

The Saginaw News

Blue Cross bill bad legislation

Wednesday, December 05, 2007

IMAGINE YOU'RE A STATE senator, a couple of big health insurance bills come up for a vote and you've got to decide fast.

One side -- Blue Cross of Michigan -- says the bills are good because they create a high-risk money "pool" into which all health insurance companies in Michigan would contribute to cover unreimbursed costs. That spreads out the expense of insuring high-risk people that Blue Cross must, by law, cover. That way it can insure more high-risk people.

The other side -- the other health insurance companies in Michigan -- says wait a minute, why fix what's not broken? Why rush? Study it. Poll it. Debate it. Amend it. Blue Cross may have some good points. Maybe not.

How do you vote? Not exactly rocket science, but it's not Dick, Jane and Sally simple either. It comes down to political muscle, unfairness and how much Joe Michigan is going to pay.

First, the muscle. This is Blue Cross' bill. The company wrote it and rammed it through the state House after a one-hour hearing. Who knows what the House was thinking, but now it's in the Senate, which will have to play the adult here.

Blue Cross is the 8-ton "non-profit" pachyderm in the room. It sells nearly 70 percent of the health insurance policies in Michigan. It has a \$2.8 billion surplus. It's called an insurer of last resort, which means by law it must cover anyone a for-profit carrier won't. In exchange, the state gives it a \$75 million tax break.

Next, the unfairness. With the most high-risk clients, Blue Cross would dip into the money pool more often than the others. Bottom line, the others would subsidize people they don't insure, so they'd likely raise their rates.

The bill also allows Blue Cross to run the pool. And oversight goes to state bureaucrats, ending public and attorney general challenges to Blue Cross rate increases.

That brings us to Joe Michigan and why Attorney General Michael Cox, AARP and Consumers Union, publisher of "Consumers Reports" magazine, oppose the bill.

Cox, whom the bill obviously aces out, says it lets Blue Cross raise rates significantly for seniors and sicker people and increase profits for an already financially prosperous non-profit. AARP and Consumers agree. Consumers says the pool subsidy would eliminate any reason for Blue Cross to control costs.

On average, Michiganians pay \$1,878 a year in health insurance for a single person, second lowest in the Upper Midwest only to Wisconsin. For a family it's \$4,118 here compared to \$5,799 nationwide. Not all that bad.

So why perform major surgery on a scratch? As written, this is a bad bill. It's too hasty, it's unfair to Blue Cross competitors, and it may mean rate increases.

If any of this concerns you, call Roger Kahn. He's our state senator. He's also a doctor. He probably knows more than most about this stuff.