

## Blue Cross bills hurt competition

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*EDITORIAL*

With about \$2.8 billion in reserves and 70 percent of the group-plan market in Michigan, it's hard to think of Blue Cross Blue Shield of Michigan as financially strapped.

But that's exactly the way the Blues are positioning themselves in seeking changes in state law to ensure they won't lose money as they gain market share among individuals who pay their own premiums. In this financially challenged state, it's a market that's definitely growing.

The Blues argue that they lost more than \$120 million on that line of business in 2006 and that figure will grow as the market grows. But Crain's found in rate filings that \$93 million was projected to be lost in 2006 on Medigap policies for seniors that fill in after Medicare leaves off, \$24 million on policies of people converting from group to individual plans and about \$6.5 million on comprehensive policies for individuals — what most of us would consider "individual" plans.

If Blue Cross is losing money on Medigap policies or any other business line, it should review its cost structure and, at the same time, apply for higher rates. We agree with Blue Cross CEO Dan Loepp — Blue Cross shouldn't have to wait 18 months for a rate decision. The current rate process could be overhauled to guarantee a decision within, say, six or eight months.

But as a nonprofit insurer created by the state, critics say, it could also use a tiny portion of its reserves to cover Medigap losses on senior citizens.

Blue Cross says it's open to changes with its proposals as part of the legislative process, but it has responded swiftly to criticism from competitors, the AARP and state Attorney General Mike Cox with advertising that focuses on its heritage as a nonprofit insurer of last resort.

Blue Cross is a major civic contributor. Michigan is fortunate to have a solid, profitable nonprofit player. But the current debate has the wrong focus. The right focus is securing ways to improve access and affordability for all individuals seeking health coverage, regardless of the carrier. That could include creating a pool to cover high-cost, high-risk individuals and spread that cost across all insurers.

To adopt the Blue Cross proposals in their current form would, in effect, use state law to help Blue Cross dominate the individual insurance market as it does the group-plan market. Reduced competition among insurers will not help control premium costs.