Blue Cross Blue Shield of Michigan:
Leading Michigan to a healthier future

**BCBSM’s focus is on people first.** We are very proud of our unique mission, as a non-profit company, to guarantee everyone in Michigan access to health care. We are a different kind of health care company.

- We make little to no financial margin on health insurance. Since 1990, BCBSM’s underwriting margin on health insurance has averaged just one-tenth of one percent (0.1 percent).

- BCBSM is the state’s only “insurer of last resort.” Unlike other insurers, we provide coverage to all applicants regardless of age or health status.

- More than 9 cents of every 10 cents we collect in premiums are paid back to providers for health care services for members. In 2009, more than $17 billion went to doctors, hospitals and other providers.

**BCBSM is currently taxed at more than twice the level of its tax exemption.**

- While it is true that we do not pay the traditional Michigan Business Tax or local property taxes, we are required by the state to pay 1 percent of our total revenue to subsidize coverage for seniors (Medigap). This more than doubles the tax we would pay under the normal system.

- Maintaining this level of taxation is unsustainable and threatens BCBSM’s ability to continue its contributions toward improving the health of Michigan residents and keeping health care more affordable for Michigan businesses and individuals.

**BCBSM is creating a healthier health care system.**

- BCBSM is a champion for health care reform because we believe everyone should have access to health coverage and that health insurers should embrace nonprofit principles.

- BCBSM has the deepest partnerships with doctors and hospitals, and we work with them daily to improve the quality of health care and save hundreds of millions of dollars by eliminating waste and medical errors.

- We give financial support to hospitals so patients without insurance can get care.

- We began to build our Patient-Centered Medical Home (PCMH) program in 2008 and it’s now the nation’s largest. The program strengthens doctor-patient relationships and creates long-term improvements in health care cost and quality.

- We are a partner in Michigan Hospital Association’s Keystone Center for Patient Quality and Safety, recently labeled a “national success story” by the Obama administration. In just four years, new practices in hospital intensive care units have saved nearly 1,800 lives, avoided 129,000 excess hospital days and cut costs by $247 million.
Michigan’s outdated regulatory environment **hurts people by limiting choices** in the market for those who need high-quality coverage the most.

- The current system allows other carriers to make sure they insure healthier individuals, keeping their costs lower, while sending unhealthy folks to BCBSM. This practice, called “cherry picking,” drives up the rates for all BCBSM customers.

- The regulatory playing field must be leveled. Michigan cannot continue to have a system where one company (BCBSM) is highly regulated and others are barely regulated at all. This system harms our ability to offer competitive products in the marketplace and allows other insurers to game the system. In the end, consumers lose.

- In the individual market alone, an estimated 88 percent of BCBSM’s members are unhealthy, and 95 percent are at least 55 years of age.

- Because we have more unhealthy people than other insurers, BCBSM currently loses money on our products for individuals -- $280 million in 2009 alone. In other words, more money goes to pay health care providers (hospitals, doctors, etc.) than comes from premium revenue.

- The current rating process doesn’t allow us to set rates that match coverage costs.

**Our reserves are highly regulated and responsible.**

- BCBSM reserves are not cash held in a bank account. Reserves include all consolidated assets of the enterprise including: cash, investment holdings, subsidiary companies, facilities and other traditional “assets.”

- BCBSM pays more than $17 billion in claims annually. The company’s $2.5 billion reserves amount to less than two months worth of claims payments.

- Using our reserves to artificially lower rates would be irresponsible and could potentially set us on a path to put all of our members at risk – if we are not able to pay medical claims.

- We are required by state law to maintain adequate reserves and cannot go above 1,000 percent Risk-Based-Capitol (RBC).
We are about more than a bottom line and are not beholden to stockholders. We are extremely committed to **creating healthier communities**, and we back it up financially.

- Since 2005, BCBSM has awarded $4 million in grants to free clinics across Michigan, that give free or lost-cost medical and, in some places, dental care to more than 90,000 uninsured patients a year.

- We are helping to fight childhood obesity. Since 2004, we’ve given more than $1 million worth of Building Healthy Communities grants to Michigan schools in support of physical activity and nutrition programs for students and parents. We also worked with a team of Michigan experts to develop a Pediatric Healthy Weight Toolkit to help health care professionals identify, manage and treat children who are overweight or obese to help them attain a healthy weight.

- Through the state’s MiChild program, we help cover nearly 30,000 children who otherwise would be uninsured. The Center for Healthcare Research and Transformation’s *Cover Michigan 2010 Survey* found that people covered by MiChild had much less difficulty finding providers who would accept their coverage than those covered by Medicaid or Michigan’s Healthy Kids program.

- An independent report conducted by Avalere Health determined that BCBSM spends 488 percent more than it receives in tax credits to uphold its social mission. In 2008, BCBSM received $90 million in tax exemptions compared to $479 million in social mission spending.

- We spend 37 percent more on social mission initiatives, including free care clinics and health research funding, than the largest Blues plan in the nation.

We provide high quality health coverage to our customers. Michigan citizens want to keep their “Blue Card” because they know that it guarantees good quality health care coverage.

- A Blue Cross card opens the door to health care everywhere, with 100 percent participation of Michigan hospitals. Our members have the state's broadest variety of plans, fitting their needs as they change. Our plans have won awards as national models for helping people live healthier lives.

**BCBSM is essential to Michigan’s economic comeback.**

- BCBSM is transforming its business to lessen the cost burden on customers and position itself to continue its contributions to the people of Michigan.

- BCBSM is an advisor to businesses in dealing with their leading financial concern—the cost of health care. By helping businesses keep their workers healthy while controlling costs, we are helping to strengthen Michigan’s competitiveness.

- BCBSM is investing in the state, its urban centers and its people. We have a diverse workforce of more than 7,000 employees in 30 Michigan locations.

- BCBSM supports Michigan-based companies. Our “spend” with Michigan suppliers was nearly $300 million. The MEDC estimates that every $50,000 spent on a contract creates a new job. That means the amount we spent in 2008 is estimated to have supported 5,500 Michigan supplier jobs.