



Michigan Association of Health Plans

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Michigan Association of Health Plans encourages federal court to move forward quickly in antitrust lawsuit against Blue Cross

The Michigan Association of Health Plans applauds U.S. District Judge Denise Page Hood decision Tuesday to reject Blue Cross Blue Shield of Michigan's motion to dismiss an important lawsuit brought by the U.S. Department of Justice and Michigan Attorney General's office against anti-competitive contracts pushed onto hospitals by Blue Cross, which have increased health care costs in Michigan.

"All supporters of free markets and competition should be concerned about the degree of influence Blue Cross has in the state insurance market and the extent to which it has taken to suppress competition, according to information provided by U.S. Department of Justice in this lawsuit." "These practices force competitors to increase their costs – all of which has the effect of driving up premiums for Michigan employers and individuals," said Rick Murdock, executive director of the Michigan Association of Health Plans.

The argument raised in the initial (October 2010) U.S. Justice Department complaint states, "The MFNs (most favored nation) clauses have harmed competition by (1) reducing the ability of other health insurers to compete with Blue Cross, or actually excluding Blue Cross' competitors in certain markets, and (2) raising prices paid by Blue Cross' competitors and by self-insured employers. By reducing competition in this manner, the MFNs are likely raising prices for health insurance in Michigan."

"We know that fair competition and a level playing field are vital to ensure that customers obtain the best value and lowest cost in any area, including health care," said Murdock, noting that the Michigan Legislature has long endorsed increased competition in health care insurance as well.

Blue Cross today controls about 70 percent of the state's private insurance market, with higher shares in certain regions. Judge Hood's decision to move forward is an indication that the U.S. Department of Justice has provided compelling arguments in their allegations. This includes information that "most favored nation" provisions in contracts between Blue Cross and hospitals around the state show Blue Cross blocked competition by pressuring hospitals into signing agreements guaranteeing the hospitals' charges to Blue Cross would be as much as 35 percent below what the hospital would charge competitors. Worse, the information shows that Blue Cross agreed to reimburse hospitals more than they otherwise would charge if there were free and fair competition among insurers.

"This lawsuit is not about volume discounts, as Blue Cross wishes to spin in public relations statements. It's about creating a monopoly that stifles competitors who could reduce overall health care costs for employers and individuals in Michigan. The contract provisions cited in the lawsuit are driving up the health care insurance costs. We encourage the attorney general, U.S. Justice Department and the court to move forward quickly to allow more competition and lower health care costs in Michigan."

The Michigan Association of Health Plans (MAHP) is an industry voice for 16 health care plans, covering over 2.8 million Michigan residents, and 45 businesses affiliated with the health care industry. MAHP facilitates communication among members, government, and the industry regarding health care issues of common concern. MAHP's mission is to provide leadership for the promotion and advocacy of high quality, affordable, accessible health care for the citizens of Michigan.