

## **Blue Cross Blue Shield of Michigan defends use of deepest discount contract provisions to secure lowest hospital costs for more than 4 million Michigan consumers**

DETROIT, MI, October 18, 2010--Blue Cross Blue Shield of Michigan today responded to a lawsuit by the U.S. Department of Justice (DOJ) Antitrust Division that seeks to restrict BCBSM's ability to provide the most deeply discounted rates from Michigan hospitals.

"Negotiated hospital discounts are a tool that Blue Cross uses to protect the affordability of health insurance for millions of Michiganders," said Andrew Hetzel, BCBSM vice president for corporate communications. "Through this lawsuit, the federal government seeks to deny millions of Michigan residents the lowest cost possible when they visit the hospital."

"This lawsuit is without merit, and we will vigorously defend our ability to negotiate the deepest possible discounts for our members and customers with Michigan hospitals," Hetzel said. "Our hospital discounts are a vital part of our statutory mission to provide Michigan residents with statewide access to health care at a reasonable cost. At a time when insurance premiums are increasing because of medical costs, it hurts consumers to remove tools that insurers use to negotiate the lowest possible cost for medical care in the hospital."

Because BCBSM is the only nonprofit healthcare corporation that is regulated by Michigan Public Act 350, it is the only Michigan insurer that is required to meet the cost, quality, and access goals required by statute. BCBSM's efforts to secure the lowest rates in hospital agreements are designed to benefit the people of Michigan consistent with BCBSM's statutory obligations. In fact, about 3 million more Michigan residents enjoy health care savings from Blue Cross Blue Shield of Michigan than any other insurer.

"It does not make good business sense for Blue Cross Blue Shield of Michigan to reimburse a provider at a higher rate than we can otherwise negotiate," said Hetzel. "These kinds of low cost guarantees are widely used in a variety of contracts in a number of industries. In fact, the federal government routinely requires its own vendors to abide by these same low cost requirements."

"For more than 70 years, we have committed ourselves to building a healthier Michigan. As the insurer of last resort, we're the only insurer in Michigan that accepts everyone year-round who applies for coverage. We have a unique statutory mission to provide access to health care at a reasonable cost," said Hetzel. "We are committed to fulfill that mission every day."

Blue Cross Blue Shield of Michigan is a nonprofit corporation and an independent licensee of the Blue Cross and Blue Shield Association.

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