

Rounds: Health care reform must focus on state regulation

*By David Montgomery
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PIERRE — Gov. Mike Rounds on Tuesday promoted a vision for health care reform focusing on state — not federal — regulation.

Rounds told an audience of health experts from the Robert Wood Johnson Foundation he believes national health care reform should be incremental and involve states as willing participants.

“I truly believe that we do need health care reform,” Rounds said. “But I believe that reform involves the state-federal relationship and there are certain principles that should be adhered to.”

One of Rounds’ priorities is for the federal government to give states more flexibility to regulate health insurance providers.

“For individuals below the established poverty level, Congress should require states to provide coverage for all of them — but not mandate Medicaid as the required vehicle for coverage,” said Rounds. “Under the current Medicaid model, states are not able to require disease management because Medicaid is an entitlement program so people have to voluntarily participate. We would like the opportunity to require disease management for Medicaid participants, just like I do for my state employees and like I do for our state uninsurable pool.”

The two principles Rounds emphasized during an hour spent talking with Robert Wood Johnson Foundation experts and in an interview after his speech were state control and gradual change.

“The closer you get to where the problems are, and the closer you get to the people who can affect change, the better the chance of having a good outcome,” Rounds said.

Gradual change, Rounds said, will have a bigger effect than dramatic new programs.

“I really do think there are reforms that can be made,” he said. “But the reforms that can be made are not flashy.”

Marie Michnich, director of the Robert Wood Johnson Fellows program, said she came away from Tuesday’s meeting impressed by Rounds’ knowledge of insurance issues.

“The governor is extraordinarily adept at health policy concerns and issues,” Michnich said. “His familiarity with the insurance industry is a real asset.”

Before becoming governor, Rounds was a partner with Fischer Rounds & Associates.

Rounds, a Republican who is opposed to a so-called public option — a government-run insurance plan competing with private insurers — argued a national program won’t deal with regional differences effectively.

“The reason we don’t want to have a one-size-fits-all federal approach is what works in New York will not work in South Dakota,” Rounds said. “So allow the folks in New York to work through their reform efforts.”

Michnich said issues concerning urban states versus rural states are being debated now by federal lawmakers.

“That’s exactly the kind of debate that’s going on right now, particularly in the House side,” Michnich said. “States that are heavily one or the other are very likely to make sure they have the ability to adapt to fit their state.”

But Rounds said some of the reforms South Dakota has enacted in recent decades should be emulated by other states. Rounds said South Dakota effectively stops insurance companies from cherry-picking healthy groups, intervenes quickly to correct mistakes and has an effective South Dakota Risk Pool to provide insurance to uninsurable residents.

“If we have a problem with an insurance carrier, the Division of Insurance, in many cases, makes a phone call on the same day they hear about a question of coverage,” Rounds said. “If you had a federal bureaucracy, can you imagine them making a phone call to a claims examiner? No way. What they would do would be to prepare a file and then send a letter to someone saying that you’re violating a law someplace and setting up a hearing date. We cut through all that in South Dakota, and I think a lot of other states do the same thing.”

Rounds’ talk today was to an audience with some ability to affect health care policy. Robert Wood Foundation fellows work in House and Senate committees on health care-related issues, and Michnich said some are helping to write health care bills.

“They walk out of this experience with a broad, complicated and rich understanding of the nature not only of the country they live in but the issues that will be necessarily confronted and the consequences,” Michnich said.

Dr. Tom Huber, a Pierre family physician and president-elect of the South Dakota State Medical Association, said South Dakota is very good at some aspects of health care.

“It’s obvious to the policymakers in Washington, D.C. that the health care that’s delivered in South Dakota is high quality health care that’s delivered at low cost,” Huber said. “If the debate in Washington, D.C. is centered around costs, I guess they better talk to a few of us out here.”

But Huber said not all aspects of high-quality low-cost states such as South Dakota and North Dakota will translate to larger, more urban states. He said lawmakers should examine South Dakota’s strengths carefully — as well as taking note of its weaknesses, such as a shortage of doctors.

“We are facing a workforce crisis in terms of physicians able to take care of patients. That’s because we have an aging physician population, especially among physicians who do primary care,” Huber said. “That issue has to be addressed absolutely in order to make any difference in the future.”

Public debate about proposed health care reform packages have mostly focused on the public option, which many Democrats support. Rounds said he has worked with the National Governor’s Association to formulate ideas but hasn’t tried to promote his ideas on a national stage.

“In many cases there is not a forum to make those recommendations,” Rounds said. “We’re not to that stage yet.”

But Rounds did meet with President Barack Obama, Vice President Joe Biden, House Speaker Nancy Pelosi and Health and Human Services Secretary Kathleen Sebelius on a recent trip to Washington. Rounds said he found the Democratic leaders to be open to his ideas.

“I had a very refreshing discussion with the President, the Vice President and Secretary Sebelius,” Rounds said. “It doesn’t mean that we’ve changed each other’s minds, but we had a very good discussion.”