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# Report: BCBS social work tops tax breaks

**Sofia Kosmetatos / The Detroit News**

A report released Wednesday by Blue Cross Blue Shield of Michigan shows the insurer contributed at least \$391 million in social mission contributions to the state in 2007, nearly five times the \$80 million in tax breaks that it gets for being Michigan's insurer of last resort.

The findings by Avalere Health, a D.C.-health policy consultancy hired by the Blues to conduct the study, were made public 12 days after the East Lansing-based Anderson Economic Group LLC released its own report that found the insurer is exempted from about \$112 million in taxes annually but loses only an estimated \$7.7 million in underwriting revenue.

The reports also come as a Senate committee continues to discuss legislation backed by the Blues that would set new rules for insurers selling individual policies in the state. The proposed legislation would maintain Blue Cross' status as insurer of last resort but also create a risk pool funded in part by other insurers to offer coverage to high-risk people who can't obtain coverage because of pre-existing medical conditions. On Wednesday, the Senate Health Policy committee heard testimony about the feasibility of such risk pools and how they're used in other states.

The Blues says the reforms will help stem huge losses it bears from individual policies, but other insurers argue they shouldn't share the burden of covering the sickest people since they do not have tax-exempt status.

The House already has passed the legislation. It's uncertain when it will go to a vote in the Senate. The Anderson report was commissioned by the Coalition for Access and Affordability in Michigan, an organization created in October by commercial insurers opposed to the legislation. Blue Cross commissioned the Avalere Health report in December.

"This study confirms that the state's investment of tax free status for BCBSM is returning significant dividends to the people of Michigan -- perhaps far exceeding those delivered in any other state by an independent nonprofit Blues plan," said Andrew Hetzel, Blue Cross vice president of corporate communications.

Among the social mission spending cited in the study:

- \$15.5 million in costs for such programs as MI Child.
- \$5 million in charitable giving, including community health initiatives and \$1 million toward free health care clinics.
- \$17.2 million in knowledge dissemination and health care quality programs for the general population.
- \$133.8 million in costs due to shortfalls in premiums for individual policies.
- \$141.7 million in subsidization of Medicare supplemental and group conversion coverage

"The return to Michigan taxpayers during 2007 from Blue Cross Blue Shield of Michigan's total social mission spending was at least 488 percent or nearly five times more than its tax exemption,"

said Bob Atlas, a senior vice president with Avalere and the lead author of the report. "The Blues spent \$391 million in social mission activities versus only \$80 million in forgone taxes." But a spokeswoman for a coalition of groups opposed to the legislation questioned some of the spending cited in the study.

"I really think this is a 'he said, she said,' " said Denise DeCook, spokeswoman for the Coalition for Access and Affordability in Michigan.

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