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## Bills would let Blue Cross branch out into other fields

*The Associated Press*

LANSGING — Blue Cross Blue Shield of Michigan, the state’s dominant health insurer, could become a player in other types of coverage under terms of bills pending in the state Legislature.

The bills would let the Blues’ for-profit subsidiary, The Accident Fund, expand beyond its current worker’s compensation insurance into other lines such as home and auto insurance. And the nonprofit Blues could be able to buy other types of businesses, although language in the legislation suggests it should be consistent with its overall business.

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The Blues say using profits from other insurance segments would help keep costs in check for the company’s health care insurance customers. But critics say there’s no guarantee of that. And the opponents — including rival insurance companies — argue that if the bills pass, it could drive away competition and leave Michigan residents facing higher bills for home, auto, life and other types of coverage.

Kurt Gallinger, a vice president with Amerisure Mutual Insurance Co., called it a “public mugging of the Michigan consumer” after the House quickly approved the provisions in October. The bills are now in the Senate, where a vote is possible within the next several weeks.

“What these bills would do is blow the doors wide open to turning them into a for-profit holding company,” Gallinger said.

Insurance companies that pay taxes say that would give Blue Cross, which is exempt from many state

taxes, an unfair edge.

Blue Cross officials say a more profitable Accident Fund benefits consumers.

“Everybody with a Blue card in their pocket pays a little bit less because the Accident Fund is there helping us stabilize health insurance rates,” said Andrew Hetzel, the Blues’ vice president for corporate communications. “They churn money into the parent that we don’t have to take out of people’s health premiums.”

But opponents say there is nothing in the legislation that would require profits from other Blues subsidiaries to go back into health care, and the Blues could use the money to buy more companies and extend its market domination to other types of insurance.

They say it’s another sign Blue Cross wants to have its tax breaks while getting rid some of the restrictions that go along with them. Some say the Blues should have to give up their tax breaks if the bills go through the Legislature and become law.

“Then you would have a level playing field,” said Gary Wolfram, a Hillsdale College economist hired by opponents of the Blue Cross bills. “Then it makes sense. Let Blue Cross do any old thing it wants, because it would be just like any other company.”

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