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Improve the Blues

State Sen. Tom George offers a well-thought-out plan for health insurance reform

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On matters of public health, the State of Michigan's overarching goals must be improving it and increasing access to care.

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With those guideposts, state Sen. Tom George, a physician, has a better plan for health insurance reform than one put forward by Blue Cross Blue Shield of Michigan and shot through the House last fall with disgracefully little review for an issue of such importance. George, a Republican from Kalamazoo, has, after a series of hearings he chaired in the Senate Health Policy Committee, produced his own set of proposals for the individual insurance market -- and they make sense.

Blue Cross, a not-for-profit agency set up through state law, has been lobbying for changes that the Blues say will enable them to be more competitive in the growing individual insurance market. At the same time, the Blues want less regulation and more freedom to invest in for-profit subsidiaries.

Keeping the Blues accountable

George has drawn a firm line, as he should, on maintaining regulation over the public mission of the Blues as Michigan's insurer of last resort. He is willing to let Blue Cross take on more for-profit insurance subsidiaries -- but for a price. He is also prepared to set standards for commercial companies selling individual insurance, so they can't undercut Blue Cross in the way the company fears.

Blue Cross is a tax-exempt business precisely because it is Michigan's insurer of last resort. Its long-term business health is a keystone of access to medical care in the state. And Blues' leaders are right to worry that for-profit insurers will brazenly raise prices to get rid of their sickest customers in order to boost their profits. That kind of tactic forces the sickly -- people with severe or chronic conditions -- onto Blue Cross or the Medicaid system.

With the consumer protections George proposes, the for-profit insurers will have a much harder time dumping people when they get sick. That should take care of most of the Blues' worries, although George's call for a reassessment in three years is certainly in order. It also makes the Blues' proposed solution -- a statewide high-risk pool supported by all insurers and administered by the Blues -- moot for the time-being.

A profit-making compromise

As for the other items that Blue Cross piggybacked onto its concerns about the individual health-insurance market, George has come up with compromises that maintain the Blues' original mission of backstopping the health of the people of Michigan while letting the insurer open up its for-profit business a bit.

That would happen through expansion of the law that lets the company run the Accident Fund -- formerly the state's workers compensation fund -- as a regular business. In return, Blue Cross would have to ante up \$100 million toward improving health care in the state.

Blue Cross, by law, has to walk a tightrope between keeping adequate reserves, pricing its policies to best serve the public need for accessible health care and promising to serve everyone who walks up asking for insurance. For taking on that role, it gets huge tax exemptions -- but it also puts enormous sums into backstopping public health programs such as hospital care for indigent patients and the Children's Health Insurance Program in Michigan.

The lines of accountability are blurring, however, as Blue Cross forays into more for-profit activities with investments from its reserves. George wants to set a cap on how big the reserve fund can get, with the excess turned back over to the state in a fund that could, in George's view, be used to subsidize some health care coverage through tax credits.

Toward a better health system

The bottom line is that Michigan must use this opportunity to work toward a better health insurance system, not merely protect Blue Cross with only uncertain benefits in exchange.

The state House passed the original bills that favored Blue Cross after only one hearing. That has left all the complexities to George, who has risen to the occasion.

The Blues, predictably, are not happy and are oiling up their formidable lobbying apparatus to undercut the George proposals and get more of what they want. But any legislator who invests the time this issue

requires should be able to see that George has developed a strong and sensible framework for Michigan's health insurance market.

Article IV, Sec. 51 of the State Constitution declares that "the public health and general welfare of the people of the state are hereby declared to be matters of primary public concern. The Legislature shall pass suitable laws for the protection and promotion of the public health."

Sen. George has offered his colleagues an opportunity to do their sworn duty.

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