

IN OUR OPINION

It's time for a checkup for the Blues

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There's no minimizing the impact of Blue Cross Blue Shield of Michigan on health care in this state. With 4.6 million members and covering 70% of the state population that has health insurance, the Blues are so big that whatever changes for them changes the health care landscape.

All of Michigan also has an interest in the Blues being healthy.

So it was disappointing that the state House took such a minimalist approach to major legislation affecting the Blues in October. The four bills were the subject of a single two-hour hearing before lopsided floor votes sent them to the Senate. Embroiled at the time in overdue tax and budget matters, Speaker Andy Dillon, D-Redford Township, concedes the Blues bills did not get the attention they deserved in the House.

In the Senate, Health Policy Committee Chairman Sen. Tom George, R-Kalamazoo and a physician, is promising a more thorough examination in the context of health care statewide. His hearing schedule remains uncertain, and no action is likely before next month at the earliest.

George appears determined to be suitably deliberative, although the Blues -- with a political action committee that has given money this year to nearly 90% of the Legislature -- are applying pressure and CEO Daniel Loepf says the insurer will be in a "a death spiral" if the bills don't pass.

That kind of ultimatum is not conducive to the process needed for such significant legislation.

Besides, nobody at the state level is going to let the Blues go under and if that happened, the inclination would be to blame Loepf, whose

operation is sitting on \$2.84 billion in reserves. The rhetoric is similar from other insurers, who say the Blues bills, as passed by the House, will force them to curtail coverage or even get out of Michigan, leaving thousands of consumers at the mercy of the big, bad Blues.

In a nutshell, the bills would let the Blues end their one-size price system for individual subscribers in favor of a 10-tier rate system -- using age, health history, county of residence and other factors, much the way private insurers do. The Blues say they now lose more than \$100 million a year in health care payouts for individual subscribers.

The coverage rates would be monitored by the state insurance commissioner, but not subject to advance approval, as they are now. This seems like a bad idea, considering the Blues' tax-exempt status. If they expect to be treated more like a commercial company, maybe it's time to become one. As it stands, the state has more than a monitoring stake in what the Blues do to their subscribers.

Also, the Blues are in the middle of a request to raise rates by 24% for individual coverage. Their timing is not coincidental, with the individual market expected to grow as more employers drop coverage or opt out of group plans in favor of stipends for employees to buy their own insurance.

Other aspects of the legislation would enable the Blues to more broadly diversify their for-profit arms, including the Accident Fund, which sells workers' compensation insurance.

Assuming the Legislature is up to the debate that ought to come, the Blues bills offer an avenue to see what the state and the Blues can really do to a) hold down health care costs; b) reduce the number of uninsured people in Michigan, now estimated at more than one million, and c) keep the Blues healthy and measuring up to their benevolent mission.

The extent to which the Blues can convince the Senate they are doing all they can on costs and access should be a factor in determining how much of what they want, they really deserve.

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