

**SFA**

BILL ANALYSIS

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Senate Fiscal Agency

Lansing, Michigan 48909

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**House Bill 4042 (Substitute H-1 as reported without amendment)****Sponsor:** Representative Paul Wartner**House Committee:** Insurance**Senate Committee:** Commerce & Technology**Date Completed:** 2-11-88**RATIONALE**

Dentists choose whether to "participate" with Blue Cross and Blue Shield of Michigan (BCBSM) on a case-by-case basis. In order to encourage cost containment, the Act governing BCBSM requires that health care 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 the Attorney General, but is expected to take effect whenever new provider class plans of the Blues are approved.) The provision means that once 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. Dentists object to this provision because circumstances arise that may 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-by-case problems encountered in fitting dentures, and the need to take into account the special expertise of a provider in a given procedure. At present, (since the full-year payment requirement is not in effect) dentists may 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. According to the Dental Association, this system works and has not been abused. Further, the Association claims, dentists participate with BCBSM 92% of the time. While the stated objective of the payment requirement is to control health care costs, it has been argued that not allowing some flexibility in fees may have the opposite effect if, as a result, more dentists decide not to participate with the Blues.

**CONTENT**

The bill would amend the Nonprofit Health Care Corporation Reform Act, which regulates Blue Cross and Blue Shield of Michigan, to exempt dentists 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. The exemption would be in effect until January 1, 1993.

MCL 550.1502

**FISCAL IMPACT**

The bill would have no fiscal impact on State or local government.

**ARGUMENTS****Supporting Argument**

The bill would enable dentists to maintain their current relationship with Blue Cross and Blue Shield by allowing them the flexibility to decide on a patient-by-patient, procedure-by-procedure basis whether or not to participate with the Blues and accept their payment in full. Under this system, dentists have a reported 92% participation rate (with perhaps half of the nonparticipating cases involving dentists who accept no direct insurance payments). Should the payment requirement in the Act become operative, dentists would lose this flexibility, and participation rates could fall — an outcome completely contrary to the cost containment objectives 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.

**Opposing Argument**

The original goal of the provision to which the dentists object was cost containment. If health care providers were allowed to continue choosing whether to fall under the cost containment standards of Blue Cross and Blue Shield on a case-by-case basis, then efforts at using those standards to achieve cost containment would be considerably weakened. Further, since the objectionable provision currently cannot be enforced, the bill is unnecessary for the time being.

**Opposing Argument**

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 would put a double standard in the law that cannot be justified.

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.