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Blue Cross Blue Shield supports state reform

When the Michigan Legislature reconvenes in 2008, health care security and affordability will have its proper place at the top of the people's agenda in Lansing.

Blue Cross Blue Shield is a proud champion of legislation to reform Michigan's individual health insurance market. Reform is critical now to maintain access to coverage, and the long-term affordability of that coverage, for hundreds of thousands of Michiganders entering the individual market over the years to come.

While the number of people expected to find their own health insurance is increasing substantially, the regulations that govern how insurers treat these people haven't changed in more than 20 years. It is time for a change — to improve everyone's access to coverage, and promote the long-term affordability of that coverage.

Michigan's market is unfair to people looking for health insurance on their own. For-profit insurers are allowed to reject individuals for any reason, and raise rates as much as they desire for people who get sick during their coverage period.

The legislation before Senate changes that. It protects people by expanding access to affordable health insurance. It caps insurance company profits. It prevents insurers from raising premiums on sick people so high they are forced to drop their coverage. It creates a new guaranteed access system. It holds all insurance companies financially responsible for upholding their moral obligations to cover people.

And it preserves Blue Cross' role as Michigan's insurer of last resort — so Michigan residents will always have a safety net.

Blue Cross is being attacked repeatedly by those opposed to reform. These attacks are wrong on the facts, and meant to distract you from the positive aspects of reform.

Let's clear the record. We are a nonprofit company, and we do not profit on health insurance. Over the past 15 years, our "margin" on health insurance averages just one-tenth of one percent. Instead, we earn income from wise investments, and through our for-profit subsidiary companies. These two sources bring in 93 percent of our annual contributions to reserves.

We receive about \$82 million in tax breaks. What we return to Michigan is far more valuable. This includes annual investments of \$150 million to Michigan hospitals for uncompensated care, and more than \$260 million to hospitals for medical education that improves the quality of health care. We paid \$70 million over the last five years to subsidize the state's MI Child program. This helped

Michigan become one of the leading states for insuring children. We also subsidize tens of millions of dollars each year in coverage for seniors. We currently pay out over 20 percent more than the premiums we take in to provide coverage to people as Michigan's insurer of last resort.

We are the only health insurer to make commitments of this magnitude. All of these contributions combined are nearly four times the value of our tax exemptions. We do these things because of our nonprofit commitment to health care affordability and access in Michigan.

Blue Cross Blue Shield supports individual health insurance market reform because we are committed to affordable coverage and long-term security for everyone. We championed similar reforms four years ago in the small-employer market. These reforms kept the cost of coverage for small businesses from skyrocketing out of reach.

Individual health insurance market reform is the next step. The legislation before the state Senate improves the ability of individuals and families to afford health insurance over the long term. It is the right thing to do for the people of Michigan.

— *Daniel J. Loepp is the president and CEO of Blue Cross Blue Shield of Michigan.*

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