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Blue Cross bills need scrutiny

Attorney General Mike Cox and the United Auto Workers are not often allies. But Cox, the UAW, the Consumers Union, Health Alliance Plan, AARP and several commercial insurance companies have joined to oppose legislation tailored to benefit Blue Cross Blue Shield of Michigan.

A package of four bills to amend Blue Cross operations was hastily pushed through the Michigan House of Representatives in October with only one two-hour hearing before coming to a House vote, where it received bipartisan support. It is now before the Senate, where state Sen. Tom George, R-Kalamazoo, promises a more deliberative process.

Obviously, the degree of opposition alone warrants a more responsible legislative process. In addition, Blue Cross insures 4.2 million Michigan residents, representing 70 percent of those with health insurance, excluding Medicare and Medicaid. What happens to Blue Cross will have an impact on all of us.

The legislation would give Blue Cross more flexibility and reduce its liability on individual insurance policies - the objective being to provide better rates and coverage for those with individual policies and those currently uninsured. Blue Cross estimates that

individual insurance will grow from 7 percent to 15-25 percent of the market over the next five years as employers drop coverage. According to press reports, Blue Cross claims it has lost \$52 million on these policies over the last 10 years.

Blue Cross was organized in 1939 under state statute as a tax-exempt "charitable and benevolent institution." Blue Cross is required to provide health insurance to Michigan citizens who cannot get it elsewhere and ensure that coverage is accessible and affordable for everyone in Michigan. Blue Cross currently maintains \$2.8 billion in reserves.

In a meeting with Observer & Eccentric and Mirror Newspaper editors, Cox outlined some of his major concerns with the legislation:

- Elimination of "community rating." The legislation would allow Blue Cross to institute a 10-tier system using age, health history, county of residence, etc., to determine rates. This would allow Blue Cross to set different rates based on these factors for its individual accounts. This would include "redlining," setting rates based on where a customer lives.
- Rate changes would no longer need prior approval from the state insurance commissioner and would no longer face a challenge from the attorney general's office.
- The legislation would allow Blue Cross to expand its for-profit operations.

Cox is also concerned about rising Blue Cross rates despite its record reserves. A suit by a Livonia couple is challenging a recent 24-percent average rate increase.

These are legitimate concerns and need to be argued in a public forum. We also need to hear from the governor, who has yet to weigh in on this legislation.

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