

Congressman Mike Pence [appeared](#) alongside Rep. Jan Schakowsky on *CNBC's " [Power Lunch](#) " to discuss and debate the merits of a public option with regard to health care reform:*

Transcript below:

HOST: Here's what he had to say to his critics this morning.

President Obama [clip]: Put simply, our health care problem is our deficit problem. Nothing else even comes close... I will not sign it if it adds one dime to the deficit now or in the future. Period. The public option is only a means to that end and we should remain open to other ideas that accomplish our ultimate goal.

HOST: My bad. That was from last night, obviously. But did he make his case? Joining us with their respective reviews of this, Rep. Jan Schakowsky of Illinois, she is the Chief Deputy Whip and we have Representative Mike Pence of Indiana, who is the Chair of the Republican Conference. Representative Schakowsky, what do we know today about the President's health care reform package that we didn't know before last night? What's new now?

Schakowsky: Well there's a lot of things new not so much the facts that have been in the bill but I think now, he's communicated those. I think he was able to bust some of the myths that have been going around.

HOST: Like what? I'm looking for specifics that we can point to and say we have a better idea now of how the President wants to achieve health care reform. What did he tell us?

Schakowsky: I'm not sure that all Americans were aware that it will be against the law to exclude people for pre-existing conditions. That the fear of losing your health care when you lose your job is over now. I think that people may have fallen prey, some seniors, to the feeling

that Medicare would be eroded or that there would be death panels. I believe that he did a good job of both the positives - what's in the bill and what's not in the bill. But I think, more importantly, he lifted it to a new level at the end. Not just a program, but actually it is about the character of the American people and a moral issue.

HOST: Representative Pence, when you look at the way health care stocks are trading today and when you read a Wall Street analysis of the speech, they're suggesting that, in fact, he didn't make the sale, public option unlikely and that if anything gets passed, it's going to be something moderate. Can you reassure Wall Street that they are accurate in that assessment?

Pence: Well, no, I really can't. I have too much respect for Jan and her legislative abilities and those of Speaker Nancy Pelosi. This was one more speech about the same bad plan. The president basically outlined a plan that has added centerpiece, a government-run insurance program that will set us on a pathway toward a government takeover. The minute the federal government starts to offer a public health insurance plan to employers across this country and, as the Democrat bill suggests, only asked them to pay 8% in payroll and then they don't have to offer health insurance, you're going to see millions of companies in this difficult economy, around the country, cancel the health insurance plans that they have and send people to the federal program. This is going to send us on a pathway toward a government takeover and the idea it won't add to the deficit is not creditable.

HOST: Representative Schakowsky, the so-called public option has, as we all know, been a lightning rod for the critics to this point. The president has said that it's not that important in terms of being a centerpiece. It's not a deal breaker. Otherwise, how do you provide the kind of competition to the health insurers to ensure costs will come down as the president wants it to happen if it's not a public option?

Schakowsky: Ok, first of all, let me make it clear that even if employers were to drop their insurance, the employees would have a choice of an array of private plans and one public option. As the president said initially, at least there would be a very small number of people. He made the analogy between private universities and public universities. They exist side by side. The insurance industry, yes, they may have to change their ways a bit. They can thrive and survive next to a public plan. Just one public plan.

HOST: Representative Pence, I want you to listen to the sound bite from the president last night. If we could play this, I want to get your sense of his tone when it came to the health

insurance companies.

President Obama [clip]: Without competition, the price of insurance goes up and quality goes down and it makes it easier for insurance companies to treat their customers badly by cherry picking the healthiest individuals and trying to drop the sickest. By overcharging small businesses who have no leverage and by jacking up rates.

HOST: It seemed to some that there was a bit of a demonization of health insurance companies there, representative. Is that constructive to the debate?

Pence: Well, I don't believe it is. Insurance companies are a pretty big target in the political debate, but I don't think it really advances the cause.

HOST: Did he say anything that was inaccurate about the insurance companies?

Pence: Well, no. What he said was that we need to bring competition because the reality is, as the president correctly said, many states have a virtual monopoly where there's just one or two major health insurance companies that offer health insurance programs to businesses.

HOST: How would you provide the competition then, Congressman Pence, to help bring costs down?

Pence: Here's a thought: rather than a government-managed exchange that Jan's advancing and also a public option in that subsidized by taxpayers, why don't we just let the American people purchase health insurance across state lines the same way they purchase auto insurance? Let's not open it up to an exchange, let's open it up to 1,300 health insurance companies, association health plans, let's bring real competition. Let's not replace one monopoly at the state level with a brand new behemoth of a government monopoly in the future.

HOST: We're late on time, but Representative Schakowsky, do you want to answer that? Would that work?

Schakowsky: Across state lines mean that we fear that insurance companies would locate in the state that has least regulations-

HOST: Bingo.

Schakowsky: -and it would be a race to the bottom.

HOST: Exactly, yes, and we would all have much cheaper choices, right? We could go to places and we could have choices about what kind of coverage at what level and at what prices.

Schakowsky: And what about protections to make sure that mammograms are covered, that certain-

HOST: You pay more for more of what you want.

Schakowsky: No, we fear that the things that the states have actually done, state's rights to protect the consumer would go out the window.

HOST: Alright, Representatives Schakowsky and Pence, thank you both for joining us. We appreciate the time.