



Dow Jones Reprints: This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers, use the Order Reprints tool at the bottom of any article or visit [www.djreprints.com](http://www.djreprints.com)

[See a sample reprint in PDF format](#) ..... [Order a reprint of this article now](#) .....

**THE WALL STREET JOURNAL**

WSJ.com

• OCTOBER 23, 2009

# Offer to Let States Opt Out of Health Plan Gains Support

By [GREG HITT](#) and [JANET ADAMY](#)

WASHINGTON -- Senate Majority Leader Harry Reid, stepping deeper into the health-care debate, put his weight Thursday behind a proposal that would create a new government-run insurance plan while giving states the option not to participate.

The proposal, which was described by other senators and congressional aides, represented a first overture by the Nevada Democrat to solve one of the knottiest issues dividing his party: whether to create a national plan that would serve as a low-cost alternative to private insurers. House Democratic leaders are strongly behind a government-run plan, though exact details have yet to be finalized.

Whether the Senate will embrace any form of the idea is unknown. Republicans are lining up in near lockstep against it. Moderate Democrats are concerned, too, and responded Thursday with wariness.

Sen. Ben Nelson, who has met twice this week with Mr. Reid, said it would be "very difficult" for him to support any proposal that creates a national plan -- even one that allows states to opt out. The Nebraska Democrat wants to empower states to experiment with their own public plans, he said, "the nature of which would be determined by the states, not the federal government."

Legislation approved by the Senate Finance Committee last week didn't include a public option, and instead proposed to create a network of nonprofit health cooperatives to compete with private insurers.

Mr. Reid's proposal grows from negotiations between top Senate Democrats and the White House over how best to marry the Finance panel's version with more-liberal legislation approved by the Senate health committee in July. President Barack Obama hasn't drawn a hard line but has made clear he would prefer to establish a government-run plan.

People familiar with the discussions suggested the White House is supportive of Mr. Reid's efforts to broker a compromise. Mr. Reid and other top Senate Democrats briefed the president late Thursday, a session that focused in part on how to promote "greater choice and competition" for consumers, according to a statement released by the White House.

For Mr. Reid, the challenge is to ensure that whatever is brought to the floor is supported by 60 senators, enough to overcome an expected Republican filibuster. In Nevada, the majority leader faces a tough re-election battle next year, and is under pressure from his party's grass-roots activists not to give up on the public option.

Mr. Reid's proposal is modeled on an idea first floated by Sen. Charles Schumer (D., N.Y.), and could change as negotiations unfold. Among other things, the majority leader is proposing that payments under any new government plan

not be tied to the low rates paid through Medicare, the health-insurance program for the elderly. Instead, the government would negotiate rates directly with doctors and hospitals, people familiar with the matter said.

"This is the drift of the conversation," said Senate Budget Committee Chairman Kent Conrad. The North Dakota Democrat said he has received assurances from Democratic leaders that the plan wouldn't be tied to Medicare. That is important for rural states such as North Dakota that have high proportions of Medicare patients, making it tough to attract doctors because of the lower reimbursement rates. Even so, Mr. Conrad was wary. "The devil is in the details," he said.

A spokesman for Mr. Reid declined to comment. Mr. Schumer said the proposal was getting "good reaction" from liberals and moderates.

Write to Greg Hitt at [greg.hitt@wsj.com](mailto:greg.hitt@wsj.com) and Janet Adamy at [janet.adamy@wsj.com](mailto:janet.adamy@wsj.com)

Printed in The Wall Street Journal, page A6

Copyright 2009 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our [Subscriber Agreement](#) and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit [www.djreprints.com](http://www.djreprints.com)