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For Immediate Release
March 19, 2008

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Coalition Encouraged That Senate Sets Up Deliberate Process on Blue Cross Blue Shield “Reform” Package

Lansing — The Coalition For a Fair & Competitive Insurance Market is encouraged by the concepts unveiled by Sen. Tom George at a Senate Committee hearing today. The Senate Health Policy Committee is considering substitutes for the bills backed by the Blues.

Since the introduction of the Blues “Reform” package last October, the Coalition has voiced concerns that H.B. 5284 & H.B. 5285 pose enormous consequences for Michigan consumers and businesses by creating the first “Bluesopoly”. These two bills, which do not deal at all with individual health insurance, would enable the Blues to spend subscriber dollars to expand their monopoly rather than reduce the cost of healthcare for Blue Cross subscribers.

Kurt Gallinger, Vice President and Counsel for Amerisure Companies and member of the Coalition For A Fair & Competitive Insurance Market said:

“Our coalition is pleased that Sen. George recognizes the need for a structural separation between Blue Cross and its subsidiaries to keep the Blues from using its tax free surplus and monopoly power to compete unfairly with taxpaying Michigan businesses. While we would prefer a complete ban on Blue Cross expanding into other markets, we recognize the extreme time, money and influence that the Blues have been able to exert in Lansing.

“Most of all, we are pleased that Sen. George has set up a deliberate process to provide alternatives to the Blue Cross Blue Shield Individual Market” Reform” Plan. We look forward to being able to participate in similar deliberations concerning H.B. 5284 & H.B. 5285 since there hasn’t been any testimony on these bills in the Senate to date.”

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House Bill 5284 would allow Blue Cross Blue Shield to buy any other company located anywhere, abandoning its mission that limits the Blues to investing in/owning health care related companies. Blue Shield Blue Cross could then use its tax-free accumulated reserves to enter into any other line of business with a built-in advantage.

House Bill 5285 would remove a 13-year-old prohibition from Michigan law that limits the Blue Cross Blue Shield subsidiary, Accident Fund Insurance Company of America, to marketing only workers' compensation coverage and allow other Blues subsidiaries to compete with for-profit companies in multiple lines of insurance.

According to economist Gary Wolfram, Blue Cross Blue Shield has been able to build-up reserves in excess of \$2.5 billion and assets in excess of \$5.2 billion, free of state and local taxes. The accumulated reserves and assets could be used under the proposed legislation to bid for companies not only in the insurance business, but also in any other industry. Competing bidders have paid taxes on their reserves. This would be a distinct advantage for Blue Cross Blue Shield, since their tax advantage is worth more than \$100 million per year.

The Coalition For A Fair & Competitive Insurance Market represents Michigan based taxpaying insurance companies that employs more than 7,000 Michigan residents

Coalition For A Fair & Competitive Insurance Market Members include:

Name	Michigan Employees
AAA of Michigan	4,000 Michigan Employees
American Physicians	135 Michigan Employees
Amerisure Company	450 Michigan Employees
Auto-Owners	1,800 Michigan Employees
Citizens Insurance	850 Michigan Employees
Frankenmuth Insurance	475 Michigan Employees
American Community	400 Michigan Employees

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