Notes from Conference Call
with
Professor Jacob S. Hacker
University of California, Berkeley

Friday, August 1, 2008
1:30 pm to 2:45 pm PDT

Participants:

Jacob S. Hacker, PhD
Bill Thorndike, OHFB
Tom Chamberlain, OHFB
Ray Miao, OHFB (?)
Barney Speight
Sean Kolmer
Tina Edlund

Betty Johnson
Ellen Pinney

Remarks by Professor Hacker:

- **Brief background on current environment (costs, uninsured and under-insured, mortality and morbidity among uninsured and underinsured, performance of US health care sector with other industrialized nations).**
- **MA has set the agenda for reform at the state level; three (3) concerns**
  - **> Didn't ask for shared responsibility**
  - **> No guarantee of long-term cost containment**
  - **> No guarantee of defined benefit package**
- **Should require public plan option with defined set of guaranteed benefits along side private plan offerings; a Medicare-like plan option.**
- **He developed "Health Care for America" for Economic Policy Institute (see www.sharedprosperity.org); a national health care reform proposal.**
- **Shared Risk (basic level of coverage), Shared Responsibility (shared cost), Individual Responsibility (incumbent to sign-up)**
- **Public plan would be available within Exchange with other private insurance options.**
- **Public plan would have lower administrative costs (similar to Medicare)**
- **Public plan would advance approaches to improve quality and cost effectiveness (medical homes, continuity of care, comparative effectiveness, quality standards, etc.)**
- **Public plan would create competition within an Exchange with private sector options.**
- **His national proposal scored well by Lewin & Associates (23% lower premium than private sector plans)**
- **At the state level, the low-cost, public plan would be offered within a state exchange.**
- **The public plan could be: 1) Created in agency-like structure within state government to negotiate rates, administer benefits, etc. or 2) a separate risk pool**

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within a state's public employee plan where other public employers, non-profits and small business could participate.

- **Other regulatory changes necessary: community rating, guaranteed issue with no pre-existing condition exclustions/limitations, cap on total annual individual/family out-of-pocket costs.**
- **Generous subsidies for low and moderate income households**
- **Employers either offer coverage or pay payroll tax (5% - 7%)**
- **Overall savings for public plan would come from: 1) better negotiations with providers due to large number of enrollees and sponsorship of previously uninsured patients; 2) Administrative savings (significantly lower marketing costs, no profit margins); 3) Effective admnistration quality standards; 4) purchasing power for pharmaceuticals**
- **State plan may not need extremely large reserves and surplus if guaranteed by full faith and credit of state or regular legislative funds appropriation.**

Professor Hacker will be available for follow-up questions.

Prepared by Barney Speight from notes taken during conference call.

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