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# Blue Cross says it spent big for low costs

By PATRICIA ANSTETT • DETROIT FREE PRESS MEDICAL WRITER • January 31, 2008

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LANSING -- Blue Cross Blue Shield of Michigan spent \$391 million last year for community health programs and reimbursements, four times more than the \$80 million it received in state tax breaks, according to a report released Wednesday by a consultant hired by the company.

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The spending keeps Medicare coverage rates low, compensates hospitals for \$67 million in care to the uninsured and most likely exceeds similar contributions by any Blue Cross plan in the nation, said Bob Atlas, senior vice president of Avalere Health, a Washington, D.C.-based health consulting firm hired by Blue Cross to assess its charitable and community health expenditures.

Michiganders, for example, pay about \$90 to \$100 a month for supplemental Medicare, so-called Medigap, coverage, while seniors in nearby states pay \$200 a month for the same plan, Atlas said in the report. To keep rates low, Blue Cross of Michigan paid \$115.2 million last year to subsidize the policies, he said.

The report was released four hours before a Michigan Senate Health Policy Committee hearing on legislation sought by Blue Cross to alter the way it prices and writes health insurance policies for individuals who buy their own insurance.

Opponents have challenged past estimates by Blue Cross on community health and reimbursement spending, saying the insurer wrongly includes losses all insurers incur. There are no accepted national guidelines that provide a framework on how nonprofit insurers should tabulate social mission spending, Atlas acknowledged.


But Atlas said that he was "very confident under any analytical framework" that Blue Cross spending for community health programs was exemplary.

"We're really talking about Blue Cross of Michigan being in a class by itself," said Atlas, who also has studied social mission spending by four Blue Cross plans in Pennsylvania. There, Blue Cross plans must return to the state 1.6% of premium revenue and 1% of Medicare and Medicaid premiums to help pay for community health programs.

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