

Amendments would make Blue Cross legislation more consumer friendly

Editorial
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Sen. Thomas George, R-Kalamazoo, is a dedicated and concerned legislator who has convinced us that his amendments to the Blue Cross Blue Shield health care reform bills need to be passed.

Blue Cross has been touting House Bills 5282-85 as protecting the consumer and guaranteeing reasonable premiums.

But in its current form, the legislation is complicated and confusing and we question whether it will do everything that Blue Cross claims they intended it to do.

We believe George's amendments, while not necessarily making the legislation easier to understand, do address the concerns of Blue Cross while making the proposed bills even more consumer friendly. It's a win-win situation and you really don't see this very often in state government.

One issue in the bills is that Blue Cross wants to establish a high risk financial pool for the individual insurance market contributed to by all commercial carriers. These are people who are not covered by a company or group plan but buy health insurance on their own.

Blue Cross officials are concerned that, without the pool, if a person covered by a commercial insurance company becomes sick the for-profit company will raise that individual's premiums to unreasonable amounts, forcing the subscriber to turn to Blue Cross for coverage. As the state's "insurer of last resort," the Blues must take that person and so officials have expressed concern about increased expenses in this growing market.

One of George's amendments would require underwriters for commercial companies to set rates for individuals when they sign up and it would preclude them from rewriting the rates for individuals who become sick. George explains that it doesn't necessarily preclude rate increases as a whole, but it would prevent companies from singling out an individual.

This, the senator said, should keep the Individual Insurance Market competitive and make a high-risk pool unnecessary.

George notes that his amendments call for the state insurance commission to examine the individual market every three years to see how much it has grown, if it's still competitive and if the rates are still affordable. Depending upon the office's findings it could, George admits, lead to new discussions for a high-risk pool.

Another amendment would keep the state attorney general in the oversight process. Attorney General Mike Cox has opposed these bills since last fall. One of his concerns is that the attorney general's office has been left out of the oversight process that he currently shares with the state insurance commission.

As the state's top legal adviser and consumer advocate, we agree with Cox that the attorney general's office must be included in overseeing this vast health care industry. While the insurance commission may try to do what is best for the consumer, a second, more impartial overseer would help ensure fairness to consumers.

Also, George would add two positions to the Blue Cross Board of Directors. One each would be appointed by the Senate majority leader and the House speaker.

This, we believe, also would help ensure the board of directors stayed more "consumer friendly."

Also, the amendments would allow the nonprofit company to consider behavior in its rate structure. George, a physician, says one of the main reasons health care costs are skyrocketing is because more people are becoming sick. Part of that the reason, he says, is because they have "bad behavior" -- maybe they smoke, don't exercise or let their health slide by not taking simple preventative measures, such as getting covered health screenings or following up on health tests.

George says Blue Cross could promote better health behavior through incentives, such as making a premium adjustment. Those behaviors could include people who stopped smoking or have never smoked and those who participate in a qualified wellness program conducted under federal guidelines.

Another intriguing proposal from George involves Blue Cross' controversial \$2.4 billion surplus.

Company officials say they need that large amount in case of emergencies. They also have been using some of the surplus to purchase subsidiary insurance companies, many of them for-profit commercial firms. Blue Cross says it needs these subsidiaries to ensure its bottom line.

However, by law, Blue Cross only needs what is termed 200 percent of risk-based capital. That would be about \$700 million.

George is proposing letting Blue Cross have 600 percent or three times as much. This would equate to about \$2.1 billion.

The excess of \$300 million would go into the Charitable and Social Mission Fund, which would be created by the amendments and help people who don't have health insurance. It's a great idea!

There's no doubt health care in Michigan needs to be reformed. The Department of Community Health consumes 32 percent of the total state general fund budget. Of the department's total, 77 percent is for Medicaid.

The original Blue Cross proposals may have addressed this and actually improved the system. But they didn't appear to. And the promotional information going to the public favoring those bills is questionable.

There has been a coalition of groups organized, presumably by Blue Cross, that has been pushing for passage of the bills as written. With all due respect to the integrity of these groups, many of them offer Blue Cross -- and only Blue Cross -- insurance to their members. Consequently, you have to question their impartiality on the issue and the objectivity implied by the promotional advertisements.

We have to agree with George when he states "the Blues has drifted from its original mission and it needs to return to that mission."

Blue Cross Blue Shield was established in Michigan to be a health care insurer of last resort, taking in people that other insurers may not. For doing that, Blue Cross doesn't have to pay taxes on its earnings.

We're not convinced Blue Cross needs to diversify and acquire subsidiary businesses, particularly for-profit companies, when it is supposed to be a nonprofit company.

But we won't belabor that issue.

We strongly support George's amendments and urge people to attend the Senate Health Policy Committee hearings April 16, 23 and 24 or write their legislators expressing support for the amendments.

The amended bills are expected to be voted on April 30 in committee. We would hope that it's a unanimous, bipartisan vote and that ultimately the Senate and House approve the revamped Blue Cross Blue Shield bills.

We urge the entire Oakland County delegation to the state legislature to support these reasonable changes to House Bill 5282-85.