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Cox fights Blue Cross plan to raise rates for 400,000 ahead of hearing

*BY PATRICIA ANSTETT
FREE PRESS MEDICAL WRITER*

Attorney General Mike Cox on Wednesday opposed an immediate rate hike for 400,000 Blue Cross Blue Shield of Michigan policyholders who buy their own insurance, saying the insurer hasn't done enough to prove the need for the increase before a full hearing is held.

Cox said in a letter to Ken Ross, the state's insurance commissioner, that an administrative law judge set an aggressive hearing schedule that eliminates the need for immediate increases. A decision is expected by Oct. 1, but Ross could decide any time before then to let the company raise its rates.

Cox also opposes an interim rate hike because he said:

- Blue Cross hasn't collected money, as allowed by state law, from all of its group policy customers to offset losses in the individual market.
- Questions remain about whether the company should use its \$2-billion reserve fund to offset rate hikes.
- Costs have eased, suggesting "a potential for moderating benefit expense trends, which translates into lower rate hikes for current subscribers."

"An interim rate increase would be a huge financial burden on people already struggling to afford health care," Cox said in a statement.

In January, Blue Cross asked the state for rate hikes averaging 56% for individual or non-group policyholders who buy their own coverage, 42% for group conversion plans that cover people who once had workplace policies and 31% for seniors with supplemental Medicare coverage. It cited losses in the individual market that could exceed \$1 billion by 2011.

Last month, the insurer said it needed help immediately, as losses grow. But it decreased the rate hikes for all but senior citizens, whose coverage is the costliest, while it awaits a final decision in the case, citing lower cost trends.

Helen Stojic, spokeswoman for Blue Cross, said an Ingham County Circuit Court judge ruled in May that Blue Cross reserves are below state-allowed limits and the insurer did not have to make contributions from the fund to offset rates.