



Written by [Steven J. DuBord](#) on September 29, 2009

Public Insurance Option Voted Down

The Senate Finance Committee led by Max Baucus (D-Mont.) on September 29 voted 15-8 against including a public health insurance plan in the panel's proposed healthcare reform legislation.

Senator Jay Rockefeller (D-W.Va.) had proposed the amendment to create a government-run insurance plan that would have paid according to Medicare rates for the first two years. Rockefeller argued that only a public insurance option can keep costs down and supply viable competition to private insurers.



"I feel so strongly about this because it makes so much sense," Rockefeller stated. "The people who I represent need this ... because they're helpless in front of the insurance companies."

All Republican committee members voted against the Rockefeller amendment, and they were joined by five Democrats: Chairman Max Baucus (D-Mont.) and Senators Bill Nelson (D-Fla.), Kent Conrad (D-N.D.), Blanche Lincoln (D-Ark.), and Thomas Carper (D-Del.).

This represents a victory of sorts for Baucus, who is hoping to get a committee vote on his compromise deal by the end of the week. Baucus believes that any bill including a public option won't garner the 60 votes necessary to avoid a filibuster in the full Senate.

"My job is to put together a bill that gets to 60 votes," Baucus declared before he stood with the majority to vote down the public plan. "No one shows me how to get to 60 votes with a public option."

Nonetheless, Baucus is quick to point out that the bill he would like to see will not let insurance companies off the hook. Provisions would include regulations to forbid insurers from denying coverage based on pre-existing conditions.

"I think it's important to explain that the bill is not easy on insurance companies," Baucus said.

Republicans blasted the Rockefeller amendment as being not just hard on health insurance companies, but an attempt by the federal government to put them out of business. The public plan would be able to charge artificially low premiums while it pays at Medicare rates. Healthcare providers would in turn charge private insurers more, causing the insurers to raise premiums for their customers. Eventually, a vicious cycle of more and more people going over to the public plan in order to save money would bankrupt most private health insurance companies.

Senator Charles Grassley (R-Iowa) summed it up as "a slow-walk toward government-controlled, single-payer health care."

It appears that the Senate Democrats on the Finance Committee intend to keep up this slow movement in the direction of Big Government. Senator Charles Schumer (D-N.Y.) is expected to offer another amendment that would establish a public health insurance plan, but his plan would pay at negotiated rates instead of Medicare rates. This is intended to address the complaint that Medicare pays



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healthcare providers too little for services rendered.

Schumer is determined that, should his amendment fail in the Finance Committee, he will bring it up again in the full Senate: "It is important to continue to work with our colleagues to bring this issue [to] the Senate floor, and all the way to conference if we have to."

Schumer's amendment, though, negates some of the justification for its very existence. If the public plan negotiates for payments, then it couldn't keep costs down to the same degree as Rockefeller's version could have. If the public health insurance plan isn't cheaper, it becomes just another insurance plan and has no real reason to exist.

It is still possible that the sheer number of people in the public plan might allow it better bargaining power with providers that could lower costs. This would then cause the same problems as Rockefeller's plan, but it might take a little longer to drive private companies out of business.

Either way, the only sure answer is to follow Representative Ron Paul's advice to dismantle the government-imposed managed-care system we have today and to re-establish the free market as the preeminent delivery system for healthcare.



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