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# State-Run Health Plans Garner Support

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WASHINGTON -- Some influential centrist Democrats in the Senate are warming to a compromise that envisions health-insurance plans run by state governments, and California Gov. Arnold Schwarzenegger added his voice Tuesday to a small group of Republicans expressing support for a Democratic-led overhaul plan.

Liberals have challenged legislation nearing a vote in the Senate Finance Committee because it doesn't allow for a plan run by the federal government, which they view as key to expanding insurance coverage to tens of millions of Americans. Instead, the bill would create a network of nonprofit health cooperatives, seeded with \$6 billion of federal money, to compete with private insurers in a bid to contain prices.

A new proposal by Sen. Tom Carper would spell out how to boost competition in the private market by enacting government-run plans at the state level. States could act alone or in concert with others to gain more leverage in the marketplace, and would be bound by the same rules established for private companies using the national insurance exchange envisioned by the Senate Finance bill. Another option would entail states opening their workers' employee-benefit plans to the general public.

The Delaware Democrat's plan won praise from some in his party Tuesday as a way of bridging differences among them.

"Conceptually, having the states take responsibility makes a great deal of sense," said Nebraska Sen. Ben Nelson, a key voice for moderate Democrats. "It is important that we really take a close look at this." He noted that states are already in the health-insurance business because they administer Medicaid and other federal-state programs.

Mr. Nelson said state health plans could compete alongside the nonprofit cooperatives. Another Democratic centrist, Sen. Kent Conrad of North Dakota, said the Carper proposal was "very constructive."

While most Republicans remain opposed to the president's plans, a few have come out in recent days to express sympathy, including former Senate Majority Leader Bill Frist and former Health and Human Services Secretary Tommy Thompson. Mr. Schwarzenegger issued a statement Tuesday saying his principal goals, such as slowing cost growth and improving medical care, "are the same goals that the president is trying to achieve."

But one key Republican in the debate, Maine Sen. Olympia Snowe, cast doubt on the Carper idea. She favors creating a federally run health plan as a fallback option that would come into force only if other changes to the system fail to expand coverage as expected. "A fallback can work and would work, in the event the private insurance industry failed to produce results," she said.

Republican leaders oppose a public plan and co-ops, saying both would encourage a government takeover of health care

instead of harnessing market forces to reduce costs and improve quality.

The public-plan issue is one of several likely to arise when Democratic leaders attempt to bring a health bill to the Senate floor. Others include the burden on lower-income Americans, many of whom would be required to carry health insurance, and the tax increases proposed to pay for subsidies and other elements of the bill.

President Barack Obama has long said he favors a government-run health-insurance plan as a way to boost competition. The House bill is likely to include such a plan, but the Senate Finance Committee twice rejected the idea last week, with panel Chairman Max Baucus (D., Mont.) leading the opponents.

Ms. Snowe said she hasn't made up her mind about how she will vote on the Finance bill, and suggested her vote could change once it comes to the floor. "It's all about what I'm comfortable with at the end of the day," she said. "Whatever my vote is in committee will be my vote that day. It doesn't mean it will be my vote always."

The Finance Committee is expected to vote this week, after the nonpartisan Congressional Budget Office completes an analysis of the legislation.

Employer groups are stepping up their complaints about the panel's bill, saying some provisions are burdensome to businesses. "We thought that this bill needed a lot of improvement in the mark-up process," said James Gelfand, senior manager of health policy for the U.S. Chamber of Commerce. "It didn't get improvement. It was worsened."

Among other things, the Chamber is concerned that the bill calls for companies to pay a fine if they don't offer health insurance that costs less than 10% of an employee's income, and if that employee instead gets a government tax credit to buy coverage. An earlier draft set that threshold at 13% of the employee's income.

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