

## Gov. Rounds on the "public option"

*By David Montgomery*

In my article today and in other recent pieces I've noted Gov. Rounds' opposition to the controversial "public option" -- a government-run health insurance program to compete with private insurers. But I've always just noted Rounds' opposition in passing and never explored it. Here's why he argues it's not a good idea:

First, Rounds cites other instances where the government is involved in health care, which he argues don't work well -- something he believes is an argument against expanding government's role to cover more people.

His first example is the Indian Health Service, which no one would argue is any sort of positive model.

"The current Indian Health Service is in crisis and should be overhauled," Rounds said Tuesday. "Right now many Indians receive health care only when life, limb or sight is threatened."

He cited an example of a podiatrist who was told IHS would not reimburse him for doing preventative diabetes treatments on an American Indian -- but would pay him to amputate the foot.

Rounds also criticized IHS's funding. He argued the system is underfunded by tens of billions of dollars and those funds it does get are misallocated, with funds allocated per facility for health care, building construction, maintenance and everything else.

Rounds' critique here was echoed by a visiting health care expert, Marie Michnich of the Robert Wood Johnson Health Policy Fellowship program.

"[He argued] very persuasively that as underfunded as the Indian Health Service is in this state is a definite tragedy for the care of these individuals," Michnich said. "It's being reflected in the outcomes of that system in terms of infant mortality rate and other measures of wellness."

Rounds also criticized the Veterans Administration health care, which -- while considerably better than IHS -- has its critics. Rounds cited cases of veterans waiting for weeks for treatment and said his office tries to shift veterans to private providers whenever possible. (At the same time I've met veterans -- particularly in more urban areas -- who were very happy with the quality of care they received from the Veterans Health Administration.

Both these critiques -- particularly IHS -- are valid. But they also only apply tangentially to the "public option" plans being discussed. That's because both Indian and veterans health care in the US are government-RUN programs -- facilities are owned by the government and doctors are employed by the government to provide health. That's a similar system to what the United Kingdom has, but Democrats aren't proposing creating a system like this where doctors work for the government. Proposals for a "public option" are for a health INSURANCE plan, which would operate less like IHS and VHA and more like Medicare and Medicaid.

Rounds isn't a big fan of either of those two programs, either, though he doesn't believe they're disasters like IHS. He believes the federal government doesn't pay states enough for Medicaid, and doesn't think either

program pays physicians enough. This discount rate, he argues, forces physicians to charge privately insured patients more.

"The problem that you have with a federal program like Medicare or Medicaid if you expand it is it's a hidden cost one everyone else," he said. "The way they keep the cost down is they simply don't pay the bill. They only pay a part of the bill. And when they only pay a part of the bill for a health care facility or a doctor, the doctor doesn't reduce what he makes for income. He simply increases his prices for everybody else.

"What you have happening is, the more the federal government gets involved in health care and then doesn't have the money to pay for the promises it makes, the more everybody else has to pay with a hidden tax by increasing premiums to make up the difference the federal government doesn't pay. We've had some doctors who have left because they had a high Medicaid patient ratio and they couldn't afford to stay in business."

Medicare is a reasonably popular government program, and its effectiveness can be debated. Certainly doctors aren't a big fan of Medicare and Medicaid reimbursement practices. Dr. Tom Huber, a Pierre family physician and the president elect of the South Dakota State Medical Association, agrees with this critique.

"I think the message is coming across clearly that the way physicians get paid in government programs -- especially Medicaid and Medicare -- is an issue," Huber said.

Counterargument/provocation: some (though far from all) on the left might argue that the Medicare reimbursement gap suggests government insurance should be more broad, not less -- that way physicians can't raise their prices on everyone and health care costs don't go up.

In addition to arguing that the federal government's history with other health care programs suggests it wouldn't handle a public option well, Rounds also criticized the public option on the "slippery slope" grounds that it would be so effective it would drive private insurers out of the market. Arguing the public option wouldn't face the same fees and regulation private plans face, Rounds said it would have unfair advantages.

"It will run the other options out because they won't be able to do the same thing," Rounds said. "Once they're gone and there's no competition for the public plan, then we're stuck with what we get -- which will be a system where Congress only pays with what they have. At that stage of the game, you have a very strong possibility of rationing. Nobody wants health care rationing in the United States."

So that lengthy explanation is all the stuff I've been leaving out of my recent articles interviewing the governor on health care. Democrats, where do you think he's wrong? Republicans, do you agree? Do you think he goes far enough?