

October 8, 2009

*The Honorable Harry Reid
Majority Leader
United States Senate
The Capitol, S-221
Washington, DC 20510*

Dear Majority Leader Reid:

We have spent the better part of this year fighting for health reform that would provide insurance access and continuity to every American in a fiscally responsible manner. We are concerned that – absent a competitive and continuous public insurance option – health reform legislation will not produce nationwide access and ongoing cost containment. For that reason, we are asking for your leadership on ensuring that the merged health reform bill contains a public insurance option.

As it stands, the health insurance market is dominated by a handful of for-profit health insurers that are exempt from the anti-trust laws that ensure robust competition in other markets across the United States. Without a not-for-profit public insurance alternative that competes with these insurers based on premium rates and quality, insurers will have free rein to increase insurance premiums and drive up the cost of federal subsidies tied to those premiums. This is simply not fiscally sustainable.

We recognize that the two Committees with jurisdiction over health reform – the Senate Finance Committee and the Senate Health, Education, Labor, and Pensions (HELP) Committee – have taken two very different approaches with respect to this issue. However, a strong public option has resounding support among Senate Democrats – every Democrat on HELP, three quarters of those on Finance, and what we believe is a majority of the caucus.

The Senate Finance Committee included a cooperative approach to insurance market competition. While promoting more co-ops may be a worthy goal, it is not realistic to expect local co-ops to spring up in every corner of this country. There are many areas of the country where the population is simply too small to sustain a local co-op plan. We are also concerned that the administrative costs

associated with financing the start-up of multiple co-op plans would far outstrip the seed money required to establish a public health insurance program.

Opponents of health reform argue that a public option presents unfair competition to the private insurance companies. However, it is possible to create a public health insurance option that is modeled after private insurance – rates are negotiated and providers are not required to participate in the plan. As you know, this is the Senate HELP Committee’s approach. The major differences between the public option and for-profit plans are that the public plan would report to taxpayers, not to shareholders, and the public plan would be available continuously in all parts of the country. The number one goal of health reform must be to look out for the best interests of the American people – patients and taxpayers alike – not the profit margins of insurance companies.

Health reform is about improving access to health care, containing costs, and giving Americans a real choice in the insurance plan best suited to their needs. We urge you to fight for a sustainable health care system that ensures Americans the option of a public plan in the merged Senate bill.

Sincerely,

Sherrod Brown (D-OH)

Russell D. Feingold (D-WI)

Daniel K. Akaka (D-HI)

Kristen E. Gillibrand (D-NY)

Ron Wyden (D-OR)

Barbara Boxer (D-CA)

Michael F. Bennet (D-CO)

Jack Reed (D-RI)

Frank R. Lautenberg (D-NJ)

Al Franken (D-MN)

Barbara A. Mikulski (D-MD)

Edward E. Kaufman (D-DE)

Maria Cantwell (D-WA)

Bernard Sanders (I-VT)

Herb Kohl (D-WI)

John D. Rockefeller (D-WV)

Patrick J. Leahy (D-VT)

Tom Udall (D-NM)

Roland W. Burris (D-IL)

Debbie Stabenow (D-MI)

Sheldon Whitehouse (D-RI)

Dianne Feinstein (D-CA)

Jeff Merkley (D-OR)

Benjamin L. Cardin (D-MD)

Robert P. Casey, Jr. (D-PA)

Daniel K. Inouye (D-HI)

Arlen Specter (D-PA)

Robert Menendez (D-NJ)

John F. Kerry (D-MA)

Paul Kirk (D-MA)