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No Health Care Middle Ground As Dems And GOP Scorn Co-Ops

By [SEAN HIGGINS](#), INVESTOR'S BUSINESS DAILY

Posted 11:22 AM ET

Sen. Kent Conrad, D-N.D., has hoped to break the gridlock in Washington by replacing the public option with health care co-ops. But both sides are so dug in that his idea has made little progress.

Liberals have scorned co-ops as a retreat from creating a government insurer. Conservatives see it as a public option by another name.

"The only reason it is getting any play at all is because the public option is on the downside right now, we think," said Merrill Matthews, director of the Council for Affordable Health Insurance, which represents insurers.

Conrad, Senate Budget Committee chairman, told Fox News Thursday that the co-ops would be "member ship-owned and membership-run" and a "nonprofit alternative to for-profit insurance companies."

Doctors, hospitals and/or businesses could form co-operatives at the national, state and local levels. Small businesses and individuals could buy in to get coverage and have a vote on co-op management.

Conrad wants about \$6 billion in taxpayer funds to help start up and initially run the co-ops. They also would be subject to various federal regulations, such as being unable to turn away anyone who could afford the membership fee.

But eventually, the plan would be to spin them into private entities.

Conrad doesn't envision any co-ops operating before 2013. He also has yet to introduce a bill and likely won't for a few weeks.

Timothy Jost, a law professor at Washington and Lee, and a backer of a public option, said Conrad's plan comes down to seed money.

"Co-ops are, as far as I know, legal anywhere," he said. "If this was a viable option for providing health insurance somebody would have thought of it before Senator Conrad and we'd see them appearing in various places. But we don't."

Co-ops have attracted some very tentative GOP support. Sen. Mike Enzi, R-Wyo., said he was "considering" them in a USA Today op-ed. Sens. Chuck Grassley, R-Iowa, and Richard Shelby, R-Ala., have expressed openness to the idea without endorsing it.

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No other senator appears to be giving even that level of support. Conrad's office was uncertain how many co-sponsors he expects.

"It is too early to say," said Conrad spokesman Sean Neary.

Co-Ops Or Co-Opted?

Senate Majority Leader Harry Reid, D-Nev., has said he is open to the idea — as long as it closely resembled a public option.

"We're going to have some type of public option, call it a 'co-op'. Call it what you want," he told reporters last month.

Sen. Chuck Schumer, D-N.Y., said earlier this summer that he could back co-ops if the president named the board, among other conditions.

Such comments have helped solidify conservative opposition to co-ops. Sen. Jim DeMint, R-S.C., told Fox News on Tuesday that GOP supporters would be "betraying the American people."

Senate Minority Leader Mitch McConnell, R-Ky., isn't a fan either.

"His basic concern is that if the government backs a co-op, it becomes another Fannie or Freddie" and may have to be bailed out, said spokesman Don Stewart.

In a Redstate.com post, founder Erick Erickson told Enzi to "shut up" about co-ops because "it will not foster competition, it will just insert the government referee into the health insurance business."

Failure Is Not An Option

For liberal groups, any overhaul that does not include a public option will be seen as a failure. They rebelled this week after administration officials hinted that the public option might be dropped.

Health Care for America NOW, a coalition that includes Big Labor, Moveon.org and others, rejected co-ops in a posting on its Web site.

"Conrad's co-ops will not bring costs down, save our economy, or allow us to choose a viable public option if we don't want to be at the mercy of private insurance," the statement read.

During a conference call with supporters Thursday, Obama reaffirmed his support for a public option, though he called it "just one part" of a broad overhaul. He did not cite co-ops as an alternative.

Michael Cannon, health policy analyst for the free market Cato Institute, says liberals may be missing an opportunity with co-ops.

"(The co-ops) are not private at all," he said. "They are just promising to make them private."

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