



December 6, 2011

## Aetna: Michigan BC-BS soaked consumers, paid hospitals to soak its competitors

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The giant health insurer Aetna filed a lawsuit in Detroit's federal court today claiming Blue Cross Blue Shield of Michigan raised rates to consumers and then gave the extra money to hospitals that agreed to charge higher prices to Blues competitors.

The suit alleges that the Blues "implemented a scheme to use ever-increasing premiums from the patients and employers it serves in order to protect its dominant position and thwart competition from Aetna and its competitors."

The Blues pursued the strategy "at the very time when Michigan employers and consumers were suffering from the crushing effects of the recession and increasing healthcare costs," the lawsuit charges.

Aetna charges in the lawsuit that the Blues' strategy hurt its efforts to build its market in Michigan and caused the insurer last year to drop out of selling insurance to Michigan small businesses by early 2012.

The Aetna case is significant because other insurers and Michigan hospitals have stayed out of the fight with Michigan's largest insurer, which covers about 60% of Michigan's residents with health insurance. Only the city of Pontiac, an outstate business and a lone consumer have filed so-called piggyback lawsuits against the Blues alleging improper pricing practices.

The lawsuit is likely to draw further national attention to a related lawsuit filed last year by the U.S. Department of Justice against the Michigan Blues alleging the insurer negotiated contracts with 70 Michigan hospitals that gave them more favorable rates when they agreed to charge more to the Blues' competitors.

The Justice Department suit alleges that the Blues forced 70 Michigan hospitals to give it the best prices in the state, while charging others much higher rates. The Michigan Attorney General's Office supports the challenge.

Blues spokesman Andy Hetzel said he had not yet seen the lawsuit but denied the Aetna allegations. He called the charges sour grapes and a way for Aetna to try to get business after failing to work harder to sell its products in Michigan. "Just because they bought a network doesn't make them a stakeholder in Michigan. They need to work harder," he said.

The Blues calls the charges in the federal suit groundless and insists that its hospital contracts allow it a chance to get the best deals for its customers.

The Blues failed in June to persuade federal court judge Denise Paige Hood to dismiss the federal complaint.

Aetna spent nearly \$390 million in 2005 to acquire a Michigan-based health care network, HMS Healthcare, in hopes of building a statewide plan of services for employers and individuals buying Aetna insurance.

HMS operates in Michigan under the name PPOM and is based in Southfield. It is the second largest