

Attorney General getting the Blues

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12/19/2007

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Michigan Attorney General Mike Cox is an ambitious guy, no doubt about it, who loves to get press attention for whatever his current crusade might be. He's also a conservative Republican (is there any other kind?) who would probably love to be the next governor. Yet that doesn't mean that his causes haven't been good ones. It has been hard to fault him for going after "deadbeat parents" who don't pay child support.

Now he is on a new crusade that ought to open a lot of eyes. He's taking on the Blues — Michigan Blue Cross and Blue Shield. Most of us probably have nice warm and fuzzy feelings about Blue Cross. I can't tell you how many times I have talked to people who wished they had a Blue Cross card, but were stuck with some sort of inconvenient HMO for their health care instead.

Blue Cross has done a masterful public relations job for decades, notably hiring Ernie Harwell as their spokesman five years ago and giving him (at the age of 85) a 10-year contract with an option to renew for another decade.

Ironically, there are actually some people who know Mike Cox mostly from a public service commercial he did with Ernie Harwell earlier this year.

So it was a bit of a stunner when the attorney general this month suddenly put out a press release attacking the Blues as a pack of greedy gougers.

"Cox Opposes Blue Cross Plan to End Oversight & Raise Rates on Old, Sick and Vulnerable — Don't Put Profits Over People!" it began.

What was this all about? Was this an act of shameless demagoguery?

So I looked into it, and got an eye-opener, big time. The attorney general was absolutely right. The Blues have been having it both ways for years. They've been getting away with making huge profits (though they don't call them that) and snapping up other companies like any greedy Wall Street firm.

Their current "surplus" is, in fact, \$2.8 billion. In the last two years, they have spent \$365 million buying up other companies.

Last year, they paid their president and CEO, the now-retired Richard Whitmer, a greed-is-good compensation package of \$4,253,558.

Granted, that's small potatoes by today's corporate standards ... but consider this (and make sure you are sitting down first), Blue Cross/Blue Shield pays no taxes ... because they are legally a charity.

That's right. And you thought some of those fundamentalist churches were getting away with abusing the tax-exempt provisions?

Once upon a time Blue Cross really was a charity. It was founded in 1939, when the Great Depression was still lingering. Having nearly starved to death together, people back then had more awareness that we were indeed all in this together. Some (commies, naturally) even thought we should all have health care.

So Blue Cross was chartered "to secure for all of the people of this state the opportunity for access to health care services at a fair and reasonable price."

The Legislature also created it "to be a charitable and benevolent institution" that was charged with accomplishing those goals. So naturally, it was set up to be tax-exempt, just as any other charity would be.

Somehow, somewhere, it evolved into a corporation with more and more for-profit-type features. They just didn't call them that. Trends come and go, but one thing does seem to stay constant: The greedy get greedier.

And this time, Blue Cross — which represents 70 percent of everyone who has health care in Michigan — may have overreached.

Here's how they caught Mike Cox's attention: Not happy with rolling in dough, BC/BS executives decided they needed even more — and needed to be exempt from any pesky oversight, just in case someone grew a conscience.

So they had friendly legislators introduce a package of bills that would allow them to gouge the people who can generally least afford it — those who must buy their own health insurance. Currently, that's only 6 percent of all policyholders, but that is expected to rise to 25 percent in five to seven years.

Blue Cross wants to raise rates on the individuals who have the best coverage by 42 percent. The average rate hike, according to Detroit Free Press calculations, would be 24 percent. I asked Ben Winter, my talented assistant at Michigan Radio, to ask Blue Cross what their rationale was.

They told him they needed to raise rates to "stabilize the market" and "better align medical costs and premiums." Additionally, a spokesman told him, "this legislation would actually help to protect consumers," by somehow protecting them from "drastic renewal premium increases."

Apparently, by hitting them with the "drastic renewal increase" first, it would seem. Some new customers with serious illnesses would be charged as much as 250 percent more under the proposed new regulation.

That, however, isn't the most delicious part; the legislation would also, the attorney general told me, pretty much exempt the buggers from being regulated!

"These bills would eliminate the role of the attorney general to argue against rate hikes and eliminate the ability of the Office of Financial and Insurance Services to set rates," Cox said.

What did Blue Cross have to say about that? "It would introduce a different regulatory mechanism ... that gives us a chance against for-profits," BC public relations spokesperson Helen Sotjic blandly responded.

Yes, by driving the cost of health care into the stratosphere, our favorite "charity" would have a chance to compete. So did our wonderful lawmakers stop these greedhead bills dead in their tracks? Anything but, Daddy-o.

They sailed through the House by votes like 90-16, without even any real consideration. A handful protested vigorously, but were waved aside by their leaders. Interestingly, most of those who did try to act responsibly were Republicans, such as Judy Emmons of Ionia, who voted no, protesting that the bills needed more "in-depth scrutiny at the committee level."

However, they haven't been taken up in the Senate yet. The bills were rushed through the House with such indecent haste it seems clear that the fix was in, and nobody wanted anybody asking too many questions.

Hopefully, some cooler heads will prevail — and some of you might rattle your state senator's chain. Remember, the odds you'll be paying for your own health care yourself someday are probably greater than you think.

And who would have expected to see a day when Republicans were doing more than Democrats to protect the people from having some price-gouging health care bill rammed down our throats? What a country ...

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