



## Suit alleges 'secret' insurance fees

Jan. 7, 2010

SAGINAW, Mich. - Government and school officials in Saginaw have filed suit against Blue Cross Blue Shield of Michigan, alleging the insurer overcharged them a combined \$7 million in hidden administrative fees, according to The Saginaw News.

Saginaw County, the city of Saginaw and Saginaw Township Community Schools are self-insured, but contract with BCBS to manage health insurance premium funds, The News reported. The fees were imposed in 1994, but didn't come to light until 2008, court documents said, according to The News.

A BCBS spokeswoman told The News that the fees were "expressly authorized" by contract and that the amount the city, county and schools saved on handling of hospital claims "far exceeded" the fees.

The county and school district filed suit in Saginaw County Circuit Court, alleging overcharges of \$4 million and \$1.8 million, respectively. The city is part of a lawsuit filed in Genesee County Circuit Court; it is seeking more than \$1 million, according to The News. Lawyers want to make the city's case a class action lawsuit along with the Genesee County Road Commission and Tuscola and Cass counties, The News reported.

Saginaw County Circuit Judge Fred L. Borchard declined to dismiss the school and county suits, saying the contract language was "ambiguous," The News reported.

In a settlement with Oakland County, BCBS agreed to pay \$650,000 and provide three years of free administration of Oakland's self-insured plan, The Detroit News reported in November.

### SOURCE:

The Saginaw News, "Saginaw, Saginaw County and Saginaw Township schools sue Blue Cross/Blue Shield over bills for \$7 million in 'secret' fees," Jan. 7, 2010

### FURTHER READING:

Mackinac Center for Public Policy, Michigan School Databases, "Health Insurance by School District."

Publication: Michigan Education Digest Daily

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