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Obama to Endorse Public Plan in Speech

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WASHINGTON -- President Barack Obama, in a high-stakes speech Wednesday to Congress and the nation, will press for a government-run insurance option in a proposed overhaul of the U.S. health-care system that has divided lawmakers and voters for months.

White House officials say the president will detail what he wants in the health-care overhaul, as well as say he is open to better ideas on a government plan if lawmakers have them.

Democratic plans call for requiring most Americans to carry health insurance. Failure to comply could cost families as much as \$3,800 a year, according to a new Senate proposal.

The president is likely to say that a government-run insurance plan, known as the "public option," will not provide a level of subsidies that give it an unfair advantage over private insurers, according to aides familiar with the speech preparations.

Insurers oppose the public option, saying it will lead to excessive government control of health care and could eventually drive them out of business. Republicans say they won't support an overhaul with a public option, and liberal Democrats say they won't support one without it.

"Are the stakes important? Of course," said White House spokesman Robert Gibbs. "It's a big audience, and the president will get a chance to lay out clearly for the American people what's involved for them." White House aides conceded they didn't expect support from more than a handful of Republican lawmakers.

Negotiations over the health legislation resumed Tuesday as lawmakers returned to Capitol Hill after a month-long break.

A bipartisan group of senators huddled in the afternoon to decide whether to move forward on an overhaul plan that Senate Finance Committee Chairman Max Baucus (D., Mont.) began circulating over the weekend. The plan includes some of the stiffest penalties Congress has proposed for Americans who don't carry health insurance coverage.

Sen. Baucus emerged from a meeting with the six-member bipartisan group saying he had given his colleagues until 10 a.m. Wednesday to provide feedback on his draft. The group will meet again Wednesday afternoon in an attempt to come up with an agreement before Mr. Obama's address.

Under the plan, people who earn between 100% and 300% of the poverty level (or between about \$22,000 a year and \$66,000 a year for a family of four) would face fees ranging from \$750 to \$1,500 a year.

For taxpayers with incomes above 300% of poverty, the penalty starts at \$950 a year and reaches as high as \$3,800 for families. Nearly 12 million people fit in this category, according to the National Institute for Health Care Management.

The idea behind the penalty is that those who can afford insurance but don't buy it are imposing costs on the entire health system. Under the proposal, nearly 12 million people who currently have no insurance could be subject to such fines, according to figures compiled by the National

Institute for Health Care Management.

Starting next year, the plan also calls for annual fees of \$6 billion on health-insurance providers, \$4 billion for medical-device makers, \$2.3 billion on drug makers and \$750 million on clinical laboratories. The fees would be levied on individual companies based on market share. Insurers also face an excise tax of 35% for any health plan worth more than \$8,000 a year for individuals and \$21,000 a year for families.

Karen Ignagni, chief executive of America's Health Insurance Plans, an industry lobbying group, said the new fees would make it more difficult for health insurers to contain rising costs. "Our members are talking about that being at odds with the goal of cost containment," she said.

Congressional leaders, meanwhile, breathed new life into a proposal for a legislative mechanism to trigger a public plan if private insurers fail to reduce health-care inflation or cover the uninsured.

House Majority Whip James Clyburn (D., S.C.) said the idea -- suggested by moderate Republican Sen. Olympia J. Snowe of Maine and embraced by moderate Democratic Sen. Ben Nelson of Nebraska -- could save the public option from its opponents.

"If you have a triggered public option, it's because the insurance industry has demonstrated that they're not cooperating, they're not doing the right thing, and I think they'll have a tougher public option to deal with," said House Speaker Nancy Pelosi.

Rep. Tom Price (R., Ga.), chairman of the conservative Republican Study Committee, said a government-run plan would "destroy choice and innovation by squeezing private options out of the market." He said the idea of "triggering" a public plan was as just as bad.

Arkansas Rep. Mike Ross, a leader of the fiscally conservative Blue Dog coalition of Democrats, said in a letter to constituents: "If House leadership presents a final bill that contains a government-run public option, I will oppose it."

Instead of a public option, the Senate Finance Committee proposal authorizes federal funds to create nonprofit insurance cooperatives. The government would provide loans to help start the cooperatives and grants to make sure they met state solvency requirements. People who earn up to 300% of the poverty level would be eligible for tax credits to help them buy insurance, and some would also be eligible for certain cost-sharing assistance.

Families of four earning between about \$66,000 and \$88,000 would be eligible for credits that go toward their premiums and caps so the cost of their coverage doesn't exceed 13% of their income.

Meanwhile, it remains unclear who will lead the Senate health committee following the death of its former chairman, Sen. Ted Kennedy. Connecticut Democratic Sen. Christopher Dodd, who temporarily led the health committee when Mr. Kennedy was ill, has decided not to assume the permanent chairmanship and will stay at the Senate Banking Committee, according to people familiar with the matter. Sen. Dodd is scheduled to announce his plans Wednesday at 11 a.m. Spokespeople for his office did not return emails or phone calls seeking comment.

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