

Editorial: Sweet deal not enough for Blues

Posted by The Saginaw News May 22, 2008 14:50PM

Here's what we know:

Blue Cross Blue Shield of Michigan sells nearly 70 percent of the health insurance policies in the state.

It's a nonprofit insurer of last resort, which means by law it must cover anyone a for-profit carrier won't. In exchange, the state gives it a \$75 million -- \$75 million -- tax break.

Its net earnings last year were \$152.2 million.

It had \$337 million in net earnings in 2005 and \$210 million in 2006 and doubled its reserves to \$2.8 billion between 2001 and 2006. Its surplus now is \$2.4 billion.

It has spent \$365 million since 2005 to buy four additional insurance companies.

A Blue Cross-written bill that zipped through the state House now is in the Senate.

Here's what Blue Cross wants:

- * To raise rates first, without state approval, then let the state review it later on.
- * To charge more depending on how old someone is and where someone lives.
- * To extend to a year from the current six months the waiting period before benefits begin for someone with an existing condition.
- * All insurers to pay into a risk pool. With the most high-risk clients, Blue Cross would dip into the money pool more often than the others. That means the others would subsidize people they don't insure, so they'd probably have to raise their rates too.
- * To run the pool by itself. Oversight would go to state bureaucrats, ending public and attorney general challenges to its rate increases.

Keeping all that in mind, does it come as any surprise that second-year Blue Cross Chief Executive Officer Daniel Loepp last year got paid \$1.66 million, 67 percent more than in 2006?

That's tops in Michigan-based health plans and in the top 10 percent in country. Including Loepp, the company gave its 10 highest executives more than \$10.5 million in salaries, bonuses, buyouts and deferred compensation after some retirements.

Of course, the company's public relations people will say the money is necessary to keep top talent, that it reflects new responsibilities and that it's not fair to compare nonprofit against profit, large against small.

Still, \$10.5 million is a pretty penny by anyone's standards.

Remember again, this is a charitable nonprofit whose mission is to help the little guy but whose big-wigs are getting big bucks while many, many Michiganians are losing their jobs, employers are erasing benefits, mortgages are going under and prices are going up.

In fact, the pay increases look like they're right in line with a bully seeking an even greater -- and unfair -- legislative edge over its far weaker rivals.

So, surprises? No. No surprises there.