



**Health Coverage for All Californians:  
Catching up with the Public**

**A Report on Dialogues with the Public and with Business and Civic Leaders**

*Project Sponsor:  
The California Endowment*

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VIEWPOINT LEARNING, INC.

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# Health Coverage for All Californians: Catching up with the Public

## A Report on Dialogues with the Public and with Business and Civic Leaders

VIEWPOINT LEARNING, INC.

### Executive Summary

Any sustainable health care reform in California will require the support of both business and the public. In 2005-2006, Viewpoint Learning and the California Endowment undertook a research project designed to engage first business and civic leaders and then the public in working through alternatives for health care reform in order to identify common ground and approaches that both will support. The project had several objectives:

- Identifying significant health care reforms (not piecemeal or incremental approaches) to lower costs and improve access, which both employers and the public will support
- Defining the roles of employers, the public sector and individuals in such a system
- Revealing potential roadblocks and conditions for support
- Creating a roadmap that leaders and others can use to move these health care reforms forward.

The research was undertaken in three steps:

**Step 1:** Strategic Dialogue (2 sessions) with selected business and civic leaders in Northern and Southern California. These dialogues were designed to identify solutions to California's health care crisis that business would be willing to support and wanted to test with the public in the subsequent ChoiceDialogue sessions.

**Step 2:** ChoiceDialogues with representative cross-sections of the California public. This involved a series of six daylong dialogues with representative random samples of Californians (30-40 per session). The dialogues explored the question of what kind of health care system Californians want to see in the future and what tradeoffs they are prepared to support to achieve their vision.

**Step 3:** Report, dissemination, and developing a road map to scale up employer and public engagement.<sup>1</sup>

#### Strategic Dialogue: Setting the Stage

Over the course of the discussion, leaders participating in the Strategic Dialogues determined that their primary interest was in examining routes to *universal coverage* for all Californians. They outlined several specific ways of achieving that end that they felt civic leaders and the business community would be willing to support and should be tested with the public:

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<sup>1</sup> Once this initial research (including the road map for future action) is complete, the next step will be to engage a much wider range of employers and the public to build the momentum needed for change.

- *Individual mandate.* Requiring individuals to buy insurance, while providing assistance for those who are unable to afford premiums.
- *Government-sponsored coverage for preventive and catastrophic care.* Universal government-sponsored health insurance offering limited benefits (preventive care and catastrophic illness). Individuals or employers would be able to purchase private supplemental coverage.
- *Government-sponsored comprehensive coverage.* Universal government-sponsored health coverage offering comprehensive benefits.

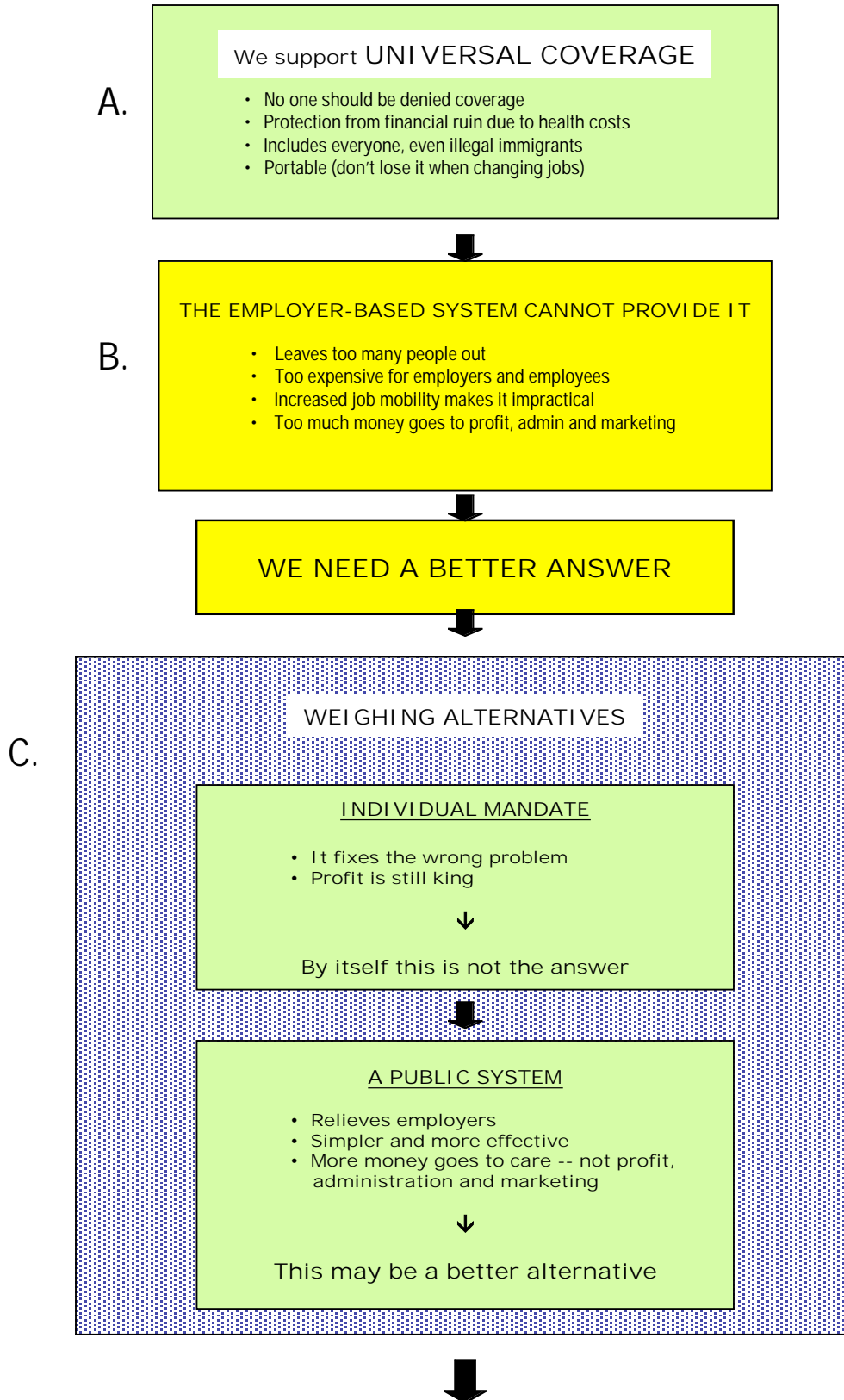
These ideas informed the scenarios presented to members of the public in the ChoiceDialogue phase of the project. Participants in the ChoiceDialogues considered three scenarios based on those described above, along with an additional scenario that described a *limited coverage employer mandate plan*.

### **ChoiceDialogue General Findings**

**The most striking finding from these dialogues was the public's initial support for public comprehensive insurance – support that grew even stronger over the course of the day as they worked through their misgivings.** This is particularly important given the common assumption of experts and policy makers that if presented with an actual proposal, the public would do as they did during the Clinton health care reform debacle more than a decade ago and reject an increased government role in health care, especially if it requires increased taxes. What we saw in the ChoiceDialogues, by contrast, is that participants were able to work through their misgivings, with a strong majority concluding at the end of the day that while public comprehensive coverage was not perfect, it was the best solution to California's health care crisis, and they were willing to make the tradeoffs and pay the price necessary to achieve it.

Each of the dialogues reached very similar conclusions following essentially the same sequence of steps, summarized in the following charts. Each letter on the chart corresponds to a section of the General Findings in the report, and is elaborated there.

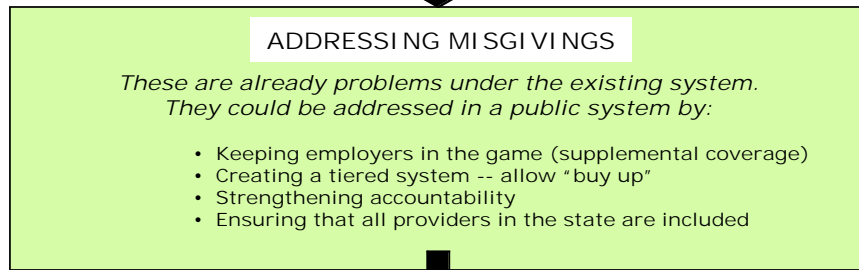
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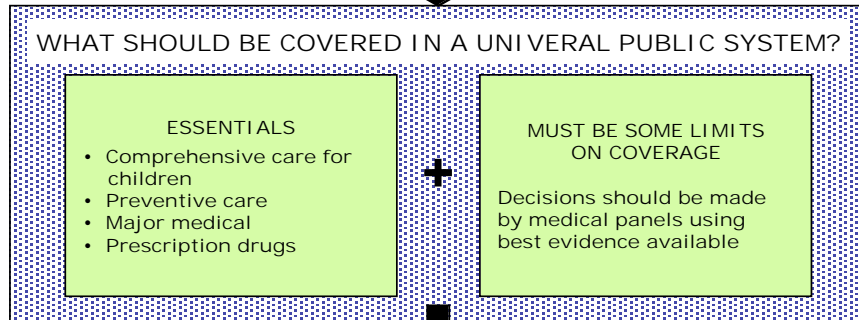
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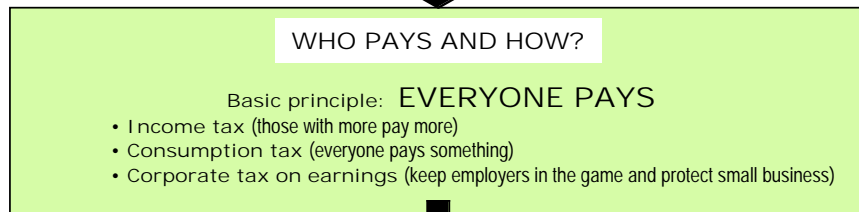
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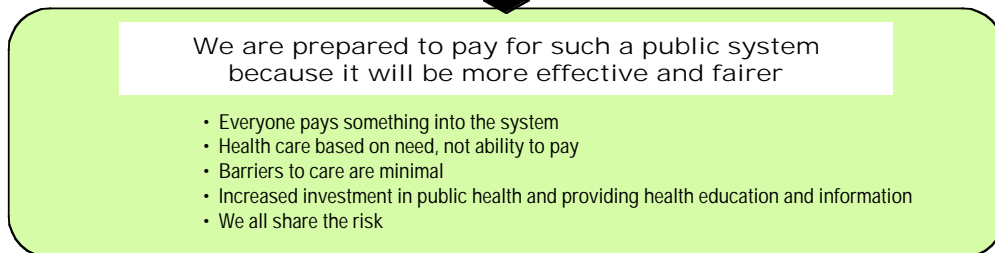


G.



WHERE THEY ENDED:

H.



## **Conclusions: Implications for Action**

The public is deeply concerned about health care coverage, as are California's private and public sector leaders. And when given the opportunity to work through difficult choices and tradeoffs, leaders and citizens alike come to strikingly similar conclusions. Above all, they are ready for a real departure from our existing employer-based system. Overall, these dialogues represent a cause for hope, as there do appear to be significant reforms that both the public and business leaders can support.

The results of these ChoiceDialogues challenge conventional wisdom about public attitudes toward health insurance reform. While polls show significant support for public health insurance, many experts are doubtful that such support would survive in the face of an actual reform proposal. They point to the way that public support evaporated as misgivings surfaced in the debate over the Clinton health care plan. Those misgivings – personified by “Harry and Louise” – were sufficient to derail a proposal that the public had previously seemed to support.

These dialogues demonstrate that this is not the only possible outcome, and that the public is farther along in working through the question of health insurance reform than many experts assume. In part this may be the result of the growing perception that we are facing a crisis in health care coverage, a crisis to which more and more Californians feel vulnerable.

### **A roadmap for leaders**

In the ChoiceDialogues, participants supported a public comprehensive health system for all Californians from the outset, but they also clearly had some serious misgivings about what that would mean. What was quite striking in the dialogues, however, is that the public can work through those misgivings, find practical solutions that help to address them, and arrive at support for a public system grounded in a clear-eyed and realistic assessment of tradeoffs and possible pitfalls. This was the case even for the segments of the participants with the most persistent misgivings.

But the road will not be easy. Most of the concerns and misgivings voiced by the participants had their roots in a deep mistrust of government – even though they agreed that a government system was the best (albeit imperfect) solution to this critical problem. This mistrust was widespread, and it will not be easy to dislodge. It was reinforced by concerns that a public system would limit choice and reduce the quality of care. To be successful, any proposal for public health insurance will need to address these misgivings; and the ways in which the public themselves did this in the course of the ChoiceDialogues provides an initial map to follow. This includes:

- Recognizing that many of the concerns expressed about a public system also apply to the current system
- Emphasizing the savings that will come from eliminating or reducing the proportion of health care dollars going to profit, marketing and administration
- Making clear that a public system will provide access to virtually all providers in the state, increasing choice
- Finding ways to keep employers in the game as providers of supplemental coverage and/or tax revenues that fund the system

- Creating a tiered system in which individuals can “top up” publicly-provided coverage with private supplementary insurance (purchased individually or employer-provided)
- Strengthening accountability through a strong “watchdog” agency to oversee the public system and assess quality of care, along with the earmarking of taxes intended to support a public insurance system, a medical information system to track the performance of providers and prevent abuse of the system by individuals, and related steps detailed in this report.

Any proposal to move toward a public health insurance system will have to address these misgivings or citizens will be tempted to “stick with the devil they know.” As the segmentation analysis in the report suggests, different segments of the population will give different weights to each of these misgivings and ways of overcoming them.

Participants’ common ground can be summed up as follows: *We envision – and we are willing to pay for – a system of public health insurance covering every California resident. This system includes coverage for comprehensive care for children, preventive care, major medical expenses and prescription drugs. Individuals wanting enhanced coverage can purchase private supplemental coverage or receive it from their employers. Everyone pays something toward this public system through a mix of income, consumption and corporate taxes, as well as co-pays scaled to income. No one gets a free ride, and everyone takes greater personal responsibility for his or her own health. We want to see stronger accountability, with watchdog organizations, earmarked funds, more efficient medical information systems and oversight panels of medical experts. In this system, health care is based on need rather than ability to pay. Barriers to care are minimal, there is increased investment in public health and in health information and education, and everyone shares the risk equally.*

Interestingly the scenario described by participants tracked closely with many of the core principles for reform identified by business and civic leaders in the Strategic Dialogue. In California and nationwide, momentum on this issue is beginning to build. It is quite likely that health care issues will be on the agenda in upcoming elections, and the public’s hunger for workable solutions is growing harder to ignore.

To bring such a solution to pass, leaders must be realistic and responsive to public misgivings. Sustainable reform cannot be accomplished with top-down education and spin; it will be essential not to repeat the mistakes of the Clinton health care initiative (in which experts developed a plan behind closed doors and then tried to sell it to an unprepared public). Sustainable reform requires authentic public engagement and an effort to discover common priorities and build mutual trust and understanding.

To build the momentum needed for change requires engaging a much wider range of employers and the public in finding common ground, and doing so in ways that respect the public’s process of connecting the dots and resolving contradictions. To find workable solutions, leaders and the public will need to build on common ground, not on the sorts of “wedge issues” that create and reinforce gridlock. Using new tools for engaging the public that have been developed in recent years, we are more likely to create sustainable reform and a healthier future for all Californians.

# **Health Coverage for All Californians: Catching up with the Public**

## **A Report on Dialogues with the Public and with Business and Civic Leaders**

VIEWPOINT LEARNING, INC.

### **I. INTRODUCTION**

Around the country there is growing agreement that the American health care system is in need of major reform, and California is no exception. 6.6 million Californians are uninsured. At the same time, health care costs are rising at double-digit rates, making it ever more difficult for employers and individuals to afford the cost of coverage. The results are evident across the state, from increasing rates of personal bankruptcy resulting from medical bills to overflowing emergency rooms.

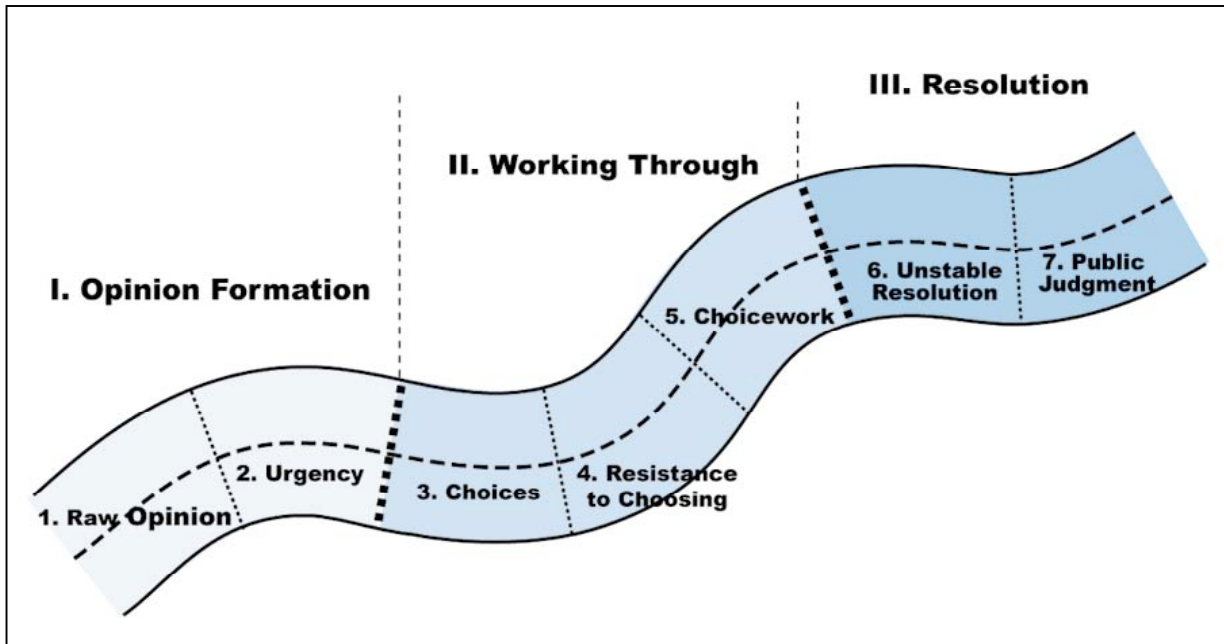
Most Californians agree that something must be done. 59% support a universal health insurance system, and 53% say they are willing to pay more in taxes or premiums to extend health insurance to more people. However, while these polls indicate that people generally support the idea of universal health coverage, many crucial questions remain unanswered. How should this insurance be provided – by government, by employers or by individuals? What exactly should be covered? How should the cost be distributed? Each of these questions touches on fundamental values concerning health care – issues of access, equity, and responsibility – but how the public resolves these questions remains largely a matter of conjecture.

At the same time many people, experts and ordinary citizens alike, are increasingly frustrated. Attempts at reform ranging from the ill-fated Clinton plan to the recent troubles with Medicare's prescription drug benefit seem to confirm that the woes of the health care system are just too big, too complex and intractable to be fixed. Wary of this new "third rail" of American politics, many political leaders have fallen back on incremental solutions, and those in the trenches see little opportunity for meaningful change.

A critical step in breaking free of this stalemate and finding solutions that can work is to find ways to develop deeper insight into the views, underlying assumptions and values of unorganized citizens – whose support is essential to any sustainable reform. Such insight cannot be provided by interest groups, which by definition do not represent the views of unorganized citizens. Nor can they be fully provided by polls and focus groups, which can be misleading when citizens have not made up their minds. Under these conditions people's surface opinions are highly unstable.

More than 50 years of research, led by Viewpoint Learning Chairman Daniel Yankelovich, has demonstrated that public opinion evolves in stages. From an initial stage of highly unstable "raw opinion" the public moves through a series of steps in which they confront tradeoffs, establish priorities and reconcile choices with their deeply held values. (See Figure 1.)

Figure 1: The formation of public judgment



Daniel Yankelovich: *Coming to Public Judgment: Making Democracy Work in a Complex World*. Syracuse University Press, 1991.

Polls and focus groups (which take snapshots of opinions) provide little sense of how those opinions are likely to evolve as people learn, or of the kind of leadership initiatives that can help accelerate this learning process.

ChoiceDialogues™ were developed by Viewpoint Learning to engage representative samples of citizens in working through their views on complex, gridlock issues. Dialogue participants come to understand the pros and cons of various policy options, struggle with the necessary trade-offs of each, and come to a considered judgment – all in the course of a single eight-hour day. When conducted with a representative sample, ChoiceDialogues provide both a basis for anticipating how the broader public will resolve issues once they have the opportunity to come to grips with them, and insight on how best to lead such a learning process on a larger scale. As a research tool, ChoiceDialogue represents an important means of hearing the thoughtful voice of the unorganized public, uncovering the public's underlying values and assumptions and developing a deeper understanding of the solutions they would be willing to support. (Additional detail on the ChoiceDialogue methodology can be found in Appendix A.)

### **Project Overview**

Any sustainable health care reform in California will require the support of both business and the public. In 2005-2006, Viewpoint Learning and the California Endowment undertook a research project designed to engage first business and civic leaders and then the public in working through alternatives for health care reform in order to identify common ground and approaches that both will support. The project had several objectives:

- Identifying significant health care reforms (not piecemeal or incremental approaches) to lower costs and improve access, which both employers and the public will support
- Defining the roles of employers, the public sector and individuals in such a system
- Revealing potential roadblocks and conditions for support
- Creating a roadmap that leaders and others can use to move these health care reforms forward.

The research was undertaken in three steps:

**Step 1:** Strategic Dialogue (2 sessions) with selected business and civic leaders

**Step 2:** ChoiceDialogues with representative cross-sections of the California public (6 sessions)

**Step 3:** Report, dissemination, and developing a road map to scale up employer and public engagement<sup>2</sup>.

## II. STRATEGIC DIALOGUE

Viewpoint Learning conducted two “Strategic Dialogues” in fall 2005. (For more information on the Strategic Dialogue methodology see Appendix B.) In each of these sessions, groups of leaders – including business leaders, health care professionals, insurance executives, elected officials, civic leaders and heads of non-profit organizations worked together to identify key trends and changes that have shaped the current health care situation in California over the last 20 years. These included:

- Demographic trends: increased rates of immigration, the aging population, longer life spans, and significant changes in Californian’s habits and lifestyles that are changing people’s health needs (for example the rise in obesity).
- Technological trends: innovations in pharmaceuticals, treatments and medical technologies that are driving up the cost of care and reshaping patients’ expectations of what constitutes “good” medical care.
- Health care industry trends: dramatic ongoing increases in the cost of health care, that stretch providers to their limits, especially those caring for the uninsured and underinsured.
- Economic trends: globalization, outsourcing, the rise of small business, a shift toward lower-wage jobs and an overall focus on the bottom line, which have led many employers to reduce health care benefits or to eliminate them altogether.

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<sup>2</sup> Once this initial research (including the road map for future action) is complete, the next step will be to engage a much wider range of employers and the public to build the momentum needed for change. We hope to make such scaling up the focus of a subsequent proposal.

- **Cultural trends:** an increasing emphasis on the individual's responsibility for his or her health and well being. This has led many individuals to take more initiative in researching options for care and treatment; but it has also fostered a climate where individuals are less willing to see health care as a community issue or pay for systemic reform.
- **Policy trends:** unfunded mandates and other shifts in the regulatory climate, as well as an overall incoherence between federal and state policy.

Then they considered what health care in California would be like in 10 years if those trends continued and nothing much different were done. The picture they painted was a bleak one: a growing economic toll on the state's businesses, dramatic increases in the number of uninsured, and a decline in the overall quality of medical care in the state. One participant put it bluntly: If nothing is done, she said, "everyone will be poorer and sicker."

Given this vision of the future, participants worked to identify scenarios for change that would create a better system: scenarios they felt business could support and that should be tested with the public as well. Strategic Dialogue participants arrived at significant common ground around the scenarios they wanted to see. In particular, they concluded that their primary interest was in examining routes to *universal coverage* for all Californians. They outlined several specific ways of achieving that end that they felt civic leaders and the business community would be willing to support and that should be tested with the public:

- *Individual mandate.* Requiring individuals to buy insurance, while providing assistance for those who are unable to afford premiums.
- *Government-sponsored coverage for preventive and catastrophic care.* Universal government-sponsored health insurance offering limited benefits (preventive care and catastrophic illness). Individuals or employers would be able to purchase private supplemental coverage.
- *Government-sponsored comprehensive coverage.* Universal government sponsored health coverage offering comprehensive benefits.

These ideas laid the groundwork for the scenarios presented to members of the public in the ChoiceDialogue phase of the project.

### III. CHOICE DIALOGUES WITH THE PUBLIC

A total of 6 ChoiceDialogues were conducted.<sup>3</sup> Each ChoiceDialogue brought together 30-40 randomly selected participants representing a cross section of the public in the area, and each group represented a wide range of socio-economic circumstance, ethnic backgrounds, and political leanings. In all three sessions, citizens spent the morning

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<sup>3</sup> Dialogues were conducted in Sacramento, San Francisco, Fresno, Riverside, Los Angeles and San Diego.

crafting a vision for the future of health care in California and setting their priorities, while in the afternoon they worked to determine what sort of tradeoffs they were and were not willing to accept to make that vision a reality.

As a starting point, participants used a specially designed workbook constructed around four distinct scenarios or choices for getting to universal health coverage – presented from a citizen’s rather than an expert’s perspective. Based on the scenarios generated during the Strategic Dialogues and on additional input from health care experts and business leaders, all four scenarios aimed to cover all Californians under age 65 regardless of age, income, employment or health status.

The four scenarios were:

**1. *Use the employer-based system to cover all Californians***

All Californians will get insurance either through their employers or through a state-regulated pool of private insurance companies. Employers who do not offer insurance coverage will instead pay a tax that will help pay for policies purchased through the pool. The poor and disabled will continue to be covered by Medi-Cal.

The minimum coverage employers must provide will cover *preventive and catastrophic* care. Basic preventive care will be covered; all other services will require a high deductible (10% of annual household income).

The pool will be funded by payroll taxes on employers who do not offer insurance. It will offer a wide range of plans, including low-cost options.

People whose employers provide only preventive/catastrophic coverage will be able to buy supplemental insurance to pay for uncovered health care expenses and services not included in their employer’s plan.

**2. *Require all Californians to have health insurance***

All Californians will be required by law to have health insurance that covers at least catastrophic care. Californians must buy insurance themselves unless they get it through their employer. The poor and disabled will continue to be covered by Medi-Cal.

At a minimum, Californians will have to have a plan that covers *catastrophic* care (i.e. expenses that exceed 10% of annual household income). Individuals will be able to use tax-free health savings accounts (HSA’s) to pay for more of their health-related expenses.

People who cannot afford premiums for a catastrophic plan will receive refundable tax credits (on a sliding scale) to offset some of the cost. The money for the credits will come from an income tax on the most generous employer-provided health benefits.

The state will invest in providing information and public education (on-line and in other ways) so that Californians can make informed decisions about their health and health care.

### 3. *The state provides the basics; the rest is up to you*

All Californians will get health insurance through a single public insurance agency. Medi-Cal will be rolled into the new system.

Coverage will include *preventive and catastrophic* care only. Basic preventive care will be covered; all other services will require a high deductible (10% of annual household income). Decisions about patient treatment will be made based on the best available research on outcomes.

The preventive/catastrophic coverage will be funded by income taxes. People will be able to buy supplemental insurance to pay for uncovered health care expenses and services not included in the plan (e.g., dental, vision, hospice). Employers may choose to offer supplemental coverage as a benefit.

California will make a major investment in public health -- e.g. improving air and water quality, combating public health problems like diabetes and low birth weight babies, and improving education on health and nutrition -- to help improve the health of all Californians.

### 4. *Comprehensive public insurance coverage for all Californians*

All Californians will get health insurance through a single public insurance agency. Medi-Cal will be rolled into the new system.

Coverage will be *comprehensive*: it will include all needed doctor visits, drugs, hospital stays and tests. Decisions about patient treatment will be made based on the best available research on outcomes. All health care providers in the state will be included.

The comprehensive coverage will be funded by income taxes and by individual co-payments and deductibles. People will be able to buy supplemental coverage to help pay for deductibles or co-payments, or to provide services not included in the comprehensive plan. Employers may choose to offer supplemental coverage as a benefit.

California will make a major investment in public health -- e.g. improving air and water quality, combating public health problems like diabetes and low birth weight babies, and improving education on health and nutrition -- to help improve the health of all Californians.

The scenarios were used as a starting point only for the dialogues – participants were encouraged to adapt, combine or change them and to add their own ideas.

### Choice Dialogue Findings

**The most striking finding from these dialogues was the public’s initial support for public comprehensive insurance – support that grew even stronger over the course of the day as they worked through their misgivings.** The strength and consistency of this finding indicates that the public is farther along in working through the question of health insurance reform than many experts assume. Polling consistently shows majority support for universal health care – in a recent statewide poll 59% of Californians supported a universal public health insurance system, while only 34% said they would

prefer staying with the current system.<sup>4</sup> However, some experts and policy makers discount such responses as wishful thinking. If presented with an actual proposal, they argue, the public would do as they did during the Clinton health care reform debacle more than a decade ago and reject increased government role in health care, especially if it requires increased taxes.

The findings of these dialogues raise questions about such an assumption. A comparison of ChoiceDialogue participants with the general California population shows that the sample was in most respects demographically representative, and ChoiceDialogue participants' initial reaction to the notion of public health insurance was consistent with the polling cited above. Early in the day, this support *was* qualified – many participants had misgivings about what an increased government role in health insurance would entail and what it would require from them personally. Yet as they articulated these misgivings and discussed them, participants' support for public health insurance did not diminish – it increased. Most participants were able to work through their misgivings, and a strong majority concluded that while public comprehensive coverage was not perfect, it was the best solution to California's health care crisis – and they were willing to make the tradeoffs necessary to achieve it. Participants were often surprised by the amount of common ground they discovered and the thoughtful and realistic conclusions that the groups reached. Many had initially assumed they were the only ones to feel the way they did and were surprised to learn that so many of their fellow Californians shared their priorities and concerns.

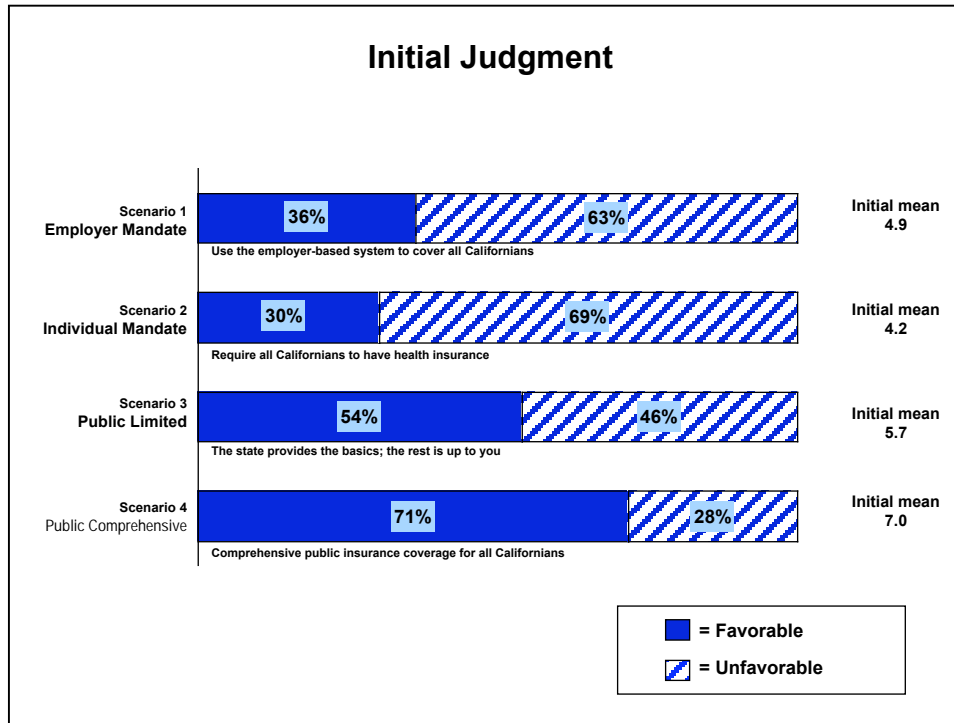
In their initial responses, participants leaned toward the two public insurance scenarios. All six groups initially rated Scenario 4 (comprehensive public coverage) highest of the scenarios, with 71% of participants rating it favorably and an average rating of 7.0 points out of 10.<sup>5</sup> Scenario 3 (limited public coverage) was rated second with 54% of participants rating it favorably and an initial mean of 5.7 points out of 10. The two scenarios that build on the existing private system were less popular. 36% of participants favored Scenario 1 (an employer mandate), which had an initial rating of 4.9 points out of 10. Only 30% of participants favored Scenario 2 (an individual mandate), which had an initial rating of 4.2 points out of 10. [See Figure 2.]

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<sup>4</sup> PPIC statewide survey, September 2005.

<sup>5</sup> In each ChoiceDialogue, participants were surveyed twice, once at the beginning of the day and again at the end. They were asked to rate their response to each scenario independently on a scale of 1 to 10, 1 being totally negative and 10 being totally positive. A rating from 1-5 is considered “unfavorable”; a rating from 6-10 is considered “favorable.” The initial mean for each scenario indicates participants' average rating of the choice in the morning; the final mean represents participants' average rating of the same scenario at the end of the dialogue. A “favorable” rating is At the end of the day, they also were asked a series of further questions relating to health insurance. Complete quantitative results can be found in Appendix C.

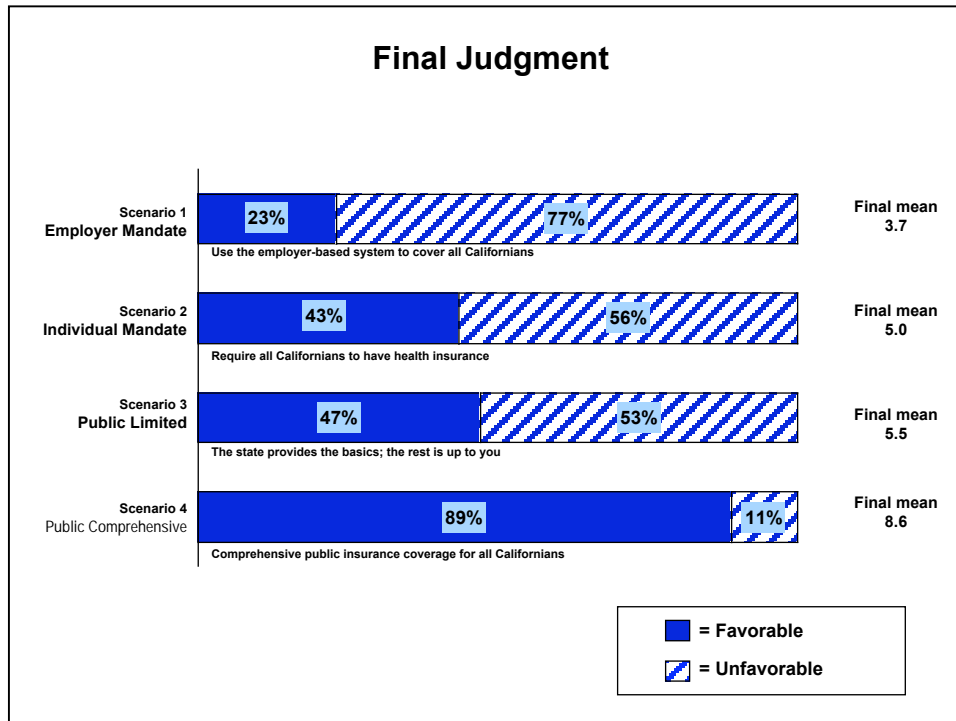
Figure 2: Initial Judgment



Over the course of the dialogue, however, participants' opinions shifted significantly. In particular, by the end of the day the public comprehensive scenario (Scenario 4) had emerged as the overwhelming favorite: 89% of participants rated it favorably, and it had a final mean of 8.6 out of 10. At the same time, the employer mandate (Scenario 1) had dropped dramatically to end the day as participants' least favorite option (23% favorable; 3.7 points out of 10). Scenario 3 (limited public coverage) remained essentially flat, while Scenario 2 (individual mandate) rose slightly in the aggregate score. (See Figure 3.)

Interestingly, the vast majority of those who increased their support for the individual mandate *also* increased their support for Scenario 4 (public comprehensive). Many also indicated in their written comments that their support for elements of the individual mandate was contingent on those elements being incorporated into a public comprehensive system. These factors, combined with participants' responses during the dialogues, indicate that the shift on Scenario 2 does not reflect increasing support for an individual mandate. Instead it shows participants' emphasis on personal responsibility and everyone paying into the system and their insistence that any public comprehensive system incorporate these elements. (This will be discussed in more detail below.)

Figure 3: Final Judgment



These shifts show an increasing openness to public insurance, coupled with a growing sense that the existing employer-based system is not the way to go. How and why they arrived at these conclusions is outlined in the following pages.

## Working Through the Choices

**Where they started.** Participants came from a wide variety of circumstances – they included business owners, retirees, professionals, construction workers, students and parents. Some were healthy, others disabled or chronically ill; some had insurance, others were uninsured or underinsured. For all their differences, most participants agreed from the outset that the current health care system is broken – costly, unfair and sometimes even inhumane. Many spoke of the financial and personal toll that inadequate health insurance had exacted on them or their families. Even those with decent coverage were concerned that they were one illness away from ruin.

*Right now, some people ... they're not qualified for Medicare, they're not qualified for MediCal – they get sick, and they lose everything they have.*

*About three years ago, I was out of a job, making a minimal income, and I had a \$100,000 emergency surgery that was not covered. It forced me to file bankruptcy and it ruined everything I'd worked so hard for. So that is my concern today, that this does not happen to other people.*

*My mom was diagnosed with breast cancer a couple of years ago at a time when she didn't have health insurance, and by the time all the red tape went through it was in stage four and she passed away two months later. I believe if she had had health insurance, if it had been available to her, she'd still be alive. I'm tired of the bureaucracy, this is about people's health. People are dying and living life at a much lower quality than they need to. It needs to stop.*

*I work construction, I used to have my own health insurance but they kept raising the rates and ... I couldn't afford it anymore. Now I don't have insurance and none of the companies that I work for cover it. If I get hurt on the job I'm screwed.*

*People are living their lives in fear every day that they will become ill or one of their children will become ill. That just hurts my heart. It's not right. It should not be. My message to the powers that be is, fix this. Fix it soon. This cannot continue.*

### **A. Universal coverage**

From the outset, participants showed strong support for the idea of universal coverage. Their first step was to talk about what exactly “universal coverage” means to them. They identified several key aspects of what they meant by the term:

- ***No one should be denied coverage.*** Across the board, participants agreed that every Californian – old or young, rich or poor, employed or unemployed – should have access to decent medical care. No one should have to forego needed care because they can't afford it, and no one should be denied coverage because of poor health. Feelings were especially strong when it came to children: 97% of participants said that all children should receive comprehensive care, and 92% supported prenatal and maternity care for all mothers.

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\* Participant comments illustrating key points are taken from all six dialogues.

- **People should be protected from financial ruin.** Participants saw insurance as a safety net, but many were deeply worried that that net would fail them. In their final questionnaires, 94% of participants said that it was “essential” or “very important” that coverage protect people from financial ruin.
- **Who is a Californian?** 94% of participants said that it was “absolutely essential” or “very important” to cover all legal residents of the state. However, most found the question of illegal immigrants more difficult. Many were concerned about the drain on the state’s social services and the danger of creating a magnet for more immigration. As they considered the matter, however, most participants came to the conclusion that the system should include coverage for undocumented immigrants – as long as the system is structured in a way that requires everyone to pay something (e.g. through sales taxes). In part, participants’ reasoning was pragmatic: excluding the undocumented from coverage means that everyone winds up picking up the tab when they get sick and must resort to emergency care, and it would make it more difficult to control the spread of contagious disease. It also struck some participants as a matter of simple fairness: undocumented immigrants live here, pay taxes, and contribute to the state’s economy. As long as they pay into the system, participants concluded, these immigrants are entitled to receive the same benefit.

*[We should cover] Californians. Not just citizens. If it's just citizens then we're eliminating a large group of minorities. It has to be fair for everybody. This is America.*

*We don't feel that California can control the influx of illegals coming in.... They're here anyhow. We can't get rid of them. We can't do anything about it. They're going to need medical help, so they have to pay comparable to what we pay – then they're entitled to the insurance. If they don't, then they're not entitled to it.*

*Illegal immigrants do pay taxes here, and if they work here they are paying taxes into this system that we would be denying them [access] to. That is a problem. If we have a system we have to live by that system, and if we want to cover everybody we will probably have to cover everyone.*

In addition, many participants were concerned about a generous insurance plan attracting “freeloaders” from other states. While several participants pointed out that California’s cost of living made this an unlikely scenario from a practical standpoint, most participants felt that a residency requirement (like the one required to enroll in public schools) would be a good idea to ensure that only California residents received health benefits.

*Finally and perhaps most importantly, there was a consensus within our group that there should be some sort of state residency requirement. If there was some sort of comprehensive medical system, people would have to demonstrate that they came from the state of California and weren't just traveling through to get free medical attention.*

*It's a problem when you move from job to job, losing your insurance. We want to make sure that that doesn't happen.*

*We're already giving social security cards to babies – so as soon as they're born give them a card for health care.*

- **Portability:** Participants wanted coverage that would follow them when they lost or changed jobs, even if they had developed a serious illness or a chronic condition. Several groups supported using a one-time enrollment system (similar to Social Security), so that one number provided access to care and to their medical information anywhere in the state.

## B. Moving away from the employer-based system

At the outset, many participants were already somewhat dissatisfied with the current employer-based system. As they worked through the scenarios this feeling intensified, and they began to move away from the employer-based scenario (Scenario 1). Several considerations drove this change:

*We were talking about how [an employer mandate] might hurt small businesses. Small business owners make up the majority of businesses, I believe, and they can't afford to give their employees health coverage, which is why we were advocating a state-run system.*

- **The current system is not sustainable for employers:** Many participants felt that the current system is on the verge of imploding. They pointed to relentless cost increases forcing more and more employers to drop coverage or pass on their costs to employees or consumers – or else lose out in the competitive global economy. Participants with businesses – especially small businesses – complained of the economic and administrative burden of providing insurance.

- **The current system harms employees:** Participants noted many negative effects on employees as well. Not only did they see too many people unable to afford coverage, or not offered coverage at all, but they also felt the current system offers workers little stability or security. Many were worried that the next turn of the economic cycle would result in their losing coverage. Several expressed frustration with having to change insurers and providers when they change jobs or their employer switches insurance plans. Other participants worried that the rising cost of coverage was costing them jobs and wage increases.

*I have a really good job, but it doesn't offer any benefits, so I have to go individual. The price is astronomical, and it goes up every year.*

- **Changing job market.** More broadly, some noted that the employer-based system is built on an outdated assumption that most employees work for decades at a single company. In an era when part-time work, self-employment and frequent job changes are more and more the norm, many participants felt that an employer-based system just doesn't fit the way Californians work today.

*When you change jobs frequently, it's really difficult to have some type of continuous coverage, to have the information available to know where to go and to find cost-effective coverage. That's really difficult to do.*

*When I was growing up, my dad and my mom worked. They got insurance from their company, and the entire family, including all the kids, were covered until they were 18. Today's society is not that. The majority of the companies, the person might be covered, but their family's not, [or] the companies are hiring part-time people so that they don't have to give them insurance.*

- **A private system won't get us to universal coverage.** Participants felt that far too many people are falling through the cracks of the existing system – especially the most vulnerable. The picture they painted was of an expensive and complex system that was nonetheless failing to cover millions of Californians. As they considered the matter further, most came to feel that there was no way of fixing or expanding that system that could possibly cover everyone. Most felt that private companies are already struggling to cover their own employees, and that they have neither the capacity nor the incentive to extend that coverage to other people as well.
- **Profit.** Many participants felt that it was inappropriate for health care, which they saw as an elemental human need like air or water, to be governed by profit. They saw two areas where the intersection of profit motive and health insurance seemed especially damaging:

*We had a pretty good consensus that some form of universal coverage was needed and that [the employer-based scenario] didn't do that in a meaningful sense.*

- **Businesses protect their bottom line.** Many felt that businesses were too willing to put their own bottom line ahead of their employees' well-being. Many saw this as an unfortunate necessity in the current competitive business climate, but they also felt that it harmed workers and their families.

*Some of the companies I've worked for would change health insurance companies every year, going with the best bids so that they're giving less benefits just to save some money.*

*A lot of times insurance companies will eliminate the people that need more medical care. That way they're able to have lower premiums for people because they're only covering the people that are essentially healthy.*

*Even though you might have health care, your insurance might deny you for what you've been diagnosed with.*

- Insurance companies focus on profit. Even more, participants felt that private insurance companies play a large part in creating the problem. Many felt that insurance companies' primary concern was with their stockholders, not with patients. Too often, they felt, this led insurance companies to look for ways *not* to cover care that their policy holders need. An overwhelming 92% of participants agreed that "insurance company profits add considerably to the cost of health care."

Overall, most came to feel that the existing system is in such bad shape that incremental fixes will not do the job – a more fundamental reform is needed.

*When it comes to the issue of health care, there should not be winners and losers. We have losers in this system right now. If we just tweak the system, we don't get the reform that ensures that there's comprehensive coverage for all Californians out there, especially the ones that need it.... The private sector is going to gravitate to profits, and they're going to make decisions based on actuaries and financial projections where they pick winners and losers. We need to get away from that.*

*I thought I was going to be the only person that would say let's have the government do the program. One of the things that is great about this country is its competitiveness. You would think that if you've got different companies providing health insurance and government keeps out of it – you would think that that would fix it. That would be great – but in reality our health care system here is broken. It's all messed up. That hasn't worked.*

### C. Weighing alternatives to an employer-based system

As participants moved away from the employer-based system, they began to explore the potential of various alternatives.

- **Individual Mandate.** While participants felt that the individual mandate scenario offered some intriguing possibilities (in particular the emphasis on personal responsibility and everyone paying into the system), they felt that this was not an acceptable way of structuring an insurance system for two key reasons:

*People are already living in their cars. What are we going to do – kick 'em to the curb?*

- It fixes the wrong problem. Participants felt that the main problem with the current system is that working families can't afford coverage or care. Passing a law that requires families to buy insurance, and then fining them

for not being able to afford it, struck participants as both punitive and unenforceable. People don't go without insurance because they are lazy or cheap, participants maintained – they go without insurance because it is too expensive.

- Profit is still king. Many participants noted that this approach does nothing to change the fact that the current private insurance system is driven by profit. Even worse, it pushes the problem of managing health insurance onto the backs of individuals, who have the least leverage when it comes to challenging coverage decisions.

*It may look fair. But it's an accountant's dream and a recipient's nightmare.*

- **Public System.** Participants were attracted by the idea of a public system from the outset. As they began to consider it seriously as an alternative to the existing system, participants worked to clarify what they liked about it and talked frankly about their misgivings. They noted several attractions to a public system:

- Relieve the burden on business. Most participants felt that getting employers out of the business of providing insurance will make California businesses more competitive. 69% agreed that “California companies will be more competitive in the global economy if they don't have to fund health care costs.”

*Our California employers need to be relieved of this burden of the health care because it's driving business away from California. If we relieve them it will promote more business here in California which will mean more jobs which will mean better lifestyles for everyone.*

*I would hate to see something adopted that causes employers who have a choice of moving a plant into California or out of California being motivated to move that plant out of California by imposing too much of the cost on*

- Simplicity. A single payer instead of many struck many participants as simpler. Participants increasingly described the existing system as an unacceptable patchwork of public and private entities, impossible to navigate. In spite of the putative virtues of competition, this system did not seem to be producing lower prices or to be an efficient way of getting people the care they need. Many felt that a single public system would be easier to use.

*We want to make this as easy as possible. We don't want to have an employer here, a State-run person here, someone else there. You want to get to where it's as simple as possible. Have it run strictly by the government with people overseeing it. Workplaces have no business doing [health care] now. We're trying to get away from that.*

*I get Medicare and Blue Cross too, so when I go to the doctor I get a doctor's bill, I get a statement from Medicare and I get a statement from Blue Cross. So there's three agencies that have to keep records of what kind of health care I'm getting – and I'm not even sick! I don't have any real serious illness. It's a big cost to keep track of all that stuff. If we had one payer, one system, it would just be one office doing all that.*

*For example, the private insurance companies give their top executives huge salaries, like millions of dollars. You don't make that when you work for Medicare. You might make \$100,000, maybe \$200,000 but not several million.*

- **Effectiveness.** In addition, many felt that a single-payer system in California would be far more cost-effective because of its greater purchasing power and reduced administrative costs. Several noted that other countries with public health systems – like Canada, the United Kingdom, and Sweden – have much more efficient systems and lower health care costs than the U.S. does. About three-quarters of participants (73%) felt that government run systems in other countries provide better health care for more people than the U.S. system does.
- **Money spent on health care should go to providing care.** Participants emphasized the argument that a public system will reduce the amount of money currently going to marketing, administration and profit. In addition, participants felt that a system funded by taxpayer dollars could (and should) be made more accountable to the public.

#### **D. Misgivings about a public system**

Even as they moved toward stronger support of a public insurance system, participants recognized that such a system could create other problems. Those misgivings gave them pause, and participants devoted considerable time to working through their implications:

- ***Can we count on government to do it right?***  
While participants hoped that a public system would be a simpler and more effective way to ensure that everyone gets coverage, they had serious misgivings that government would do it right. Many feared that a government-run plan would be bureaucratic and inefficient – that it would embody the worst aspects of “socialized medicine.” Many concluded that inefficiency may be an inescapable part of any government-run system – at the end of the day fully half (54%) agreed that “a state-run system will be bureaucratic and inefficient.”

*My concern is the ... creation of another socialistic government-run entitlement program when we've already seen how well our government operates and takes care of things.*

*It would just add more red tape if the state is running health insurance. That was our point, that there would be more paperwork for people to understand. It's already a problem with Medicare, with the changes [in the drug plan].*

- **What will happen to our quality of care?** Many were concerned that they would get worse health care if California switched to a publicly run system. There were two facets to this concern:
  - We won't get the treatment we need. Several participants – especially those with good coverage – worried that care would be reduced to the lowest common denominator. Many raised concerns about having to wait a long time for treatment or getting lower quality care than they would under a good employer-based plan.

*If it's taking you six months to get an appointment that you really need... say you think that there's something up with you, you need a MRI, you need a CAT scan or something like that, and it's taking you six, eight, ten months to get this test, then the system is probably not working.*

*We want to make sure the quality of care doesn't go down, if it's switched from what we have now – HMOs, PPOs – to government-run care. We want to make sure that you get the same care, that we're not using third-world technologies just because it's state-run. We want to make sure we're not waiting two years for a bypass, not waiting a long time for the care.*

- Less innovation. In addition, many participants were concerned that a public system would put the brakes on medical innovation.

*Research and development dollars [for] medications ... really come from the private sector. So if you get the government too involved with controlling, mandating and managing health care I'm just wondering what happens to the quality.*

- We will not sacrifice choice. Participants also emphasized that they were not willing to give up choice under a public system – and many were initially concerned that this might be necessary under a “socialized” system. If a public system meant that the state would dictate their insurance carrier or which doctors they could see, they wanted no part of it.

*One thing we didn't like about Scenario 4 [a public comprehensive system] was that it was guided by only one company. There wasn't a lot of selection as to who would provide the care and what say there was.*

*We want choices and we want options. We want our employer's health care program to be a choice if that's what we want. We don't want the state mandating who our carrier is going to be. We want to keep our options open.*

As the groups discussed the scenarios, however, this concern eased considerably, and many came to feel that choice might actually be *improved* under a public system in which Californians have access to any provider in the state. Many also suggested building additional choice into the system by allowing Californians to buy up to supplemental coverage or choose among a variety of state plans (as is the case with Medicare HMOs). By the end of the day, most participants had moved away from the idea that a private

health system automatically ensured greater choice: less than 4 in 10 (37%) agreed that “keeping health insurance in the hands of private companies will ensure that we have the widest range of choices,” while 61% disagreed.

### E. Addressing these misgivings.

As participants struggled with such misgivings, they frequently came to the realization that **the difficulties they identified – inefficiency, sub-standard care, and restricted choice – are already problems under the existing system.** That realization made some who had reservations about a public system reconsider the basis of their objections.

Rather than backing away from a public system, participants began to examine ways that at least some of their misgivings could be addressed under such a system. Across all six groups, participants consistently arrived at a range of solutions that they saw as essential to making a public system work. Three solutions were especially crucial: keeping employers in the game, establishing a tiered health insurance system and making sure that strict accountability measures are in place.

*I'm advocating the state offering primary insurance and employers being supplemental. The employers could give whatever they want and maybe they can spend their health care dollars on an even better benefit program than you currently get from your employers.*

*We felt that the employer should step up and offer [supplemental coverage] to their employees. That's another incentive – I want to work for this company because here's what I can get. I want to work for them because they want to make sure that my family and I are in better shape.*

- ***Keep employers in the game.*** In every group, participants devoted a great deal of attention to how to keep employers involved. Most participants agreed that businesses should be required to make some contribution towards employees' health care by offering supplemental insurance and/or by helping to finance the public system through taxes. Participants were clear that while they wanted this employer contribution to be significant, it should definitely be less than the current cost of providing coverage to employees. Participants cited several reasons it would be important to keep employers involved:

- Everyone who benefits from the health care system should pay something towards it, including employers — employers benefit from having a healthy workforce and should contribute something to bringing that about
- Employers have a social responsibility to promote the well-being of their employees and community
- Employer-provided supplementary coverage would introduce more choices into the system, and some who already had superior employer-based coverage could continue to receive comparable levels of coverage through employer supplements to the public system (such supplements also would cost the employer less than the current system)

- More pragmatically, participants observed that employers contribute a great deal to financing health care in California. They recognized that these costs were passed on to individuals in the form of wage and price effects; nonetheless, they felt that having employers continue to pay something was better and fairer than having all that money come directly from individuals or government. Several felt that if employers were let completely off the hook they were likely simply to pocket the windfall rather than pass it on to employees or consumers.
  - It is in the interest of employers to offer supplementary coverage as a way to attract the best workers and boost productivity.
  - Keeping business involved can be a check on government and strengthen accountability – government is not always responsive to individuals, and business has more clout to demand that accountability.
- **Support for a tiered system.** As they worked through the idea of keeping employers in the game most participants found themselves gravitating toward the idea of a tiered system. Under such a system everyone would have access to publicly funded health insurance, but people would be able to add supplemental private insurance coverage if they want to and can afford it (or if their employer provides it). Many liked this idea not only because it enhances choice, but also because it rewards success and hard work. They felt it would also encourage individuals to exercise some judgment in deciding what level of coverage is appropriate for them and their families. Having employers offer this supplemental insurance was especially attractive to many, for reasons outlined above.

*[What we need is] a basic health plan that takes care of your health. The additional stuff, like the glasses or the contacts, or whatever, is additional coverage. That, in my opinion, should be done by your work – it's an option that is given to you, as an incentive. We have supplemental insurance that will cover your dental, will cover your eyes. Right now, when you get medical insurance, it does not cover that, so you upgrade to it. I think that should remain an upgrade in the future.*

*If there was a single payer system there's nothing that would prevent an employer from saying I will fund the following extras. You as a citizen get these benefits.... Whatever are the gaps that exist in the state system, an employer would be free to fill those gaps in order to attract employees.*

*You want to have at least the minimal options. But you also want the option to choose what you value on top of that. If you value better maternity care, then you can be willing to pay for that.*

- **Accountability.** The third major way that participants addressed their misgivings about a public insurance system was by emphasizing the importance of accountability. This was strong common ground across all six groups. Several groups came up with the specific idea of a watchdog entity that would have wide-ranging oversight over a state-run insurance system. Participants saw increased accountability as necessary at all levels:

*Government has a tendency to become a large bureaucracy and the reality is the more layers, the more complicated, the more that you have money really shifting from one part to another, the more the environment is ripe for fraud. That watchdog makes a lot of sense.*

*So you would need a [watchdog] group to also make sure that we're getting the same level of care, or the same equipment, band-aids, whatever. So we're getting the same level of care as we were or as we are.*

*We need to keep a watchdog on hospitals. They're for-profit organizations. They're in the business to make money and they're going to if that includes bilking the system.*

*Medicare had to go under incredible accountability in the beginning because doctors were giving unnecessary tests to senior citizens, prescribing unnecessary drugs to senior citizens, and doing unnecessary operations.*

- **Government:** Participants felt that a state-run public insurance system must be accountable and transparent in its use of funds. They wanted to be able to follow the money: clear and accessible reporting on performance and funds were essential in many participants' eyes. In addition, participants wanted to make sure that any new taxes be earmarked, so that these funds could not be siphoned off for other uses.

- **Providers:** Participants also felt that the watchdog/accountability system should keep close tabs on hospitals and providers. One aspect of this oversight was medical – the watchdog would deal with medical errors and other quality of care issues. Many saw information networks playing a crucial role as well: not only could improved record-keeping be used to help prevent medical errors, it also could also be used to make detailed information about providers available so that Californians can easily learn more about their doctors' performance over time.

The other major thread in provider accountability was preventing fraud and abuse. Many participants wanted to see strict controls that would prevent pharmaceutical companies and device manufacturers from gouging the system. Several participants noted that Medicare had put strong mechanisms in place to prevent unnecessary procedures or fraudulent billing.

- **Individuals:** Participants also felt that systems must be put in place to keep patients from abusing the system. Many felt that information technology could play an important role here as well: for example, centralized medical record keeping would make it more difficult for drug abusers to go from doctor to doctor collecting painkillers or other frequently abused prescription drugs.

*You go to the DMV, you go to the IRS, they punch one button and they have all the information about you. Well, what about people going to get Vicodin who go to the emergency room because they don't ask for ID there. [We need to set it up so that] you put in your Social Security number or whatever at a hospital, and it'll pop up – hey, a week ago you were here for the same thing. And then you can figure out where abuses are coming from and do what you can to stop it.*

At the end of the day, many participants felt that their misgivings about a public system could largely be addressed by these three elements – keeping employers involved, creating a tiered system and ensuring strict accountability. With these conditions in place, participants' support for a public system grew. At the same time, participants did not see public health insurance as a panacea or an easy way out. One pair of results underscores this particularly strongly: at the end of the day half (54%) believed that a state-run system would be bureaucratic and inefficient. Yet at the same time, a strong majority (73%) felt that state-run systems in other countries provide better care than the U.S. system does. For many participants, a public system was the best available option. It may be inefficient, they said, *but it will be better than what we have now.*

By the end of the day, 80% of participants favored replacing the current health insurance system with a new public system; only 19% favored maintaining the current system based mostly on private insurance.

*The most surprising thing I learned today was that everybody is willing to turn health insurance over to the government. Normally people don't want to turn things over to the government, including myself, but that just goes to show you how hard up we are for health insurance.*

## **F. Comprehensive/limited coverage**

When participants addressed the question of what should be covered, they showed very strong support for comprehensive coverage from the outset, and they resisted solutions that they felt would put such coverage out of reach of most people. Yet at the same time many participants worried whether it was realistic or even possible to provide universal comprehensive coverage to everyone in a state the size of California. Many feared that an “everything

*We just felt that comprehensive was a little too utopian. That it really wasn't that realistic for where we are right now, and where we want to get to. I think the transition from lifting the burden of a largely employer based system to a government system of any kind would probably be easier if we weren't looking for such a comprehensive coverage.*

*I don't think there's any way we can pay for something like this. If there is something that's going to be universal coverage, it's going to have to be a lot more limited than that.*

for everybody” approach would be too expensive or too difficult to implement.

As the groups struggled with this issue, they worked through cost estimates included in their materials<sup>6</sup> and considered the matter in light of whether they were prepared to pay for what they wanted. As they worked, participants often noted that a comprehensive system actually costs *less* on a system level than one offering limited coverage. With this realization the groups’ overall common ground began to shift toward a more generous coverage level, but the question of how much the state – and taxpayers – could reasonably provide remained.

- **Essential services:** Participants began by trying to determine what, if anything, should not be covered. They quickly identified a few items as essential items that must be included in any acceptable plan:

*Our children need to be covered because they are our future. Without them, we have nothing, and I think we need to protect them.*

- **Comprehensive care for children.** In their final questionnaires, 77% of participants said this is “absolutely essential”; another 20% said it is “very important.”

*We all feel we need to have preventative care, too, so that people don’t end up getting more sick by not going in and getting the basic tests done when they’re in pain.*

- **Preventive care.** Participants overwhelmingly agreed that emphasizing preventive care would save the system money in the long run as well as improving many people’s quality of life. The idea that an ounce of prevention is worth a pound of cure was repeated in different words many times. Many felt that it was important that there be no charge for preventive care (53% said it was essential; 31% said it was very important). In addition to immunizations and screenings, most felt that preventive care included maternity and prenatal care (67% essential; 25% very important), as well as help managing chronic conditions (57% essential; 36% very important).

*America is so unhealthy in the first place and we are putting all this money into giving people drugs when they’re sick. But why do people have diabetes? Why do they have HIV? Why don’t we prevent this instead of dealing with it after the fact?*

*Giving [someone] prenatal care is going to be cheaper than having her come in in an emergency situation when it comes time to deliver.*

- **Major medical expenses.** Most participants felt that insurance exists to protect people in the event of medical calamity. Strong

*We strongly recommended covering follow-up visits once you’re diagnosed. All the follow-up visits have to be included.... for any sort of chronic condition in children or adults that needs to be followed up as they get older.*

majorities said that any acceptable plan must cover the cost of serious illnesses and accidents (74% essential; 23% very important) as well as hospitalization (72% essential; 25% very important). Simply put, most felt that this is what insurance is *for*.

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<sup>6</sup> Cost estimates were provided by the Lewin Group, a leading national healthcare policy research firm.

- **Prescription drugs.** Participants saw prescription drugs as an especially big factor in the high cost of medical care. They strongly supported coverage for the cost of prescription drugs (56% essential; 33% very important). Across the board, participants supported covering the cost of generic drugs. However, many felt that it was not as important to cover brand-name drugs when a generic was also available. Those who wanted brand name medications, they felt, could pay for them out of pocket or buy them with supplemental coverage.

*Whenever possible a generic drug should be prescribed for patients. I don't think anyone should be without prescription medication; however, if it's proven that the generic works just as well as the brand name prescription, why not use the generic?*

- **Controlling costs/limits on care.** Looking ahead, participants recognized that the cost of health care was likely to continue to escalate as cascades of new treatments and technologies continue to be developed. Like the question of government efficiency, worry about cost was one of the most persistent misgivings: at the end of the day a sizable minority (40% of participants) were still concerned that providing health coverage for all Californians would be too expensive. In all six groups, participants recognized some kind of mechanism would be necessary to control costs and set appropriate limits on using new treatments and technologies in health care. The question was who should make such decisions and how.

When asked on what basis they would accept limits on care and how new treatments should be handled, participants were adamant that such decisions should *not* be left in the hands of bureaucrats or insurance companies. Many were suspicious of terms like “evidence based medicine,” feeling that it suggests that life-and-death decisions would be made by statistical models, not by medical professionals participants could trust.

Ideally, participants wanted their own doctors to decide, but as they discussed the matter they realized that this was not always feasible or realistic. Most concluded that they would accept a group of doctors making system-wide decisions. As noted earlier, participants wanted a strong watchdog/accountability mechanism to ensure that the decisions made were fair.

*I don't want somebody that's non-medical making decisions for me about a medical condition that I may have. I don't want to see big business Donald Trump or whoever in there sitting on a board and making medical decisions for me. That should be left up to medical professionals. That's what they went to school for.*

*Calling it evidence-based medicine [obscures the fact that it's also] called health care rationing. People remembered how we didn't like insurance companies making decisions and we weren't sure we wanted state bureaucrats making these decisions either. Many of us felt the doctors should make the health care decisions, not somebody who, even if he was [basing his decision on] “evidence-based medicine,” is still not your doctor.*

*When there's a question, [we want] healthcare professionals to make the determination, not a government or a personnel agency.*

## G. Who pays and how?

Throughout the ChoiceDialogues, the question of “who pays” was a top-level concern. Participants quickly recognized that they would pay in the end, either through taxes, premiums, co-pays and deductibles, higher prices, or lower wages. For most, this was where the rubber met the road – it was easy to imagine an ideal system, but the real test was whether they themselves were willing to pay what it would take to achieve it. For the most part, participants decided that they were willing to pay, but they needed to figure out how.

*How we're going to pay for it? Various kinds of taxes, because we didn't think that sticking it all in income tax or sticking it all in sales tax was good. Some ideas were income tax, sales tax, gas tax, restaurant tax, an employer tax that would actually have the employers pay less than they're currently paying for health care premiums, but they would still pay a substantial amount.*

- As they worked through this question, one fundamental value emerged: **everyone who benefits from the system must pay something towards it.** As a result, all six groups came to agree that the cost of any new system must be distributed across all sectors – government, employers and individuals.

*Every person who plants their feet here in California should have some stake in paying for this medical plan. So we said, how could we do that? Let's base it on sales tax. Whether legal, illegal, whether they work, whether they don't, they're all buying stuff. If they are low-income, they're not buying as much stuff. If they're high-income and they have a lot of disposable income, they're buying high-ticket items and they're going to be paying more. So we really liked that idea.*

*I personally think you can't focus entirely on income taxes, because there are people who are extremely talented at bypassing income taxes. They make a lot of money, but it doesn't look like that on paper, so that might not be the fairest thing.*

*One of the reasons why we thought an income tax should be a part of the funding proposal was because it tended to be the most progressive tax, unlike a sales tax which people pay more or less equally. It was a way of charging people according to their means, their ability to pay. [We felt] that should be part of the mix, but not necessarily the only way to fund it.*

- **Individuals:** All groups recognized that individuals would need to pay more in taxes to fund a universal public health care system, and they were willing to do so. However, several groups struggled with the question of what kind of tax would be the most fair. Across the board, participants agreed that every Californian must pay something into the system – there should be no “free rides.” This led many to support a sales or consumption tax that would ensure that everyone in the state, including the undocumented and low-income families, pays in. However, most participants recognized that it was not feasible to fund the entire system on sales taxes; in addition, many participants were concerned that relying too heavily on sales taxes would place an undue burden on the poor. At the end of the day, most groups came to support a combination approach: income taxes to

ensure that the rich pay their fair share, and a sales or consumption tax to ensure that everyone pays something. As noted earlier, a key condition was that taxes collected to pay for health insurance must be earmarked for that purpose.

In addition, most participants called for some kind of deductible and/or co-payment to prevent abuse and encourage people to feel that they are “buying in.” In large part this was part of participants’ “no free ride” philosophy. However, many participants suggested that co-pays be scaled to income in some way.

*I think paying a deductible is important for a couple of reasons. One is that it does take away the opportunity of people misusing the system. It also gives a feeling of someone buying into their own health care. However, like this plan said, the deductible is \$250 per person; it caps out at \$4,000 per family. The deductible, I feel, should be a progressive one, because for people making \$20,000 and below, \$4,000 a year is a lot. The deductible should be progressive according to income and shouldn't be flat across the board.*

- **Employers:** Every group called for employers to continue to contribute something to funding the state health insurance system. Most agreed that a tax on business earnings or profits made the most sense. In many ways, their vision of what was most equitable paralleled their vision for how individuals should pay: every company should pay something, but the tax should be structured in a way that protects small businesses from having to bear a disproportionate share of the burden. Some groups also suggested that employers pay a modest payroll tax, seeing this as a simple and familiar way of ensuring that large employers pay their fair share.
- **Willing to pay.** Many participants were initially skeptical that Californians would be willing to pay more to get the kind of coverage they wanted to see. (And many did initially look for ways to shift the burden to other people.) However, they immediately realized all costs ultimately return to the individual in one way or another – through taxes, wages, the cost of consumer goods and services, insurance premiums, the cost of medical care and so forth – and that they were *already* paying for a system that did not meet their needs. In the end, participants agreed that they were willing to pay more to get a better health insurance system.

*The biggest insight that I had today was that everybody is willing to pay for what we needed and that's health care. I really thought that people would expect to just get something for free.*

*The most important thing I got is that people are willing to pay a little more in tax for a public health system and not burden businesses so that we can keep businesses in this state as well as jobs in the state. What I would tell the decision-makers is let's not make this a political issue, it's not a Democratic, it's not a Republican issue, it affects everybody in the state of California, so this benefits all of us.*

## H. Fairness — Leveling the Playing Field

Near the end of the dialogue, participants were asked to explicitly consider the question of equity: given the conversation throughout the day and participants' emerging conclusions, what struck them as the most sensible and most equitable way of structuring a health insurance system? Participants repeatedly highlighted these points:

- As noted earlier, participants agreed across the board that ***everyone must pay something***: this was a fundamental value.
- ***Health care should be based on need, not ability to pay.*** The large majority of participants agreed that health care should be considered more a right than a commodity. They rejected the idea that anyone should have to forgo needed care because she or he could not afford it. When asked to choose between two statements at the end of the day, 81% of participants agreed that “everybody is entitled to the same level of health care”; only 19% felt that “medical care is like anything else you buy – those who can pay more should be able to get something better.”
- ***Barriers to care should be minimal.*** On the whole most saw high out of pocket cost as a barrier to people getting care when they need it, and most felt that this was a more significant problem than frivolous overuse of the system. Participants strongly supported co-pays because it dovetailed with their value that everyone pay something, but they wanted to make sure that co-pays were not high enough to have a disincentive effect, especially for people with low incomes and those with chronic conditions. At the end of the day, two out of three participants (65%) felt that “if people have to pay for every medical visit and treatment, they will delay getting health care when they need it.” Only 31% felt that “if people don’t have to pay for their health care they will run to the doctor for every little ache.” Most participants agreed that a strong watchdog mechanism, coupled with a much-improved medical records information system, would provide a better way of preventing potential abuses.
- ***Increased public information and education about health care.*** In every dialogue, participants expressed strong support for making information and education about health care widely available for both children and adults. In particular, participants felt that it was important to make sure that children are taught how to make healthy choices and that parents are given the information they need to help give their kids the best start. Most also supported making

*We're still treating health care like it's an option. It's not. It's a human right. Also, the level of health care you receive is directly proportionate to your income, and that's wrong.*

*When my daughter gets sick, it takes her two weeks to get in to the doctor, but if I had the more expensive insurance, I could get her in that day. If you have the money, you get in; if you don't, you have to wait for a doctor.*

*I believe that most people don't abuse the medical system. It's not fun to go to a doctor. You go when you really have a medical need. I suppose there's a certain extent to which if you have no social safety net, people have that additional motivation to not fall and crash to the ground, but our group wanted to have the social safety net.*

information about providers and services more easily accessible, so that Californians can make more informed decisions about their care.

- **Public health:** Participants also expressed strong support for public health efforts, but their definition of “public health” differed somewhat from experts’. Participants overwhelmingly supported public health measures that they saw as “medical” in nature: immunizations, well-baby care, substance abuse treatment programs, efforts to prevent and treat environmentally linked diseases like asthma, education and prevention efforts. However, many saw clean air or clean water programs as less “medical” than “environmental.” Most felt that these did not belong under the public health umbrella and that they were more appropriately handled by the EPA and other government agencies.

*There's x amount of dollars. I would rather put the money towards physical health care, drugs, or hospitalization. When you've got limited dollars I think you need to decide which is more important – providing good health care or studying the quality of the water. I'm not saying it doesn't matter but what I am saying is there's limited funds.*

*If you don't deal with quality of air and water and other environmental issues to some degree, you're just treating the symptoms and not treating the root causes. However, there's also the potential for a slippery slope here. At what point do you stop?*

- **We must share the risk.** Many participants started by thinking about coverage in terms of what they themselves were likely to use, and many initially wanted to pay only for the services they personally used or were likely to. Yet as they considered the matter further, they began to see many cases where the benefits of providing care extend beyond the individual. The example most commonly raised in the dialogues was maternity care. Men do not make use of maternity services themselves, but almost no one objected to having maternity included in the standard coverage provided to every Californian. Not everyone has babies, participants noted, but everyone is born. Society as a whole benefits when mothers and children are well cared for.

*If you're healthy and you eat well, it's going to save the system money – maybe it could save you money too. Just like auto insurance. If you don't get a lot of tickets, you don't get in a lot of wrecks, your rates go down. That might be something to explore.*

*Should my husband and I get taxes back every year from the school tax? We pay in, just like that person down the block that has six children going to the public schools. We have no children going to the public schools. Even when we did, we only had one, not six. Can we get a kickback from that, because we don't use that? ... If they want a rollover or a kickback because they didn't use the health system, then I want a rollover or a kickback because I didn't use the public education system.*

Similarly, participants wrestled with the question of whether people who don't use many services should get a break on their health care costs, either through lower premiums or “good health” rebates. Three quarters of participants felt that this would be a good idea – it would encourage people to take better care of themselves and assume some responsibility for their health. At the same time, they recognized that people who make all the “right” lifestyle choices can nonetheless get sick. As a whole participants felt that it was more important for a system to cover people for the cost of serious illness (74% say this is absolutely essential) than to offer lower costs for people who have a healthy lifestyle (29% say it is absolutely essential – the lowest ranking of 14 possible features of a California health plan).

As they discussed the matter, most came to adopt a more systemic view of how insurance should work, and they came to feel that it makes sense to pay more for coverage you do not use today in order to be assured that it will be there when you need it. When asked at the end of the day how much risk people should have to assume for the possibility of catastrophic illness the results were overwhelming: only 7% took the position that “people have the responsibility to be prepared for the high cost of serious illness or injury.” A full 92% supported the opposing view that “no one should be forced into financial ruin because of high medical expenses.” A society that pools risk struck most participants as far preferable – this shift to a system-wide/social perspective was a powerful result of the dialogues.

*I think that if you pay more taxes now, it'll benefit you in the long run when it comes to medical coverage. We're all not getting any younger. We're getting older, and I want to be able to know that I have enough stability when I get older that I can have my insurance and deal with any health problems that occur.*

*Whether it's a public plan or not, it's an insurance scheme. An insurance scheme is a shared risk thing. There are going to be ups and downs. The fact that you have a couple of good years doesn't mean you're not going to have a couple of bad years coming along the way. You can't say, well, I didn't use it this year, give me all my money back. And then I [get] a quarter million down the road when I need open heart surgery.*

*If we choose to pick some things that are not covered, you think of people that ... lead healthy lives and never have to be hospitalized. But it's not like we choose to get cancer and have high medical costs or choose to be healthy. I think that's what we're all talking about. It's being fair about what's covered or not covered. It's like a big pool. Everything that happens to us should be in the pool is what I think.*

*The earth, the state – it's a boat. We are all in this boat together. If there's a hole in the boat, the ... “undeserving” are not going to be the only ones that drown. The boat will go down and we'll all go with it.*

## Segmentation analysis

In the dialogues, participants generally reached consensus about the four scenarios, but they often reached those conclusions by different routes, for different reasons and with differing levels of conviction. A segmentation analysis of participants' responses on their final questionnaire helps to identify homogenous groups of people who share similar values about health care systems and pinpoints where participants' values differ and how this affects their overall conclusions about health insurance reform.

Four clusters of participants were identified on the basis of their agreement or disagreement with nine values-based questions about attitudes toward different health care systems. The groups were further characterized by examining cross-tabulations with all the other questions included in the questionnaire (See Appendix C for complete quantitative results). The four segments that emerged were:

- Equity Oriented (38% of all participants)
- Efficiency Oriented (27% of all participants)
- Skeptics (17% of all participants)
- Privileged Resisters (18% of all participants)

In each of the dialogues, the distribution of participants from each segment was roughly equal. While two of these segments (representing about two-thirds of the total sample) showed strong support for a publicly run insurance system, the other two had persistent misgivings. The segmentation shows some of the underlying concerns of these two segments and also helps shed light on how some of those concerns might be addressed.

### ***Equity Oriented (38% of all participants)***

This is the largest segment of participants and the most favorable to switching over to a publicly run insurance system. These participants show the most dissatisfaction with the current state of health insurance in the United States and with their own health care. A sizable number (29%) do not have health insurance. They feel strongly that the current system is inequitable. In particular they strongly believe that “it is unfair that some people get generous benefits from their employers while others pay a lot.” They are less concerned than other participants about possible problems with publicly run systems and are generally convinced that other countries government run systems do a better job providing care for more people than the U.S. system does. When asked to choose between “replacing the current health care system with a new government run health care system” and “maintaining the current system based mostly on private insurance,” an overwhelming 97% of this segment supported shifting to a publicly run health system.

<b><i>Equity Oriented</i></b>	Initial evaluation	Direction of movement	Final evaluation
Scenario 1 (Employer mandate)	Negative	↓	Negative
Scenario 2 (Individual mandate)	Negative	↑	Negative
Scenario 3 (Public limited)	Neutral	↔*	Neutral
Scenario 4 (Public comprehensive)	Positive	↑	Positive

\* “↔” = no significant change

### ***Efficiency Oriented (27% of all participants)***

The Efficiency Oriented segment is also strongly in favor of a publicly-run health insurance system. 91% of this segment supported replacing the current system with a publicly run health care system. In part they share some of the same equity concerns that motivate the Equity Oriented segment above. What clearly defines the Efficiency segment, however, is their focus on the economic and business

effects of health care reform. They are concerned that the burden of health care is hindering business success and are opposed to the idea of requiring all businesses to provide health care coverage. They are very conscious of the costs that insurance companies add to health care and believe it is economically feasible to provide health coverage for all Californians. This segment tends to be more highly educated and includes more self-insured people who may be entrepreneurs or professionals.

<b>Equity + Efficiency</b>	Initial evaluation	Direction of movement	Final evaluation
Scenario 1 (Employer mandate)	Negative	↓	Negative
Scenario 2 (Individual mandate)	Negative	←→	Negative
Scenario 3 (Public limited)	Positive	←→	Positive
Scenario 4 (Public comprehensive)	Positive	↑	Positive

### ***Skeptics*** (17% of all participants)

The Skeptics have serious reservations about a public health care system. Though the majority (60%) ultimately support a public health care system over the current system, they also express persistent misgivings about how well a public system would work. In particular this group is concerned that a government-run system will be bureaucratic and inefficient, that people will overuse the system and that it will cost too much. In response to such concerns about inefficiency, lack of choice, and abuse of resources in a public system, this group is more open to solutions that keep the private sector involved: the individual mandate option or requiring all businesses to provide health care for their employees. Demographically, this group has less education and lower incomes than the other segments. They also tend to cluster at the two extremes of the age spectrum – they are more likely to be either over 65 (27% are on Medicare) or under 30. This segment would require considerable reassurance that their anxieties about potential downsides of a public system are being dealt with.

<b>Skeptics</b>	Initial evaluation	Direction of movement	Final evaluation
Scenario 1 (Employer mandate)	Neutral	←→	Neutral
Scenario 2 (Individual mandate)	Neutral	↑	Positive
Scenario 3 (Public limited)	Neutral	←→	Neutral
Scenario 4 (Public comprehensive)	Positive	↑	Positive

***Privileged Resisters (18% of all participants)***

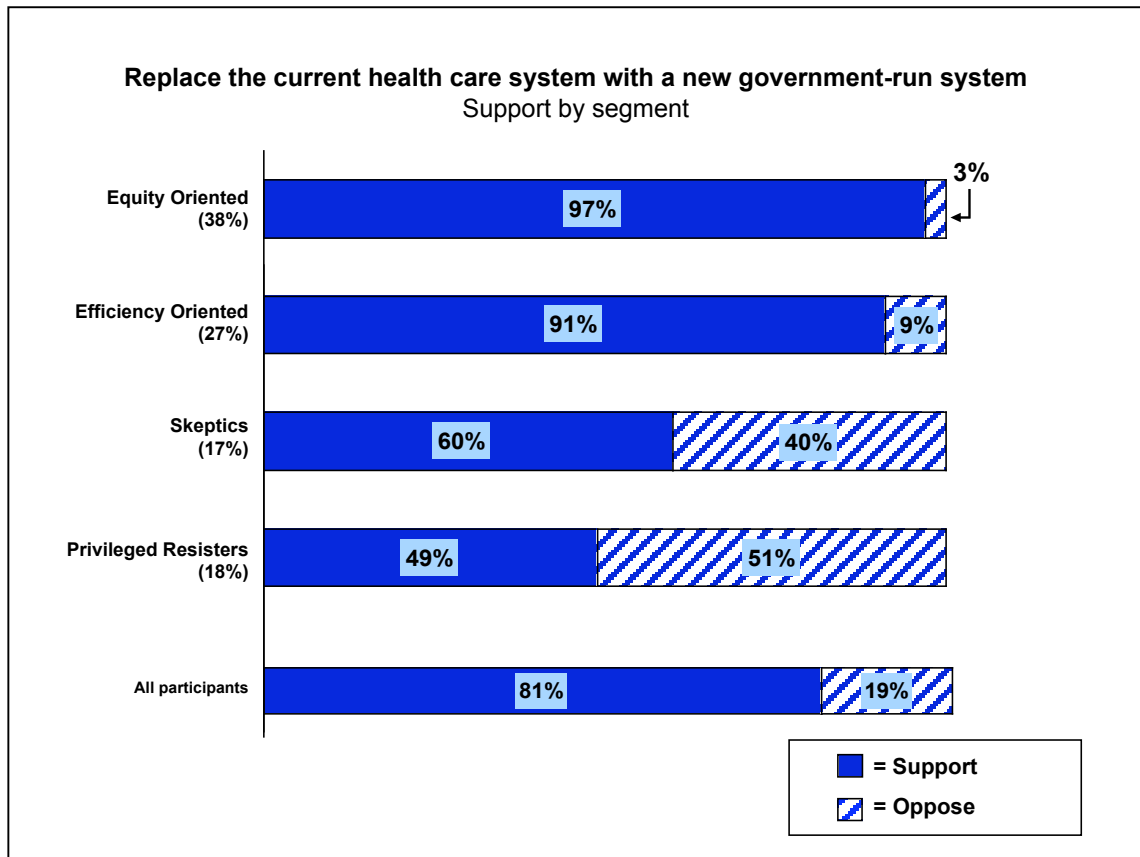
This group is the most satisfied with their own health care and insurance (94% have health insurance, compared to 82% of the total sample), and they express much higher satisfaction with the care they receive. They are also the least critical of the current health care system. Their neutral initial ratings of all four scenarios indicate that at the outset this segment was much less interested in change than the other three segments.

Privileged Resisters are much more likely to view health care as a commodity rather than a right: 42% agreed that “medical care is like anything else you buy – those who can pay more should be able to get something better” (compared to 19% in the total sample), and they are much more likely to accept that there are “haves” and “have nots.” This group places greater emphasis on individual responsibility and rewarding healthy lifestyles. They doubt that government-run systems in other countries do a better job than the U.S. system, and they are concerned that people will overuse the system. They also are concerned that a publicly run system will be excessively bureaucratic and that individuals will have less choice. This segment includes more middle-aged males in higher income brackets.

This group was split in their support for a public health insurance system: 51% of this group supported sticking with the current privately-run insurance system; 49% supported switching to a publicly run-system. Overall, while their support for the public comprehensive scenario did rise over the course of the day, this support was muted compared to other segments. They may have been attracted to the economics of the public comprehensive plan, which showed little additional cost to them and the possibility of employers adding supplementary benefits.

<b><i>Privileged Resisters</i></b>	Initial evaluation	Direction of movement	Final evaluation
Scenario 1 (Employer mandate)	Neutral	↓	Negative
Scenario 2 (Individual mandate)	Neutral	↓	Negative
Scenario 3 (Public limited)	Neutral	↔	Neutral
Scenario 4 (Public comprehensive)	Neutral	↑	Positive

Figure 4



### The Value of Dialogue

ChoiceDialogue participants ended their dialogues surprised and exhilarated about the amount of common ground they were able to establish – far more than many of them had expected at the outset. Most saw the day as an important and unusual learning experience and felt that they had accomplished something valuable and worthy of being heard. They were particularly impressed with the quality of the conversation – that groups of people from such diverse backgrounds could work together and make real progress on such a difficult issue. Many also moved from a highly individual point of view to a more communal perspective.

Not only were participants encouraged by the day's dialogue and their fellow Californians' openness to change, for many their initial pessimism about the state's health system and the possibility of fixing it had shifted into a growing sense that solutions were possible. Most were pleased that their voices had been heard and taken seriously, and many were encouraged that the state might be able to make a dent in this previously intractable issue.

*The biggest surprise to me was that everyone is willing to actually put more into the system. We always hear everyone's afraid of taxes being raised but we see that universal healthcare is more important than that. Everyone is willing to make a sacrifice. I want decision-makers to know that.*

*One thing that was really surprising to me was that there was a wide disparity within our group, different backgrounds, a disparate group. Yet we all agreed that there are problems with the health care system and we really need to address them.*

*The most important, surprising thing I learned today is that a universal health care system is possible. I mean, with a little sacrifice, a little compromise, a little hard work and the power of the government, a comprehensive health care system for human life and human health is possible.*

*I'd say the most surprising thing was how basically similar everyone's ideas were on what they wanted to have included. I'm actually a lot more hopeful this is something that we can get to and get approved.*

*I think I was surprised because I felt like I was the only person in California who thought this was a problem, and it's so heartening to have all these people who feel the same way.*

#### **IV. CONCLUSIONS: IMPLICATIONS FOR ACTION**

The public is deeply concerned about health care coverage, as are California's private and public sector leaders. And when given the opportunity to work through difficult choices and tradeoffs, leaders and citizens alike come to strikingly similar conclusions. Above all, they are ready for a real departure from our existing employer-based system. Overall, these dialogues represent a cause for hope, as there do appear to be significant reforms that both the public and business leaders can support.

The results of these ChoiceDialogues challenge conventional wisdom about public attitudes toward health insurance reform. While polls show significant support for public health insurance, many experts are doubtful that such support would survive in the face of an actual reform proposal. They point to the way that public support evaporated as misgivings surfaced in the debate over the Clinton health care plan. Those misgivings – personified by “Harry and Louise” – were sufficient to derail a proposal that the public had previously seemed to support.

These dialogues demonstrate that this is not the only possible outcome, and that the public is farther along in working through the question of health insurance reform than many experts assume. In part this may be the result of the growing perception that we are facing a crisis in health care coverage, a crisis to which more and more Californians feel vulnerable.

##### **A roadmap for leaders**

In the ChoiceDialogues, participants supported a public comprehensive health system for all Californians from the outset, but they also clearly had some serious misgivings about what that would mean. What was quite striking in the dialogues, however, is that the public can work through those misgivings, find practical solutions that help to address

them, and arrive at support for a public system grounded in a clear-eyed and realistic assessment of tradeoffs and possible pitfalls. This was the case even for the segments of the participants with the most persistent misgivings.

But the road will not be easy. Most of the concerns and misgivings voiced by the participants had their roots in a deep mistrust of government – even though they agreed that a government system was the best (albeit imperfect) solution to this critical problem. This mistrust was widespread, and it will not be easy to dislodge. It was reinforced by concerns that a public system would limit choice and reduce the quality of care. To be successful, any proposal for public health insurance will need to address these misgivings; and the ways in which the public themselves did this in the course of the ChoiceDialogues provides an initial map to follow. This includes:

- Recognizing that many of the concerns expressed about a public system also apply to the current system
- Emphasizing the savings that will come from eliminating or reducing the proportion of health care dollars going to profit, marketing and administration
- Making clear that a public system will provide access to virtually all providers in the state, increasing choice
- Finding ways to keep employers in the game as providers of supplemental coverage and/or tax revenues that fund the system
- Creating a tiered system in which individuals can “top up” publicly-provided coverage with private supplementary insurance (purchased individually or employer-provided)
- Strengthening accountability through a strong “watchdog” agency to oversee the public system and assess quality of care, along with the earmarking of taxes intended to support a public insurance system, a medical information system to track the performance of providers and prevent abuse of the system by individuals, and related steps detailed in this report.

Any proposal to move toward a public health insurance system will have to address these misgivings or citizens will be tempted to “stick with the devil they know.” As the segmentation analysis in the report suggests, different segments of the population will give different weights to each of these misgivings and ways of overcoming them.

The common ground participants reached can be summed up as follows: *We envision – and we are willing to pay for – a system of public health insurance covering every California resident. This system includes coverage for comprehensive care for children, preventive care, major medical expenses and prescription drugs. Individuals wanting enhanced coverage can purchase private supplemental coverage or receive it from their employers. Everyone pays something toward this public system through a mix of income, consumption and corporate taxes, as well as co-pays scaled to income. No one gets a free ride, and everyone takes greater personal responsibility for his or her own health. We want to see stronger accountability, with watchdog organizations, earmarked funds, more efficient medical information systems and oversight panels of medical experts. In this system, health care is based on need rather than ability to pay. Barriers to care are*

*minimal, there is increased investment in public health and in health information and education, and everyone shares the risk equally.*

Interestingly the scenario described by participants tracked closely with many of the core principles for reform identified by business and civic leaders in the Strategic Dialogue. In California and nationwide, momentum on this issue is beginning to build. It is quite likely that health care issues will be on the agenda in upcoming elections, and the public's hunger for workable solutions is growing harder to ignore.

To bring such a solution to pass, leaders must be realistic and responsive to public misgivings. Sustainable reform cannot be accomplished with top-down education and spin; it will be essential not to repeat the mistakes of the Clinton health care initiative (in which experts developed a plan behind closed doors and then tried to sell it to an unprepared public). Sustainable reform requires authentic public engagement and an effort to discover common priorities and build mutual trust and understanding.

To build the momentum needed for change requires engaging a much wider range of employers and the public in finding common ground, and doing so in ways that respect the public's process of connecting the dots and resolving contradictions. For example, ChoiceDialogue participants subscribed to two basic requirements for any significant reform: no one should be left out by the insurance system, and everyone should contribute to the system in some way. Many health policy advocates tend to emphasize the first point (no one should be left out) and focus on removing barriers to access, especially for the most vulnerable. While participants strongly support this notion, they also adhere strongly to the second idea (no free rides), which leads them to focus on ways of structuring the system that ensure that everyone contributes (e.g. through sales taxes, co-pays). Focusing on "helping the neediest" as a key benefit of a new policy will not resonate with the broader public unless the plan does so in a way that also satisfies their concerns about freeloaders.

To find workable solutions, leaders and the public will need to build on common ground, not on the sorts of "wedge issues" that create and reinforce gridlock. Using new tools for engaging the public that have been developed in recent years, we are more likely to create sustainable reform and a healthier future for all Californians.

*I was quite surprised at the large consensus for comprehensive public-funded options and even more surprising was my conclusion that I support that as well. It's something that if you'd asked me yesterday I would probably have said no.*



## Appendix A

### ChoiceDialogue™: The Methodology

ChoiceDialogue methodology differs from polls and focus groups in its *purpose, advance preparation, and depth of inquiry*.

- **Purpose.** ChoiceDialogues are designed to do what polls and focus groups cannot do and were never developed to do. While polls and focus groups provide an accurate snapshot of people's current thinking, ChoiceDialogues are designed to predict the future direction of people's views on important issues where they have not completely up their minds, or where changed circumstances create new challenges that need to be recognized and addressed. Under these conditions (which apply to most major issues), people's top-of-mind opinions are highly unstable, and polls and focus groups can be very misleading. ChoiceDialogues enable people to develop their own fully worked-through views on such issues (in dialogue with their peers) even if they previously have not given it much thought. By engaging representative samples of the population in this way, ChoiceDialogues provide unique insight into how people's views change as they learn, and can be used to identify areas of potential public support where leaders can successfully implement policies consonant with people's core values.
- **Advance Preparation.** ChoiceDialogues require highly trained facilitators and (above all) the preparation of special workbooks that brief people on the issues. These workbooks formulate a manageable number of research-based scenarios, which are presented as a series of values-based choices, and they lay out the pros and cons of each scenario in a manner that allows participants to work through how they really think and feel about each one. This tested workbook format enables people to absorb and apply complex information quickly.
- **Depth of Inquiry.** Polls and focus groups avoid changing people's minds, while ChoiceDialogues are designed to explore how and why people's minds change as they learn. While little or no learning on the part of the participants occurs in the course of conducting a poll or focus group, ChoiceDialogues are characterized by a huge amount of learning. ChoiceDialogues are day-long, highly structured dialogues – 24 times as long as the average poll and 4 times as long as the average focus group. Typically, participants spend the morning familiarizing themselves with the scenarios and their pros and cons and developing (in dialogue with each other) their vision of what they would like to have happen in the future. They spend the afternoons testing their preferences against the hard and often painful tradeoffs they would need to make to realize their values. To encourage learning, the ChoiceDialogue methodology is based on dialogue rather than debate – this is how public opinion really forms, by people talking with friends, neighbors and co-workers. These 8-hour sessions allow intense social learning, and both quantitative and qualitative measures are used to determine how and why people's views change as they learn.

### **Steps in a ChoiceDialogue Project**

- 1) Archival analysis of polls (or conducting a special one) and other research to provide a baseline reading on what stage of development public opinion has reached;
- 2) The identification of critical choices and choice scenarios on the issue and their most important pros and cons, and the preparation of a workbook built around those scenarios in a tested format for use in the dialogues;
- 3) A series of one-day dialogue sessions with representative cross-sections of the population. Each dialogue involves about 40 participants, lasts one full day and is videotaped. A typical one-day session includes the following:
  - Initial orientation (including the purpose of the dialogue and the use to be made of the results, the nature of dialogue and ground-rules for the session, introduction of the issue and some basic facts about it);
  - Introduction of the choice scenarios on the issue, and a questionnaire to measure participants' initial views;
  - Dialogue among participants (in smaller groups and in plenary) on the likely good and bad results that would occur as a consequence of each choice if it were adopted, and constructing a vision of the future they would prefer to see;
  - A second, more intensive round of dialogue among the participants (again both in smaller groups and in plenary) working through the concrete choices and tradeoffs they would make or support to realize their vision;
  - Concluding comments from each participant on how their views have changed in the course of the day (and why), and a questionnaire designed to measure those changes.
- 4) An analysis of how people's positions evolve during the dialogues. We take before and after readings on how and to what extent people's positions have shifted on each choice as a result of the dialogue. This analysis is both quantitative and qualitative.
- 5) A briefing to leaders to make sense of the results. The briefing summarizes what matters most to people on the issue, how positions are likely to evolve as surface opinion matures into more considered judgment, the underlying assumptions and values that shape that evolution, and the opportunities for leadership this creates.

## Appendix B

### Strategic Dialogue

#### What is Strategic Dialogue?

The purpose of *Strategic Dialogue* is to work through the consequences for one company — or for a group of companies or for other organizations — of one or more major trends or changes they face. While it is relatively easy to identify a trend or change, it is far more difficult to determine its consequences — the strategic challenges and opportunities it creates — and what to do about it.

This specialized form of dialogue fills an important hidden gap in decision-making. The gap occurs when responding to changes that move an organization or company outside its comfort zone (e.g., a crisis of confidence or mistrust, a threatening shift in the economy, society or technology). This gap goes unrecognized because of the widely held assumption that while special methods may be needed to *identify* important changes, no special methods are needed to figure out the best response to them.

*Unfortunately, this assumption is not valid for changes that challenge normal ways of operating, basic assumptions or culture. When change falls outside an organization's comfort zone, "business as usual" decision-making can lead to the worst possible blunders. Just a few examples:*

- **American Airlines**, facing bankruptcy if employees proved unwilling to make wage concessions, rewarded executives with special incentives to remain with the company. [Result: Company in greater jeopardy, CEO forced to resign.]
- **Monsanto**, investing heavily in genetically modified products, relied on the advice of scientists and industry insiders and therefore failed to anticipate the tremendous international opposition that followed. [Result: Company in jeopardy and reorganized, CEO leaves.]
- **The Red Cross**, reallocating donations received for 9/11 to other emergency needs in accordance with its usual procedure, failed to recognize how public expectations had changed. [Result: Tremendous public criticism and loss of credibility, CEO forced out.]

In responding to changes outside the comfort zone, companies need special methods to:

- ✓ Identify key certainties and uncertainties
- ✓ Make sure they fully understand the change and its implications
- ✓ Question familiar and comfortable responses
- ✓ Expand the range of available options
- ✓ Weigh the potential intensity of emotional reaction to the organization's decisions on the part of a wide range of stakeholders
- ✓ Bring a wide diversity of points of view to bear
- ✓ Create a strong sense of ownership for the decisions the company adopts
- ✓ Do all of this quickly.

**Strategic dialogue** is a method to accomplish these tasks with the company's own executives, and without relying on outside consultants. When facing challenges that demand genuine innovations, organizations need a systematic way to engage key employees and stakeholders in working through the critical choices. The **Strategic Dialogue** program is designed to do just that, providing companies and other organizations with the tools that enable them to create their own solutions.

### How Strategic Dialogue Works

Each **Strategic Dialogue** program is customized to the particular requirements of the company or companies involved, drawing on a portfolio of techniques. These include:

- Formulating special **micro-scenarios for action**. Each scenario elaborates one possible response to the change, and one set of choices the organization(s) might make, spelling out its key elements and pros and cons
- **Structured dialogues** with a wider range of key employees, other important stakeholders and (sometimes) selected outside experts designed to:
  - **Expand the range of options** by including a wider array of participants in the dialogue, especially those who bring to bear the perspective of knowledgeable and objective outsiders
  - **Uncover the Archeology of Assumptions** – a process for bringing into the open and critically examining layers of hidden assumptions
  - Ensure that **relevant factual information** is brought to bear on decisions and given its proper weight
  - **Probe for unintended consequences** – digging deeply into how decisions are likely to play out in reality, in spite of good intentions
  - Build **commitment to implementation** of the decisions that will be taken.
- Briefings for senior-decision makers in a specialized format designed to enable them to **crystallize the insights** gained through the dialogues and their implications for the decisions they face.

## **Benefits**

Strategic Dialogue enables companies and other organizations to tap their own executives more effectively to find better responses to changes outside the usual comfort zone.

Examples include:

- A major change in technology or markets that affects the nature of the business
- Dealing with a crisis of confidence or mistrust with outside stakeholders
- Significant revisions in the unwritten social contract within the organization (e.g. in pension or health benefits)
- Making a major merger, acquisition or strategic partnership work

Wrestling with hard choices for action, and examining them from differing viewpoints, is the best way to develop the genuine innovations required. It also enables key players within the company to “own” those innovations so they can be implemented more quickly and effectively.

## Appendix C

### Quantitative Findings

#### Initial Judgment

N = 216	Negative (%)	Positive* (%)
1. Use the employer-based system to cover all Californians	63	36
2. Require all Californians to have health insurance	30	69
3. The state provides the basics: The rest is up to you	46	54
4. Comprehensive public insurance coverage for all Californians	28	71

#### Final Judgment

	Negative	Positive*
1. Use the employer-based system to cover all Californians	77	23
2. Require all Californians to have health insurance	56	43
3. The state provides the basics: The rest is up to you	53	47
4. Comprehensive public insurance coverage for all Californians	11	89

#### Initial vs. Final Means

	Initial Mean	Final Mean
1. Use the employer-based system to cover all Californians	4.9	3.7
2. Require all Californians to have health insurance	4.2	5.0
3. The state provides the basics: The rest is up to you	5.7	5.5
4. Comprehensive public insurance coverage for all Californians	7.0	8.6

\*"Negative" = rated the scenario from 1-5 (on a 10 point scale); "Positive" = rated the scenario 6-10.

**How important is each of the following elements to you in a health system for California?**

	Absolutely essential	Very important	Somewhat important	Not very important
All children receive comprehensive health care	77	20	3	0
Cost of serious illnesses and accidents covered	74	23	2	1
Hospitalization covered	72	25	2	0
Coverage that cannot ever be cancelled because of changes in health	72	25	2	1
Everyone gets at least a minimum level of coverage	68	29	2	0
Coverage protects people against being financially ruined as a result of medical problems	67	27	5	0
Pre-natal and maternity care provided for all mothers	67	25	7	1
Universal coverage: all legal residents of California covered	57	37	5	0
People with chronic conditions get help managing their conditions	57	36	7	0
Cost of prescription drugs covered	56	33	11	0
Everyone contributes something to the cost of their own health care	53	35	9	3
No charge for preventive care like check-ups, shots, mammograms	53	31	13	3
Additional funding for public health measures (improving air/water quality, providing immunizations, disaster preparedness, etc.)	36	33	19	12
Lower costs for people who have a health lifestyle (non-smokers, not overweight, etc.)	29	37	21	12

**Which of the following approaches would you prefer?**


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Replacing the current health care system with a new government-run health care system	80
<u>OR</u>	
Maintaining the current system based mostly on private insurance	19

---

**Which comes *closer* to your point of view?**


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Everybody is entitled to the same level of health care	81
<u>OR</u>	
Medical care is like anything else you buy – those who can pay more should be able to get something better	19

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People have the same responsibility to be prepared for the high cost of serious illness or injury	7
<u>OR</u>	
No one should be forced into financial ruin because of high medical expenses	92

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If people don't have to pay for their health care, they will run to the doctor for every little ache	31
<u>OR</u>	
If people have to pay for every medical visit and treatment, they will delay getting health care when they need it	65

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Most people can be trusted	44
<u>OR</u>	
You can't be too careful when dealing with people	55

---

**Indicate the extent to which you agree or disagree with each of the following statements.**

	Agree strongly	Agree somewhat	Disagree somewhat	Disagree strongly
Insurance company profits add considerably to the cost of healthcare	59	33	7	1
It's not fair that some people get generous benefits from their employers while others have to pay a lot for insurance on their own.	35	36	19	9
People who live healthy lifestyles should be rewarded with lower costs for coverage.	31	44	16	9
Government-run systems in other countries provide better health care for most people than our system does.	31	42	18	9
Businesses should be required to provide health care coverage for all their employees.	28	36	25	11
California companies will be able to be more competitive in the global economy if they don't have to fund health care costs.	26	43	20	11
A state-run health system will be bureaucratic and inefficient.	16	38	33	12
It's just too expensive to provide comprehensive health coverage for all Californians.	10	31	24	35
Keeping health insurance in the hands of private companies will ensure that we have the widest range of choices.	8	29	34	27

**Satisfaction with health care**

	Extremely satisfied	Very satisfied	Somewhat satisfied	Not very satisfied	Not at all satisfied
How satisfied are you with the health care you have received over the last two years?	19	32	31	10	9

	Excellent	Very good	Good	Fair	Poor
Overall, how would you rate the quality of health care in America today?	5	10	29	35	22

**Demographic Information**

<b>Gender</b>	<b>%</b>	<b>Age</b>	<b>%</b>
Male	51	Under 18	1
Female	49	18-29	17
		30-49	44
		50-65	27
		Over 65	11

<b>Do you currently have health insurance?</b>	<b>%</b>
Yes	81
No	19

**If YES:**

<b>What is the source of your primary health insurance coverage?</b>	<b>%</b>
Your employer/union	43
Spouse/parent's employer/union	24
Medicare	14
Medi-cal	5
A plan you bought yourself	10
Other	5

<b>How satisfied are you with your current health insurance plan?</b>	<b>%</b>
Extremely satisfied	24
Very satisfied	32
Somewhat satisfied	35
Not too satisfied	6
Not at all satisfied	2

<b>Highest level of schooling you have completed</b>	<b>%</b>	<b>Annual household income from all sources before taxes</b>	<b>%</b>
Less than HS grad	4	Under \$20,000	15
HS grad	14	\$20,000 - \$29,999	12
Some college	34	\$30,000 - \$49,999	26
College degree	34	\$50,000 - \$74,999	19
Grad study/degree	13	\$75,000 - \$99,999	10
		\$100,000 or more	14