



**House
Legislative
Analysis
Section**

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EXEMPT DENTISTS FROM BLUES REQUIREMENT

House Bill 4042 (Substitute H-1)
First Analysis (11-2-87)

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Sponsor: Rep. Paul Wartner
Committee: Insurance

Mich. State Law Library

THE APPARENT PROBLEM:

Dentists choose whether to "participate" with Blue Cross and Blue Shield on a case-by-case basis. The act governing Blue Cross-Blue Shield contains a provision requiring that providers who elect to participate for a specific procedure accept the payment from the corporation as payment in full for that specific procedure for a full calendar year. (The provision is not currently in effect due to orders by the Insurance Bureau and attorney general, but is expected to take effect whenever new provider class plans of the Blues are approved.) The provision means that once, for example, a dentist carries out a procedure for one patient on a participating basis (and accepts the set fee), he or she must perform that procedure on a participating basis for all patients and accept the set fee even if circumstances exist that justify a higher fee. The provision has as its aim fostering cost containment. Dentists object to this provision because circumstances arise that do justify charging a higher fee for a procedure on one occasion than on another. Examples offered include special difficulties encountered in cleaning the teeth of some developmentally disabled or handicapped children, case-to-case problems encountered in fitting dentures, the need to take into account the special expertise of a provider in a given procedure, etc. At present, dentists can decide to participate when performing a procedure (e.g. an extraction) on one patient and not to participate when performing the same procedure on another. This system works and has not been abused, says the dental association. Dentists participate with Blue Cross-Blue Shield 92 percent of the time, they say. While the stated objective in enacting the requirement was to control health care costs, not allowing some flexibility in fees could have the opposite effect if, as a result, more dentists decide not to participate with Blue Cross-Blue Shield.

THE CONTENT OF THE BILL:

The bill would amend the Nonprofit Health Care Corporation Reform Act, which regulates Blue Cross and Blue Shield of Michigan, to exempt dentists until January 1, 1993, from the requirement that a participating health care provider accept payment from the corporation as payment in full for all cases involving a specific procedure for the duration of the calendar year.

MCL 550.1502

FISCAL IMPLICATIONS:

The bill has no fiscal implications to the state, according to the Department of Licensing and Regulation. (10-26-87)

ARGUMENTS:

For:

The bill would leave dentists' relationship with Blue Cross and Blue Shield as it is today, and allow them the flexibility to decide on a patient by patient, procedure by procedure basis whether to participate with the Blues and accept

their payment in full or not. Under this system, dentists have a reported 92 percent participation rate anyway (with perhaps half of the non-participating cases involving dentists who accept no direct insurance payments.) Should the provision now on the books but not in effect become operative, dentists would lose this flexibility, and participation rates could fall. This would go against the grain of the cost containment theory that led to the provision in the first place. Dentists have not abused the flexibility they are currently afforded and there is nothing to suggest they will in the future.

Against:

Why single out dentists in this bill? Why shouldn't all health care providers be treated alike, either subject to the requirement or exempt? The bill puts a double standard in the law that cannot be justified.

Against:

The original aim of the provision to which the dentists object was cost containment. If health care providers can choose whether or not to fall under the cost containment standards of Blue Cross-Blue Shield on a case-by-case basis, then efforts at using those standards to achieve cost containment are considerably weakened. Furthermore, since the objectionable provision cannot be enforced, the bill is unnecessary for the time being.

POSITIONS:

The Department of Licensing and Regulation has no objection to the substitute. (10-26-87)

The Michigan Dental Association supports the bill. (11-2-87)

The Michigan State Medical Society opposes the substitute. (11-2-87)

Blue Cross and Blue Shield of Michigan opposes the bill as unnecessary. (11-2-87)

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