

White House seeks health plan compromise

AP Associated Press

By RICARDO ALONSO-ZALDIVAR, Associated Press Writer Wed Apr 15, 4:13 pm ET

WASHINGTON – President Barack Obama's top health care adviser said Wednesday a compromise is within reach on a government health plan for the middle class that wouldn't drive private insurers out of business.

Offering the option of government coverage to workers and their families has become one of the most contentious issues in the debate about overhauling health care to cover the uninsured and curb costs. Obama has proposed a public plan, and liberals insist it be part of any final deal. Conservatives and businesses fear that could open the door for a government takeover of the system.

Nancy-Ann DeParle, director of the White House health reform office, said a public plan could be designed to address concerns about the federal government overreaching in its role.

"I'm actually very hopeful that we'll be able to reach an agreement on that, because it is part of the president's plan," DeParle said in a session with reporters at which she fielded repeated questions on the issue. "It's included because he wanted a mechanism to lower costs and to keep the private sector honest."

But the insurance industry remains skeptical, and many Republicans say any kind of public plan would be a deal breaker.

DeParle suggested one compromise might be that the public plan pays hospitals and doctors rates similar to what private insurers pay. That would address fears that government would use its muscle to pay rock-bottom prices for medical services, allowing the public plan to charge discounted premiums that private insurers couldn't compete with.

Even if the government plan paid private-market rates to doctors and hospitals, it could still cut costs, DeParle said. A government plan wouldn't have to turn a profit, and could also save on administrative expenses.

"If it's a policy disagreement, there are ways of bridging that gap," said DeParle.

However, DeParle acknowledged that ideological objections to government's role would be

hard to overcome. She spoke at a forum sponsored by the Kaiser Family Foundation.

Most Americans may not realize it, but government already pays nearly half of the nation's health care tab. Government programs cover seniors, poor families, and many children. Obama has proposed to expand that.

His plan would offer middle class workers and their families the option of enrolling in a public plan, along with private insurance, through a new kind of purchasing pool. But Obama has avoided filling in the details, thereby giving himself some room to compromise.

Those details would be critical, according to a recent economic study. The Lewin Group, a consulting firm, found that a public plan would help to significantly reduce the number of uninsured. But depending on how it's designed, it could also take away much of the business from private insurers.

If a public plan was open to all employers and individuals, and paid doctors and hospitals the same low rates as Medicare, it would become the dominant insurer in the country, the study found. But if the plan were open only to individuals and small businesses, and paid rates similar to private insurers, its impact would be limited. In that case, the public plan would mainly be helping groups that now have a hard time getting private coverage.

Lewin is a subsidiary of UnitedHealthcare, the nation's largest health insurer. The consulting firm says it makes its own judgments, however, and its work is used by groups on all sides of the health care debate. For example, Lewin recently did a study for the Commonwealth Fund, a New York-based research center that released a health care proposal featuring a strong government plan.

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On the Web:

DeParle news conference: <http://tinyurl.com/dhwj8s>

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