



Forum: Insurance bills would cause rate hikes

By Mike Cox

—

What do AARP, the UAW and Consumers Union, publisher of Consumers Report magazine, have in common? All have joined in opposition to a package of bills being pushed by Blue Cross that would make dramatic changes to the health insurance rates and coverage of a majority of Michigan citizens.

These changes, House bills 5282-5285, will cause subscribers, especially the old, sick and most vulnerable, to pay much more for coverage or lose their insurance altogether.

The Blues were created in 1939 and given a social mission; specifically, to be the "insurer of last resort." As a result, Blue Cross was also made tax-exempt. By their own admission, this tax-exempt status benefits the Blues by at least \$82 million each year.

And Blue Cross has done well. Their share of the commercial health insurance market in Michigan is 70 percent. Their surplus has more than doubled in the last five years, to more than \$2.8 billion, the highest in history. Blue Cross makes more than \$1 million a day in profits.

Salaries are on the rise, too. According to data filed with state regulators, Blue Cross paid its top ten officers \$11.5 million in salary and compensation in 2006 -- that's a 42 percent increase since 2004. Guess what else has been going up? Rates. Individuals seeking health insurance have seen their rates skyrocket by 79 percent since 2003. And for those folks who have converted from group policies, their insurance rates have shot up even more -- a 92 percent increase since 2003.

Not surprisingly, these massive rate hikes mean that more and more Michigan citizens and families can't afford insurance. One out of every four Michigan citizens is either uninsured or on Medicaid!

But Blue Cross claims that it is heading for a "death spiral." So the Blues are pushing a package of bills that would do the following:

- Deny coverage of pre-existing illnesses for 12 months, a doubling of denial time;
- Charge new customers with chronic diseases, such as diabetes, up to 80 percent more;
- Charge new customers with serious illnesses, such as cancer, up to 250 percent more;
- Enable the Blues to triple their margins for administrative expenses and profits; and,
- Eliminate oversight by the attorney general and the governor's office of Financial and Insurance Services

(OFIS).

Oversight is critical. Last year, Blue Cross sought a 50 percent hike on the premiums that seniors pay for Medigap insurance. I intervened, saving more than 215,000 Michigan seniors \$97.5 million initially, and over \$69 million per year after that.

These bills would also eliminate the governor's ability to provide oversight of rates by eliminating the ability of OFIS to set rates. For all practical purposes, all state oversight would be wiped out.

About the author: Mike Cox, of Lansing, is the Michigan attorney general.

About the forum: The forum is a periodic column of opinion written by Record-Eagle readers in their areas of interest or expertise. Submissions of 500 words or less may be made by e-mailing letters@record-eagle.com. Please include biographical information and a photo.

Copyright © 1999-2006 cnhi, inc.

Photos



Mike Cox