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Letter: Blue Cross practices not that great

I found Blue Cross Blue Shield of Michigan president Dan Loepp's commentary, "Blue Cross Network saves state money," (March 29) misleading and disingenuous.

It appears that it was an attempt to influence the April 19 U.S. Department of Justice hearing in federal court on Blue Cross' use of monopolistic practices in Michigan's health care market.

Specifically, Mr. Loepp claims that "little more than 40 percent of Michiganians are covered by the Blues." In truth, once you account for the uninsured, Medicaid and Medicare, Blue Cross holds nearly 70 percent of Michigan residents fortunate enough to still have health insurance through their employer or able to afford it on their own — the so-called commercial market.

It is alleged that Blue Cross has used this majority stake in the Michigan commercial market to establish anti-competitive contracts with hospitals throughout the state that set price floors for health care products and services, thereby making it impossible for hospitals from accepting lower bids from competing health plans.

The Department of Justice and Michigan Attorneys General Mike Cox and now Bill Schuette have worked to expose these practices, called "most favored nation — plus" clauses.

The result of these contracts is higher health care premiums for all Michigan residents. And who benefits? In the last 10 years, Blue Cross has grown its surplus, which is the nonprofit term for "profits," by nearly \$2 billion, from \$1.1 billion in 1999 to \$2.8 billion in 2009.

Mr. Loepp states that Blue Cross "saves Michigan health care consumers billions of dollars over time." Imagine the real savings Michigan residents and business could have achieved had fair, competitive market practices been in place over the past several decades.

Competition works. It leads to innovation, lower costs and a consumer-driven market. In the end, Michigan residents will be the real winners.

Richard Murdock , executive director, Michigan Association of Health Plans

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