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Opinion

The controversial **Blue Cross Blue Shield** legislation concerning the company's Individual Market segment of the state's health insurance industry died when action on it was stalled at the end of December.

But that doesn't mean some type of new legislation isn't needed. Blue Cross recently announced up to 1,000 layoffs because it anticipates losing about \$1 billion by 2011 in this segment of the market. The company also wants average rate increases of 55 percent for Individual plans, 42 percent for Group Conversion plans and 32 percent for Medicare Supplemental plans.

We can question the actual need for these actions but, at this point, the company is proceeding. So, because of the large layoff and rate increase figures, quick legislative action is warranted.

Based on what happened last year, compromise legislation should be drafted. The new bills need to not only address the concerns of Blue Cross but also settle the issues raised by others involved, including for-profit insurance companies and the attorney general. Blue Cross said the legislation was needed to replace a 30-year-old regulatory system that was outdated. Officials argued that the Individual Market segment of the industry, which insures people who do not have group coverage, was now growing much larger than it was 30 years ago and that Blue Cross, as the state's insurer of last resort, was losing money in this part of the market.

But the legislation proposed drew heavy criticism, including opposition from Attorney General Mike Cox, whose role in the oversight of Blue Cross was written out of the original bills.

Other retail insurance companies didn't like the "high risk pool" that was originally proposed.

It's establishment would have made Michigan the only state in the nation with both an insurer of last resort (Blue Cross) and a high risk pool. Currently there are 35 states with high risk pools, four states with insurers of last resort, five states with some type of universal health care coverage and six states offering none of these.

So, the pool would have made Blue Cross unique in the nation, thus it's not difficult to understand why it drew such heavy criticism.

And many groups representing people in the Individual Market were concerned that the legislation would make premiums too costly for their constituents.

We believe the attorney general should be left in the oversight role — a little extra impartial supervision never hurts. But he should not use this position for grandstanding and beating up on Blue Cross.

The concerns of the other retail insurance companies need to be considered and so input from them is important.

And of course, we don't want Blue Cross to fail, financially, so the deficits it is experiencing in this market segment need to be fixed, too.

But how much of the regulatory legislation needs changing we don't know. That needs to be studied.

The most important element in any new Blue Cross legislation is that it not only is fair to Blue Cross and the other insurance companies but that it is fair to the consumers. There's a difference between making something "affordable" for a company, i.e. allowing its bottom line to balance, and making it "affordable" for the consumers, which means the latter's bottom line — take home wages — are not used up paying for health insurance premiums.