The Blues: a History of the Blue Cross and Blue Shield System

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REVIEWED BY COLIN GORDON, UNIVERSITY OF IOWA

The American health care system is a chaotic and shifting compromise among doctors, employers, and insurers. Since the 1930s, two massive and intertwined nonprofit organizations—the Blue Cross and Blue Shield Plans—have straddled all of those interests to emerge as the nation’s largest managed care network, the principal intermediary between federal health programs and their clients, and an important insurer in their own right. For that reason alone, scholars should welcome the publication of The Blues, which draws on a number of earlier studies and proprietary access to the plans' archives.

The early chapters recount the early history of prepayment plans and the ways in which the Blues emerged as a middle ground between fee-for-service individualism and state regulation. Through these chapters, the authors persistently celebrate the innovations of the Blues’ “pioneers,” while casting thinly veiled aspersions at the extremists to the left (advocating national health insurance) and right (opposing all prepayment and contract practice). The middle chapters on the 1940s and 1950s continue to follow in the footsteps of leading Blues executives, but are valuable for the ways they connect the arcane details of actuarial projection and hospital remuneration to the piecemeal construction of a private welfare state.

Both of the Blues, and this account, hit their stride with the consideration, passage, and administration of Medicare and Medicaid. With vested interests in the private health care market by the 1950s, the Blues were leery that state intervention “would let the camel’s nose [national health insurance] a little further into the tent” but were also poised to administer any new federal program. In the ensuing debate, the Blues juggled the concerns of their various allies—doctors, hospitals, and labor—and traded politically on their unique experience with insuring the elderly. Indeed, the Blues quickly took the administrative lead after 1965, effectively “capturing” a program they had resisted, questioned, and shaped in the decade preceding its passage.

The Blues closes with three chapters covering the 1970s, the 1980s, and the early 1990s. The script for these decades is relatively familiar, and the authors place Blue Cross and Blue Shield at the center of a maelstrom of health care inflation, rapid technological change, fiscally anxious federal programs, cost-conscious employers, and increasingly
beleaguered consumers and workers. At times, this vantage point is quite valuable, given the close attention the Blues necessarily paid to the deepening actuarial and inflationary crisis. At other times, the Blues seem more like the Rosencrantz and Guildenstern of a much larger drama, and of which we only get an occasional glimpse.

This is a valuable book, although it is also something of a disappointment. This narrowly institutional account never really broaches the "big" questions about the peculiar trajectory of the American welfare state. Why did national health insurance falter in the United States while a national pension and unemployment system succeeded? What was the logic and implication of organizing private and public social provision around the "family wage" assumptions of social insurance? How did race and racism shape both the formative years of private and public health policies and the backlash against public programs that began in the late 1960s? In what ways did a shifting compromise of private interests—insurers, labor, employers, doctors, hospitals—shape private and public patterns of health provision?


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As the race, gender, and class demographics of the University of Iowa's student population changed over the decades, the university struggled to meet the needs of its student body. Increased enrollment of African Americans, women, and international students forced a revision of prohibitive formal and informal educational policies. These policies were shaped in response to sociopolitical movements that forced the university to come to terms with its discriminatory practices. Under the presidencies of Howard R. Bowen and Willard L. Boyd and the leadership of Philip G. Hubbard (as vice-president for student services and dean of academic affairs), women and minorities assumed instrumental faculty and administrative positions in the university. The presence of this new blood sparked renewed interest in educational reform. Yet, despite increased enrollment of historically underrepresented groups, the task of offering culturally relevant curricula and equal educational opportunities remains a developing goal for the university.