

Blue Cross--A Heavy Cross to Bear

Reviewed by
Richard J. Margolis

The reviewer, a free-lance writer, is working on a book about the nation's health system.

Remember when Americans believed that the nation's health system was practically beyond reproach? We may have discerned a few blemishes, but those would surely vanish in the rush of medical technology and amid the blessings of medical free enterprise.

Or would they? Today many Americans have come to suspect that the system is beyond redemption—too bureaucratic to be reformed, too tangled to be understood and too rich to be respected.

Somewhere near the center of this miasma lurks Blue Cross, that remarkable

nonprofit conglomerate of health insurance plans to which more than one-third of all Americans under 65 subscribe.

It is an enormous business, accounting for better than half of all payments to hospitals and about a quarter of the nation's entire annual health bill. In one way or another, it is a cross we all bear.

Yet until Sylvia Law and her colleagues on the Health Law Project at the University of Pennsylvania completed their research, we were privy to astonishingly little information about the enterprise's inner workings. We absorbed a fair amount of propaganda from Blue Cross public relations offices, but scarcely any news.

The news in this book is mostly bad, though some of it is obscured by technical

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BLUE CROSS: What Went Wrong? By Sylvia A. Law, prepared by the Health Law Project, University of Pennsylvania.

(Yale. 246 pp. \$8.95)

jargon or buried in an avalanche of documentation. (There are, alas, 857 footnotes.) The impact is nevertheless devastating. Law reveals an institution fiercely dedicated to corporate gain, and she spells out the unwholesome partnership between Blue Cross and the hospitals in which the patient is simply a pawn who pays and pays. In the end we begin to understand why Blue Cross rates have been going up almost as fast as Blue Cross office buildings.

What went wrong? Why

has the sweet dream of this "unique American institution," as Law calls it, turned unaccountably sour?

Blue Cross arrived during the Depression as an imaginative solution to the dilemma of that threadbare period: patients without money, hospitals without revenue. But from the start, says Law, it was seen less as a service to the patient than as a collection agency for hospitals.

And in the absence of consumer representation on local Blue Cross boards, the association rubber-stamped

whatever prices the hospitals cared to charge, blithely passing on the burgeoning costs to voiceless subscribers.

With collections thus guaranteed, hospitals have been free to indulge their inefficiencies as well as their avarice. In Pennsylvania a few years ago it was discovered that hospitals were buying "hospital" scissors from special supply houses for \$7.50 a pair when they could have been buying the same article at a drugstore for \$2.49. That is a small example, but the book contains hundreds more; and when multiplied by thousands of daily purchases they amount to plain profligacy.

Since passage of Medicare and Medicaid the bedfellowship between Blue Cross and the hospitals has grown

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ever more profitable. In most states the hospitals have chosen Blue Cross as their "fiscal intermediary," which means that the association collects federal medical payments and passes them along to the hospitals.

HEW pays Blue Cross plans a fee for this service and expects them to check the hospital bills for fairness and honesty. But that is like asking a Watergate conspirator to keep an eye on the White House tapes: Blue Cross is too deeply implicated in hospital finances to take an objective view toward billing practices. As a result, says Law, millions of the taxpayers' dollars have been squandered.

All of this, in Law's opinion, typifies the evil good men do when given a blank check by the citizenry. There are no villains here,

only a system gone haywire and a bureaucracy intent on keeping consumers out of the picture. For Sylvia Law, all reform hinges on the patient's struggle to find his voice. Her research brings us a little nearer to that distant day.

The most telling tribute that can be paid the book is to note the instant opposition it engendered among Blue Cross supporters. No sooner had the book been published than editors at Yale University Press began getting letters and phone calls warning that the book contained "many errors" and that "the Yale University Press has been used . . . to present a biased . . . point of view under the guise of scholarly presentation. . . ."

Duane R. Carlson, Blue Cross's vice-president in

charge of communications, even requested that the publisher submit "a list of all persons sent complimentary copies" of the book. The list, he said, would "enable us to provide a correction of many of the errors in the book. . . ."

Errors do exist. But they are minor and in no way undermine the book's main point—namely, that Blue Cross has lost touch with its 70 million subscribers. The association's harsh and heavy-handed response to so mild a work is not reassuring. It suggests that Law is correct when she says, "There is no reason to believe that Blue Cross will move toward greater consumer control and accountability in the absence of hard and specific requirements to do so."