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## Proposed health policies under fire

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BY PAT SHELLNBARGER

GRAND RAPIDS -- The Grand Rapids Area Chamber of Commerce has split with one of its largest members, Priority Health, by throwing its support behind a package of bills in the state Senate backed by Blue Cross Blue Shield of Michigan.

Leon Lamoreaux, a Priority Health vice president, said he was surprised Friday to hear the local Chamber joined a coalition formed to support the bills, since it earlier voted not to take a stand on them.

"It's a little troubling to me," said Lamoreaux, who is preparing to testify against the bills later this month. "There's obviously some kind of conflict in this. I'll try to get to the bottom of that."

The Chamber's president, Jeanne Englehart, and vice president in charge of governmental affairs, Jared Rodriguez, could not be reached for comment.

Priority Health, owned by Spectrum Health, is part of an alliance which includes the Michigan Association of Health Plans, AARP, the UAW and Consumers Union, that claims the legislation would give Blue Cross Blue Shield an unfair advantage, reduce competition and lead to higher insurance rates.

"I think it's bad health policy," Lamoreaux said. "It's putting profits over people."

Michigan Attorney General Michael Cox also opposes the bills, saying they would take away his ability to fight Blues' rate increases.

The prize for the winner is the growing market for individual health insurance policies. Currently, about 5 percent of Michigan's health insurance is in individual policies, but, as more employers drop their group coverage, it is expected to grow to 20 percent over the next decade.

The state House quickly passed the four bills in October after little debate, which caught Priority and other insurers by surprise.

The bills now are before the Senate Health Policy Committee, which scheduled hearings beginning next Wednesday.

Blue Cross Blue Shield of Michigan was granted tax-exempt status in 1939 with the understanding it would become the insurer of last resort for high-risk clients.

The pending legislation would create a high-risk pool administered by the Blues. After two years, the Blues could bill other insurers and HMOs for losses incurred by that pool.

"It's a new, hidden tax," Lamoreaux claimed, which could lead to rate increases.

The Blues said it loses some \$6 million a year on high-risk clients, which Lamoreaux called "a drop in the bucket," considering the Blues has reserves of \$2.3 billion. A report released Friday by the Coalition for Access and Affordability in Michigan estimates the insurer receives \$130 million a year in tax breaks, about \$48 million more than the Blues claim.

Blue Cross Blue Shield controls 70 percent of Michigan's health insurance market, compared to Priority's 7 to 9 percent.

Priority objects to a provision of the bills that broadens the definition of individual policy holders. If the bills pass, they should apply to all insurers and HMOs, not just the Blues, Lamoreaux said, and an independent study should be conducted in three years to assess the impact on the state's health insurance market. The legislation would allow the Blues to charge people in different areas of the state different rates, deny coverage to those with pre-existing conditions for up to 12 months and charge new customers with certain illnesses up to 250 percent more. It also would allow the Blues to expand the types of insurance it sells through its for-profit arm, the Accident Fund, beyond the workers compensation policies it now sells.