



November 3, 2009

Lansing HMO purchase by Blues to be examined

Michigan's insurance commissioner said today he will hold a public hearing on the proposed purchase of a Lansing HMO by Blue Care Network.

The hearing will be held at 10 a.m. Nov. 23, at the Michigan Library and Historical Center's ground floor auditorium, Lansing.

The decision follows a request by Michigan Attorney Mike Cox to Ken Ross, commissioner of the Michigan Office of Financial and Insurance Regulation to examine possible monopoly and unfair trade issues raised about the purchase of the Physicians Health Plan of Mid-Michigan.

Cox and others have raised concerns that the purchase would give Blue Care Network and its parent company, Blue Cross Blue Shield of Michigan, such a large part of the Lansing market that it would eventually contribute to higher prices there if private insurers leave the market.

Blue Care Network plans to spend \$45 million to buy the company and another \$15 million for the HMO's estimated cash assets and investments.

Blue Cross has said the purchase will be paid with Blue Care Network reserve funds and that the transaction will allow it to hold down health prices by spreading costs over a larger pool of customers.

Spokeswoman Helen Stojic could not be immediately reached for comment this afternoon. But she said last month that the purchase should not hurt competition in a state with a strong HMO market, with more than 20 companies, and would have "little or no impact" on Blue Cross customers, said Helen Stojic, Blue Cross spokeswoman. Other purchases help bring jobs and business to Michigan, the company has said.

Rick Murdock, executive director of the Michigan Association of Health Plans, has said Blue Cross business soars to 95% of the health insurance business in Lansing and East Lansing when the market share of all Blue Cross companies in the area is counted.

As of June 30, Blue Care Network had 530,018 customers statewide, or about 38% of Michigan's non-Medicaid HMO market, and Physicians Health Plan had 41,739 policyholders, or about 2% of that market, Ross said.

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