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'Public Option' in Health Plan May Be Dropped

By [SHERYL GAY STOLBERG](#)

PHOENIX — The White House, facing increasing skepticism over [President Obama](#)'s call for a public insurance plan to compete with the private sector, signaled Sunday that it was willing to compromise and would consider a proposal for a nonprofit health cooperative being developed in the Senate.

The "public option," a new government insurance program akin to [Medicare](#), has been a central component of Mr. Obama's agenda for overhauling the health care system, but it has also emerged as a flashpoint for anger and opposition. [Kathleen Sebelius](#), the health and human services secretary, said the public option was "not the essential element" for reform and raised the idea of the co-op during an interview on CNN.

Mr. Obama himself sought to play down the significance of the public option at a town-hall-style meeting on Saturday in Grand Junction, Colo., when a university student challenged him on how private insurers could compete with the government.

After strongly defending the public plan, the president suggested that he, too, viewed it as only a small piece of a broader initiative intended to control costs, expand coverage, protect consumers and make the delivery of health care more efficient.

"The public option, whether we have it or we don't have it, is not the entirety of [health care reform](#)," the president said. "This is just one sliver of it, one aspect of it."

For Mr. Obama, giving up on the public plan would have risks and rewards. The reward is that he could punch a hole in Republican arguments that he wants a "government takeover" of health care and possibly win some

Republican votes. The risk is that he could alienate liberal Democrats, whose support he will also need to pass a bill.

On Sunday, Senator [John D. Rockefeller IV](#), Democrat of West Virginia, affirmed his support for the public option. "I believe the inclusion of a strong public plan option in health reform legislation is a must," Mr. Rockefeller said in a statement. "It is the only proven way to guarantee that all consumers have affordable, meaningful and accountable options available in the [health insurance](#) marketplace."

White House officials say the president has not abandoned the idea of a pure government plan, a central feature of the legislation moving through the House. But Ms. Sebelius's comments did seem to open the door, and at least one Democrat close to the White House said the administration was well aware that, with moderate Senate Democrats opposed to the idea of a public plan, Mr. Obama might have to give up on the notion to get a bill through.

"The president is going to continue to try to persuade everyone of the great value of having a true public plan," said this Democrat, who spoke on condition of anonymity to avoid discussing strategy publicly. "But at the end of the day, I believe he recognizes that there are other, arguably less effective, ways to achieve greater coverage, more choice, better quality and lower cost in our system."

In an interview on Sunday, Mr. Obama's senior adviser, [David Axelrod](#), said the president remained convinced that a public plan was "the best way to go." But Mr. Axelrod said the nuances of how to develop a nonprofit competitor to private industry had never been "carved in stone."

On Capitol Hill, the Senate Finance Committee is expected to produce a bill that features a nonprofit co-op. The author of the idea, Senator [Kent Conrad](#), Democrat of North Dakota and chairman of the Budget Committee, predicted Sunday that Mr. Obama would have no choice but to drop the public option.

"The fact of the matter is, there are not the votes in the [United States Senate](#) for the public option," Mr. Conrad

said on “Fox News Sunday.” “There never have been. So to continue to chase that rabbit, I think, is just a wasted effort.”

The co-op, modeled after rural electric and agricultural cooperatives in Mr. Conrad’s home state, would offer insurance through a nonprofit, nongovernmental consumer entity run by its members. Mr. Axelrod said one downside of a co-op, from Mr. Obama’s point of view, was that it might be unable to “scale up in such a way that would create a robust” competitor to private insurers.

And whether a co-operative would actually bring Republicans on board with Mr. Obama is unclear. Senator [Richard C. Shelby](#), the Alabama Republican who appeared alongside Mr. Conrad on “Fox News Sunday,” called the co-op idea “a step in the right direction,” adding: “I don’t know if it will do everything people want, but we ought to look at it. I think it’s a far cry from the original proposals.”

As Mr. Obama envisions it, the public option would be a government-backed plan available to consumers through a health exchange where people could buy insurance, public or private, that best fits their needs. While a public plan might require some government financing to start up, the idea is for it to be financially self-sustaining and require no subsidies, Mr. Axelrod said.

Republicans argue that a public plan would invariably drive private insurers out of business and prompt employers to drop private coverage, pushing people who are already insured onto a plan run by the government. Mr. Obama counters that a public option would keep insurers “honest” by forcing them to compete in the marketplace, although he has said all along he would be open to other ideas.

In her interview Sunday on CNN, Ms. Sebelius was asked if it was time to come up with an alternative to the public option. She replied that the president’s main concern was to promote competition with the private sector.

“What’s important is choice and competition,” she said. “And I’m convinced at the end of the day, the plan will have both of those.”

Here in Phoenix, where Mr. Obama is to address the Veterans of Foreign Wars on Monday, conservative groups including Americans for Prosperity are planning to protest the health plan. The same groups have turned up around the country at Congressional town-hall-style meetings, which have sometimes turned into shouting matches as opponents denounce him for promoting “socialized medicine.”

Mr. Obama is pushing back. As the nation heads into the last two weeks of August, a time when the White House believes many Americans will tune out of the health care debate to take their vacations, he has been waging an intense public relations offensive to convince Americans that the health care system should be overhauled. (He, too, is planning a vacation, to Martha’s Vineyard the last week of August.)

In the past week alone, Mr. Obama has held three town-hall-style meetings — in addition to the session on Saturday in Grand Junction, he traveled to Portsmouth, N.H., and Belgrade, Mont. — and devoted his weekly radio and Internet address to health care. On Sunday, he published an opinion article in The New York Times arguing, as he has in recent days, that overhauling the system would result in protections for consumers.

“This is not about putting the government in charge of your health insurance,” Mr. Obama wrote. “I don’t believe anyone should be in charge of your health care decisions but you and your doctor — not government bureaucrats, not insurance companies.”

Matthew L. Wald contributed reporting from Washington.

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