

Senate health care bill to include public option (Update)

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Senate Majority Leader Harry Reid of Nev. gestures while speaking on health care reform during a news conference, Monday, Oct. 26, 2009, on Capitol Hill in Washington. (AP Photo/Haraz N. Ghanbari)

(AP) -- Health care legislation heading for the Senate floor will give millions of Americans the option of purchasing government-run insurance coverage, Majority Leader Harry Reid announced Monday, although he stopped short of claiming the 60 votes needed to pass a plan steeped in controversy. Reid, D-Nev., said individual states would have the choice of opting out of the program.

His announcement was cheered by liberal lawmakers, greeted less effusively by the White House and noted with a noncommittal response

by Democratic moderates whose votes will be pivotal.

Sen. Olympia Snowe of Maine, the only Republican to vote with Democrats on health care so far this year, issued a statement saying she was "deeply disappointed" in the approach the Democratic leader had chosen.

Reid said, "While the public option is not a silver bullet, I believe it's an important way to ensure competition and to level the playing field for patients with the insurance industry." He said a long-delayed Senate debate on President Barack Obama's call for an overhaul of the health care system would begin as soon as the Congressional Budget Office completes a mandatory assessment of the bill's cost and impact on coverage.

Changes on the public option - and numerous other provisions in the measure - are possible during a debate expected to last for weeks.

And officials said Reid had prepared several variations of key provisions so he could make adjustments in his bill at the last minute and still make sure he was within Obama's target of a \$900 billion price tag over a decade.

Both the House and Senate are struggling to complete work by year's end on legislation extending coverage to millions who lack it, to ban insurance industry practices such as denying coverage because of pre-existing medical conditions and to slow the rise in medical costs nationally.

As in the Senate, attempts to complete drafting a measure in the House have been delayed by internal Democratic divisions on the details of a government-run option. Differences in bills passed by the House and Senate would have to be reconciled before any legislation reached

Obama's desk.

In an appearance at a Florida senior center during the day, Speaker Nancy Pelosi suggested a new name for the same approach to ease the opposition. She suggested "the consumer option." Rep. Debbie Wasserman Schultz, D-Fla., appearing at Pelosi's side, used the term "competitive option."

Critics say that by any name, the approach amounts to a government takeover of the insurance industry.

In deference to moderates, Reid also said he was including a provision for nonprofit co-ops to sell insurance in competition with private companies.

Senate Democratic officials say the bill Reid envisions would require most individuals to purchase insurance, with exemptions for those unable to find affordable coverage. Large businesses would not be required to provide insurance to their workers, but would face penalties of as much as \$750 per employee if any qualified for federal subsidies to afford coverage on their own.

The bill will also include a tax on high-cost insurance policies, despite opposition from organized labor, officials said. In a gesture to critics of the plan, Reid decided to apply the new tax to family plans with total premiums of \$23,000 a year. The Senate Finance Committee approved a tax beginning at \$21,000 in total premiums.

Nominally, the majority leader has spent the past two weeks melding bills passed earlier by the Senate's Finance Committee and Health, Education, Labor and Pensions Committee. But in reality, he has had a virtual free hand to craft a new measure in consultations with senior members of the two panels and top White House aides.

"I feel good about the consensus that was reached within our caucus and with the White House," he said at his news conference. And we're all optimistic about reform because of the unprecedented momentum that now exists."

Within minutes, the White House released a statement saying Obama was "pleased that the Senate has decided to include a public option for health coverage, in this case with an allowance for states to opt out."

Obama has long voiced support for such a plan but has also signaled it is not a requirement for a health care bill he would sign. He has also said he would like bipartisan support for the legislation - and Snowe appears to be his last, best hope for that.

She favors a standby provision for government coverage if there is not enough competition in the private marketplace. Reid said that was not in his bill. "We hope that Olympia will come back. ... She's a very good legislator. I'm disappointed that the one issue, the public option, has been something that's frightened her."

Sen. Chuck Schumer, D-N.Y., who has long backed a government-run insurance option, said the approach "has a new life because as Americans have learned more about it, they have come to see it is the best way to reduce costs and increase competition in the health insurance industry."

Ben Nelson of Nebraska, the most conservative Democrat in the Senate, "is not committing how we will vote regarding any proposal Senator Reid is advancing," said spokesman Jake Thompson.

Sen. Blanche Lincoln, D-Ark., a moderate seeking a new term in 2010, said through a spokesman she intends to study the details and decide how to vote based on the impact on her home state.

With the support of two independents, Democrats command 60 seats in the Senate, precisely the number needed to overcome any Republican filibuster.

Asked about the prospects for success, Reid answered, "We have 60 people in the caucus. ... We all hug together and see where we come out."

While the controversy over government-run insurance is the most intense, there are numerous other issues to be settled before legislation can win passage.

Obama has set a \$900 billion, 10-year price tag for the legislation, and the program would be funded through cuts in future payments to Medicare providers and through higher taxes - an income surcharge on million-dollar earners in the House version and a new levy on high-cost insurance policies in the Senate.

Pelosi has said the House bill will strip the insurance industry of its exemption from antitrust laws, a provision that the Congressional Budget Office said during the day would have only a small impact on the cost of insurance to consumers.

The insurance industry was sharply critical of Reid's announcement.

"A new government-run plan would underpay doctors and hospitals rather than driving real reforms that bring down costs and improve quality. The American people want health care reform that will reduce costs, and this plan doesn't do that," said Karen Ignagni, head of America's Health Insurance Plans.

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