative impact. But 40 million Americans are not uninsured because they don't know that they have a policy

available to them.

MR. ZINGALE: No. But Bob, millions more who have insurance and go to bed at night thinking that

they're okay if they get sick or their loved ones get sick may wake up to find out that even with their insurance, they can't get their healthcare when they need it. So what --

MR. SILLEN: True.

MR. ZINGALE: -- I'm saying is that the problem of -- of insuring the uninsured is -- is a great one, but let's not lose sight of the fact that millions more than that think they have coverage and may not be able to get it.

MR. SILLEN: And that, in my judgment, is going to be what changes the system. When this becomes a much wider spread, middle-class problem -- if there's any middle class left in this country, let alone upper middle class -- you'll see the system change, because that's where the power is.

THE MODERATOR: Let me go to the doctor.

You --

DR. KUFFNER: Well, you know, there have been --

THE MODERATOR: You were listening so intently.

DR. KUFFNER: There have been so many points

that have been made.

I wanted to get back to the gentleman who was talking about the physician and the difficulty there.

I mean, we talked about the market controlling the system, and actually what we have here is control of the system by a few very powerful organizations that have really unbalanced the way it is so that the patient feels powerless, the -- the physician and the provider feels powerless, and there are a lot of difficulties that have to be navigated. I mean, that's the nice way to put it. I -- in some instances, I think there are a lot of games that are being played. As a result of it, patients are confused, doctors are frustrated, the public doesn't know what to do.

And if you think patients have a difficult time navigating the system, talk to any physician, and they will tell you that when they are seeking their own medical care, that they run into the exact same problems and they can't navigate the system. Now, if getting through college and professional school, medical school,

whatever, doesn't allow you to navigate the system, how is the individual who's barely got a high school education able to do this?

So the system is complex. It's overburdened with lots of bureaucracy. And unfortunately, the

marketplace has unbalanced it in a way that it simply doesn't work anymore.

MR. WEINBERG: I'd just say that it -- we shouldn't try and figure this out ourself (sic). There are experts in the state, close to 100,000 licensed, independent insurance agents who work for the population. They're paid for by your insurance company, and their job is to help you make the right decisions. So when you don't take advantage of these experts, you do run the risk of being in a system that's complicated.

THE MODERATOR: Michael Forrest is a physician.

Go ahead.

MR. FORREST: I'm a radiation oncologist in the East Bay.

And I'd make a comment about national health insurance run by the government. I think everybody's heard of the Canadian or Brit who's waited a year and a half or two years for a hip replacement. I don't think we want that to happen in this country.

But my -- the reason I'm here is the dilemma of offering high-tech cancer treatments to patients that costs a lot of money. I spend the money to buy the equipment, but I have lost insurance HMO contracts, the largest HMO contract, because they were unwilling to pay for that care. Patients are informed in the Bay Area,

and they want the best they can have, but often their insurance company is not willing to pay for it, especially HMOs.

MS. GRAHAM: I have to agree with the concern of -- of national healthcare being sort of

one-size-fits-all, and that -- that we would then, in -- in some cases, lower the standard of care that -- that people are getting. I recognize that there is a huge population that has no care and a -- actually, frankly a much larger population that does have access to care. So my fear in -- in leveling it to where those that have access to quality care then -- then don't, as you suggested in Canada, you know, that -- that -- that we can't really have, necessarily, one-size-fits-all.

MR. SILLEN: This whole bugaboo about Canada. You know, a couple people go across the bridge into Detroit to get their hip replacement. You try to take the Canadian system away from the Canadian people, they will revolt. There will be armed revolt in Canada. They love their healthcare system. Is it perfect? No. What is? But there's equity. There's justice. There are no uninsured there.

It's not like we don't have all sorts of Californians going to Tijuana to get their pharmaceuticals, you know. So, I mean, you know, this

is -- you know, I read the other day, what, California now is the fifth richest economy in the world, within the richest economy in the world, and we can't do something like make sure that everybody has health insurance. That's criminal. That's shameful. It's nothing else.

And it doesn't have to be cookie-cutter, and it doesn't have to be one-size-fits-all. It can be a unique, American kind of thing that guarantees that every American has adequate health insurance.

THE MODERATOR: Talking about everybody having coverage. So, we've identified the problem, what's the solutions? How should things be handled?

MS. McVAY: Healthcare should not be profit-driven. You're dealing with human beings. You're dealing with lives. And you need to look at it in a more humanistic way.

I'm a nurse. Believe me, I have had experiences that have been tragic. And yes, you can have all the laws you want, and you can say that everybody can get in, but they aren't getting in to be

treated. And I can tell you story after story of people going to emergency rooms and being turned away, dying out on the lawn or having the child after the third emergency room denied them care, dying in the arms of

the father. I mean, please --

THE MODERATOR: So you're saying the profit motive should not be involved.

MS. McVAY: Absolutely not.

THE MODERATOR: In this society we have done that. Mark? Police and fire department, there is no profit motive.

MR. WEINBERG: Well, is -- does everyone in the room make a profit? Do our doctors -- should our doctors be expected to work for free?

DR. KUFFNER: Well, you know, I think that we all agree that universal coverage is something that we all want to strive for. The big problem is how do we get there.

I think we also have to keep in mind that a single-delivery system is not the same thing as a single-payer system, that they are two separate things. And that for something like this to work in this country, I think we need both. We need the public and the private sector. We need the nonprofit sector, for sure. We have to have the safety net. There are some that, no matter what, will never have coverage. At the same time, I think that we have to enforce coverages.

I think the only answer to this problem -- and it was alluded to earlier. When we talk about people

who don't get insurance -- excuse me -- who can afford it, the only answer is to mandate that insurance and to build in incentives that get people to want to do it and find the benefits of doing it. Because, in the end, we're all paying for the uninsured.

THE MODERATOR: The solution you're talking

about I think is going to be interesting to a lot of folks. Because what you're talking about is not regulating the industry, but regulating the consumer.

DR. KUFFNER: Well, all of us have a part in this problem, and all of us have to have part of the solution.

THE MODERATOR: Right here.

MR. FLANAGAN: From my perspective it seems that when we hear the term "universal healthcare" that we're creating sometimes more barriers to consensus than we are creating a plan to get to a broader healthcare package. And I think it's probably because of history of the debate. But I think the key thing for consensus building is agreeing on the basic terms at this point.

And I think that -- I think most people are here agreeing on, essentially, accountability; effectiveness in -- in the system, so that we're not spending money in the wrong areas, we're getting it to the nurses and the doctors and the hands-on care; and

increased access.

Now, my question to Mr. Zingale -- and I really appreciate your comments earlier -- directing toward a policy goal, my question to you: Is it the state's role to get involved to help direct us toward that, or is it really left up to the consumers and the employers and the docs (sic) to come together and -- and -- and try to figure it out on our own? Or is there a way that we can work with the state?

MR. ZINGALE: I -- I think Dr. Kuffner was right that it's shared responsibility. I think it -- responsibility begins with each of us as patients in looking out for our own health and the health of our loved ones. We could do a much better job of preventing more costly conditions if we all took more responsibility just at the front end of the healthcare continuum.

But the state does have an important responsibility, one that until recently, I think, the state wasn't doing a very good job of fulfilling. And that goes right to your point about accountability.

You know, patients are confused by the system. That's clear. But one thing we know is that profits and

finances are affecting their HMO care or their managed healthcare, in particular. So I think a first step in

clearing this up is disclosure. Let's have a look at some of those finances, how they're affecting patient care, and then start cleaning it up.

THE MODERATOR: Who's here from the HMO industry?

Go right ahead.

MR. CHEE: I keep hearing the comment amongst this audience and the panel that the more we can work towards universal care, that the better off we'll all be.

I'd like to point out to this audience and to the viewing aud- -- people viewing at home, we have two systems of universal care that exists right now in this country called Medicare and Medicaid. And in the state of California, it's called Medi-Cal. Both are failing

miserably. These are systems that are single-payer systems where everybody who is eligible in the category gets this coverage. Everybody who is aged 65 and a U.S. citizen in the United States gets Medicare coverage.

These systems are dying due to cost pressures, due to the economic pressures. So it's not as a simple move as you think to move to what we would call "universal care," either in this state or in this country, because it involves the expectations of consumers, employers, hospitals, doctors, regulators,

and everybody has a different set of expectations with regard to what's achievable here.

THE MODERATOR: So what's the solution, then? What -- how do we get the same expectations?

MR. CHEE: The same expectation, right now is -- one thing that we proposed as an insurer, there are products in the marketplace right now, we can get three to four million people in the state of California

in a policy right now, today.

MR. SILLEN: The gentleman is wrong on his facts. Medicare and Medi-Cal, and Medicaid across the country, they both have problems, like everything does, just like private insurance does.

Unfortunately, you look a little too young to remember pre-1965 when there was no health insurance for the elderly or the poor. And then we really had a problem, because they didn't have access. And that was in a much more charitable, non-market-driven kind of a society in general, let alone the healthcare society.

So before you go bad-mouthing Medicare, which has its problem, or Medicaid and -- or Medi-Cal, which have their problems, okay, I would suggest that without them, we'd really be at a loss. You want to see a crisis, you do away with Medicare.

Until we get everybody insured, there is no

way, in my judgment, to get the gross inefficiencies out of the system, to reduce the unnecessary costs, et cetera. What's driving it and what everybody has to remember is that what one -- what is one person's expense is another person's revenue.

THE MODERATOR: There you go.

MR. LAMB: The solu- -- first solution is, we spend $30 to $40 billion in California, a trillion dollars in -- in this country, on healthcare; where is the money going? The industry is enshrouded with lots of statutory immunity relative to disclosure, as Mr. Zingale is talking about. We need to know. And if we're going to have honest discourse, honest dialogue, we need to know where the money is going now so we can reallocate it together. If that's what this is supposed to be about, building consensus, we need to know where the money is going, what are the problems, and let's prioritize it as stewards and as citizens together.

THE MODERATOR: Mr. Weinberg, do you agree with that?

MR. WEINBERG: You know, we -- we do a lot of surveying of Californians and of people around the United States on what they're looking for in healthcare. And they're very clear. They're very

clear. And it's universally this way:

They're looking for a lot of choice. They are looking for a solution that does not involve the government running -- government-run plans. They're --

You know, we can say what we want here, but our job as a company is to figure out what consumers and employers want and try to provide that to them. That's what our job is.

You know, if you -- we can -- we can critique the private system. And there's certainly lots of problems with the private system. I think there's a lot the private system can do. But if you look over the last 15 years at the Insurance Code and the Knox-Keane Code in the state of California, these things have grown from being fairly simple, very small documents to overwhelming volumes. The amount that has been labored and burdened on these makes them almost impossible to use. It's very, very difficult for a health plan to do

something useful for the purchasers of health insurance with the amount of overregulation that has been created over the last 15 to 20 years.

THE MODERATOR: Isn't it -- didn't that regulation come about because companies like yours, that used to be for-profit, and whether or not they were, were considered kind of soft and cuddly? And -- and now you're considered -- you're -- you're a corporate

giant. You're there to make money. People feel like they need to watch you better now.

MR. WEINBERG: The regulation, is inten- -- was intended during most of the '90s to create consumer protections. Well, the issues today are about affordability. And so what you got, when you cast the -- a consumer service into law, it takes the law to be able to constantly refine itself as attitudes of people change. And a lot of what was put into the

Insurance and the -- and the Knox-Keane Code in the '90s isn't relevant for the problems today. In fact, it's causing much of the cost that -- that occurs today.

There's also another thing. We keep talking about HMOs. In California, and most other parts of the country, people are choosing to move out of HMOs and move into fee-for-service and open-access PPO plans. Our company -- in the case of our company, 75 percent of what we sell is not HMO products, and that grows every month. So consumers are voicing the concerns they had of the '90s of being overcontrolled by a healthcare system that they originally choose to get their price down, and now they want to be in a system that has a lot more access and a lot more freedom. And we've given that to them. And there are certain cost problems associated with that.

THE ANNOUNCER: BEYOND THE HEADLINES with Michael Finney will be right back.

(Commercial break.)

THE MODERATOR: Let's talk to some business owners, those who represent businesses.

There we go.

MR. BLITCH: I'm hearing Blue Shield made 3 percent profit last year, while I -- I think you can get 5 percent, you know, in a simple savings account somewhere.

So businesses, especially the small businesses that I represent, are having to reduce the healthcare because they can no longer afford the hundred-plus percent increases that they're getting hit with to keep up with the costs.

I think we're close to a meltdown, which was said earlier, and I think we need this kind of discourse. But I would look possibly to the state to -- to do something, you know, to take this and -- and we all to have put this to the front burner. And I would -- I would ask: Does everybody realize we're in a meltdown? And quit pointing fingers at each other on this.

THE MODERATOR: You -- your background was with AT&T.

MR. BLITCH: Correct.

THE MODERATOR: When it was heavily regulated.

MR. BLITCH: Right.

THE MODERATOR: And then when it was released from regulation.

MR. BLITCH: Well, I -- you know, I am before '65. I can remember the old days when there was one Bell system. And our goal at that point, we had two -- two words, "universal service." And we dealt this through the -- through the private industry to do this. And we -- we entered into a bunch of subsidies for long-distance subsidized local, business-subsidized consumer, and in a short period we got 98 percent of the people had telephone service. So maybe there's a model there somewhere that can be -- that can be looked at again today.

THE MODERATOR: A public utility model. Jamie, that's your favorite. You love talking about it.

MR. COURT: Well, I -- you know, I think we treat -- we have in the past, when we were smarter, treated electricity like a public utility model. We deregulated it, and a crisis exploded. We -- water, sanitation, vital necessities of life that we have said have a special place. You have a private business, but they serve a public interest. And as serving a public

interest, there are public controls on them. And I think Californians may be open to embracing this model if we can agree it's a good mix of the private and the public.

Of course, with a public utility model, a lot of disclosure comes. We're going to have to look at people's books. And what the public utility model does is create a commission that says, "Okay. Hospitals are closing. They don't have enough money. We need to redirect resources there. May-" -- "and" -- "and" -- "and the private companies that are insuring, maybe

there's too much administrative or profit there. We need to reduce that." So you start to play with people's businesses, and it's a very big political problem.

On the other hand, it has the benefit of saying society is going to make some decisions.

THE MODERATOR: I -- I want to talk to Tami about this. Because your company, and many others, use healthcare as a benefit to attract the best and the brightest.

MS. GRAHAM: Exactly.

THE MODERATOR: That could take that away from you.

MS. GRAHAM: Well, I mean, I think that if

there were some base universal coverage, we could still en- -- enhance that.

But outside the universal coverage discussion,

I heard words like "accountability" and "responsibility" and -- and -- and those kinds of words being used. And I think that the -- it's important to focus on the payer system for that, but also the provider system. I mean, the Institute of Medicine reported last year some incredible quality failures in the provider system that cost a lot of money.

Putting that model around the problem still doesn't address quality concerns that need to be addressed. And we at -- at Intel are concerned about the quality of healthcare that our employees are getting.

DR. KUFFNER: Well, I -- I think we can't deny the fact that -- that physicians, certainly years ago -- it's a little difficult today to be part of the problem. We're desperately trying to be part of the solution.

But I think that it would be putting my head in the sand to say that there wasn't abuses within the medical system. Doctors spend a lot of time learning their craft. Some of them spend many, many years, well into their 30s before they're actually earning an

income. And by the time they actually get out there and begin to do what they do, some of their fees are high. And perhaps, in some instances, their incomes were very high. However, if you take the number of hours they work and the years they put into it, some would say they're only earning the kind of salary they deserve.

But in any group you're going to find those who have done some disservice to the profession, and I can't deny that.

THE MODERATOR: More solutions.

MR. JOHNSON: Solutions like national health insurance or a public utility model sound great, but the reality that's confronting people who don't have insurance today is that the -- that they -- they don't have access to healthcare. And the only way they're going to get it in the short term is by being given a way to get into the private marketplace.

And what's happening today so often up -- up in Sacramento, a lot of what passes as -- as HMO reform, in fact, is really little more than doctors and lawyers,

basically, pushing ways for them to make more money. And a lot of the consumer groups, like Mr. Court's groups, get support from lawyers, get -- you know, Mr. -- Mr. Court would say that he is a big advocate of increasing access to care. I mean, when does concern

about costs and access become paramount?

THE MODERATOR: That's when -- that's what your point was, that not long ago we were worried about quality; now we're worried about quantity.

MR. WEINBERG: I -- whenever I hear a situation where somebody says, "I can't get in the system," I really want to sit down and ask them whether they exhausted everything that's there. Because I think this state, more than others, has really worked to close the cracks in access. Whether you're sick or whether you're healthy, whether you have a small budget or a big budget, whether your employer has just laid you off,

almost every one of those mechanisms is covered. We now have one of the largest and most successful programs for low-income kids. And I -- I don't understand how people can't get into the system.

Now, we've had funding problems. We have a high-risk pool. It's one of the models in the country. And where it was initially funded very well and there was regularly less than a three-month waiting list, that now has become a long waiting list because we have -- have not continued to fund it; this state has not continued to fund it at the level it would take to be successful. There is a proposal to overhaul that that would involve the pu- -- private insurers. All the

insurers came together and -- and agreed on a process that would allow us to slowly take over that burden.

I think -- I think it's the result of the fact that the private insurers feel responsibility to make this work because there are so few cracks that are left.

MR. SILLEN: I believe you when you say you don't understand it. That's the unfortunate thing about it, from my perspective.

Let me tell you something, if there were agreement -- let me tell you what we just did in Santa Clara County. We created universal healthcare for kids in Santa Clara county, period. We don't care if they're documented, undocumented, or whatever. They are kids; they deserve healthcare. We did it out of our own resources. The private sector would not step up, did not step up. The private insurance companies are not insuring them. And it is not --

MR. WEINBERG: That is available throughout the state.

MR. SILLEN: That is not available throughout the state.

MR. WEINBERG: Low-income kids have coverage throughout the state.

MR. SILLEN: Low-income kids have certain programs available to them that threaten the hell out of

their families. Okay? They have to work through a 17- or a 5-page or whatever page, 5-, 17-page application form.

MR. WEINBERG: That --

MR. SILLEN: No pre- -- excuse me. No preex- -- we have a two-page application form. We don't even ask for a Social Security number --

MR. WEINBERG: Then I suggest you talk to the state --

MR. SILLEN: -- because that's a barrier to -- no, I don't --

(Simultaneous colloquy.)

MR. WEINBERG: -- talk to the state government and have them make it --

MR. SILLEN: I didn't -- no --

MR. WEINBERG: This is a government program --

MR. SILLEN: Let me finish.

MR. WEINBERG: -- you're talking about.

MR. SILLEN: This is a local government program that is serving as a model. It's the first in the nation. And we have, since January 1, enrolled over

25,000 kids.

THE MODERATOR: Bob, I've got to ask you a question. When you're talking about it being a tragedy that someone is filling out 17 forms -- 17-page form to

get to free healthcare, I mean, how is that a tragedy?

MR. SILLEN: How is it a tragedy?

THE MODERATOR: Yeah. I mean --

MR. SILLEN: Because --

THE MODERATOR: -- I fill out forms every day.

MR. SILLEN: -- people -- no --

(Simultaneous colloquy.)

THE MODERATOR: You fill out forms every day.

MR. SILLEN: -- you do not -- you -- you do not fill out the kind of forms that most states and what this state used to require just to get on Medi-Cal. You were not threatened, either -- either in -- in your mind or physically, in some cases, with the fear of being deported because you didn't speak the language or you

look different or this, that, and the other. Those are the realities of life.

THE MODERATOR: What I want to know is, what are you willing to give up to get to an agreement?

MR. WEINBERG: I'll tell you what we're willing to do.

THE MODERATOR: Okay.

MR. WEINBERG: We're willing to spend a significant amount of money to bring the two or three million people who can afford to come into the system, and to tell them that they have a responsibility to come

into the system and subsidize, help subsidize, the care of people who need it. We have -- we have a number of -- probably several million people in California who are get- -- who are freeloading off the system because they're healthy; they have money.

And we would be willing to work together with

anyone, with the medical community, the foundations, and put a -- put a lot of money into a public service campaign to tell them about their responsibility to get into the system.

THE MODERATOR: Tami, industry, you guys here are paying a lot of this tab. What are you willing to give up?

MS. GRAHAM: I guess I look at the answer more in what we're willing to continue to do. I mean, we're willing to continue to put good money into a system that works, and -- and we want the system to be accountable for quality, as well as fiscal responsibility.

THE MODERATOR: Jamie Court, what are you willing to give up?

MR. COURT: I think we've got to give up illusions that there are certain paradigms that -- that -- that are real.

Cost versus quality is something we've been hearing for years. In fact, it saves money to give

quality care early, and society has got to invest in that.

We've been hearing for a long time public v. private, you know, it's either the government or it's a free market. And boy, the last decade has shown us, HMOs left to their own devices don't work to help the uninsured or make insurance affordable. So we need to try to meld the public and the private.

I think we've got to give up consumer versus employer. I don't think that the consumer groups have reached out to employers or to doctors or the hospitals or -- or, you know -- you know, to -- to find a common solution. And I think if we get our common gripes in the room, we can hash something out.

THE MODERATOR: What are physicians willing to give up?

DR. KUFFNER: Well, you know, it's a difficult question right now with doctors being as demoralized as they are. And I don't think anyone in this room would deny the fact that the physicians they know are very unhappy. Mostly because, in addition to not being reimbursed the way they feel they should for care -- and I don't mean the old way; I mean the modern way --

do what's best they're -- for their patients, and many times they're unable to do that.

But if we had to give something up, I think it would be the old illusion of the powerful place of the physician in society. And what we would rather have is a partnership with our patients, to be able to have a better doctor-patient relationship where we can teach patients that healthy lifestyles and being able to change some of the things that cost dramatic, dramatic increases in our healthcare bill as a nation need to be eliminated in our personal lives.

THE MODERATOR: Bob, how about you? What are you willing to give up at your hospitals?

MR. SILLEN: Well, I'm willing to give up, in -- in -- in our county, I'm willing to give up a

$400-million-a-year, premiere public hospital, as soon as the private hospitals and the private physicians are willing to take all of our patients on the same basis we do, which is regardless of ability to pay, and are willing to mix our patients with their patients.

You know, I mean, it's not all economics. There are social issues here. There is discrimination. There is racism. There -- there are a lot of both physicians and hospitals who do not want "those people" in the same waiting room as "those people" because it's

bad for business.

I'll give up my entire healthcare system as soon as somebody else is willing to provide the high-quality care we do to everybody regardless of anything.

THE MODERATOR: Senator Figueroa, what are politicians, what's the state legislature willing to give up?

SENATOR FIGUEROA: Well, I -- I, for one, am willing to give up my position. I wish the voters would be angry enough to say, "We're going to kick out every legislator that doesn't feel that healthcare is the number one issue facing our society."

I am appalled when I start reading that our prisoners get better treatment than some of our children. No one is talking about the two million uninsured children we have in this state. That is immoral, absolutely a travesty.

THE MODERATOR: I'll give you the final word.

MR. ZINGALE: I think we have to recognize it's about progress, not perfection. This Governor and this state has made tremendous progress in getting more children into the Healthy Families program. We now have a nurse-patient ratio, which is going to make a big difference with quality. And while Washington is still

haggling over a Patient Bill of Rights, this state has a Patient Bill of Rights for those who are fortunate enough to have HMO insurance.

So I think there's plenty to inspire us if we just set our minds to it and do it.

THE MODERATOR: I think we've seen tonight that reforming our healthcare system involves communication, education, and, above all, an open mind. In order for all of us to come to agreement, we need to keep the dialogue going, both here and around the country.

I'd like to thank all of our studio guests and our panelists for giving up their time to come here tonight. Hopefully, we've all taken an important first step towards uniting on healthcare reform.

For everyone here at ABC 7 News, good night.

REPORTER'S CERTIFICATION

I, Lynda J. Goddard, Certified Shorthand Reporter in and for the State of California, CSR No. 10670, do hereby certify:

That the foregoing proceeding was transcribed by me from a videotape and that this transcript is a true and accurate record of the proceedings to the best of my ability.

In witness whereof, I have hereunto set my hand this 11th day of September, 2002.

LYNDA J. GODDARD, CSR No. 10670