



September 30, 2009

Senators Reject Pair of Public Option Proposals

By [ROBERT PEAR](#) and [JACKIE CALMES](#)

WASHINGTON — After an intense debate that captured the essence of the national struggle over health care, a pivotal Senate committee on Tuesday rejected two Democratic proposals to create a [government insurance plan](#) to compete with private insurers.

The votes, in the Senate Finance Committee, underscored divisions among Democrats and were a setback for [President Obama](#), who has endorsed the public plan as a way to “keep insurance companies honest.”

The first proposal, by Senator [John D. Rockefeller IV](#) of West Virginia, was rejected 15 to 8, as five Democrats joined all Republicans on the panel in voting no. The second proposal, by Senator [Charles E. Schumer](#) of New York, was defeated 13 to 10, with three Democrats voting no.

The votes vindicated the middle-of-the-road approach taken by the committee chairman, Senator [Max Baucus](#), Democrat of Montana. Mr. Baucus voted against both proposals, which were offered as amendments to his bill to expand coverage and rein in health costs.

“There’s a lot to like about a public option,” Mr. Baucus said, but he asserted that the idea could not get the 60 votes needed to overcome a Republican [filibuster](#) on the Senate floor.

Proponents of a public plan said it was needed to compete with private insurers, and they said consumers would benefit from the competition, getting lower prices and better benefits.

Republicans on the committee unanimously opposed the public option, saying it was, in the words of Senator [Orrin G. Hatch](#) of Utah, “a Trojan horse for a single-payer system” in which the government would eventually control most health care.

Mr. Obama has said he wants a public plan, but he has not always insisted on it, and the administration has

sent mixed signals about how important it is. In the debate on Tuesday, few senators mentioned the president's preferences, although several noted that many House Democrats, including Speaker [Nancy Pelosi](#), supported the public option.

House Democratic leaders met for several hours on Tuesday to continue the dicey work of melding bills from three committees into a consensus package that could win a House majority.

Mr. Schumer said the public option would hold down costs because it would not have to generate profits, answer to shareholders or incur marketing expenses. His proposal would have required the public plan to negotiate rates with doctors and [hospitals](#), rather than setting prices based on [Medicare](#) reimbursement rates. Under Mr. Rockefeller's plan, the payment of doctors and hospitals would have been based on Medicare rates for the first two years.

Mr. Rockefeller said the [Congressional Budget Office](#) had estimated that a government insurance plan could slice \$50 billion from the cost of Mr. Baucus's bill, originally put at \$774 billion over 10 years. The budget office predicted that eight million people would initially enroll in the public plan — about one-third of those who would seek coverage through new markets, or insurance exchanges.

"The public plan will be optional," Mr. Rockefeller insisted. "It will be voluntary. It will be affordable to people who are now helpless before their insurance companies."

But Senator [Charles E. Grassley](#) of Iowa, the senior Republican on the committee, said a government insurance plan would have inherent advantages over private insurers. "Government is not a fair competitor," Mr. Grassley said. "It's a predator." He predicted that "a government plan will ultimately force private insurers out of business," reducing choices for consumers.

Senator [John Ensign](#), Republican of Nevada, said he feared that a government plan would prove so popular it could never be uprooted. "Does anybody believe Congress would let this public plan go away once it has a constituency?" Mr. Ensign asked. "No way. Once it's started, you will never get rid of it. Congress will subsidize it more and more, allow it to grow and grow."

Besides Mr. Baucus, two Democrats, Senators [Kent Conrad](#) of North Dakota and [Blanche Lincoln](#) of Arkansas, voted against both public option proposals. Two other Democrats, Senators [Thomas R. Carper](#) of Delaware and

Bill Nelson of Florida, voted against the first amendment, but supported the second.

Mr. Carper said he liked Mr. Schumer's proposal because it "would establish a level playing field" for competition between private insurers and the government plan.

The votes on Tuesday set the stage for a compromise under which the public plan could be offered in states where people could not find affordable private coverage, Mr. Carper said. He and Senator [Olympia J. Snowe](#), Republican of Maine, have proposed such a compromise.

Democrats hope Ms. Snowe will eventually break with her party and support the legislation.

In the House, the Democratic leader, Representative [Steny H. Hoyer](#) of Maryland, echoed Mr. Schumer's argument that the Finance Committee was the least friendly of the forums that would consider a public option.

"The Senate floor may be better, and the conference even better," Mr. Hoyer said, looking ahead to negotiations where differences between the two chambers might be resolved.

Senator Lincoln, who faces an increasingly competitive race for re-election next year, said she supported efforts to cover the uninsured and to protect consumers by imposing strict new federal rules on insurance companies. But she said Congress could achieve those goals "without creating a purely public new government program, which most Arkansans do not support."

Mr. Baucus's bill does not include a public plan, but would set up nonprofit insurance cooperatives as an alternative to private insurers. The Congressional Budget Office has suggested that the cooperatives would have little effect on federal costs.

Mr. Rockefeller and Mr. Schumer were undaunted. "We will keep fighting so the bill that lands on the president's desk has a good, strong, robust public option," Mr. Schumer said.