

Empire Blues appeals conversion challenge

NEW YORK — A state court judge has ruled that the lawsuit filed by a consumer group challenging last year's conversion of Empire Blue Cross to for-profit status may proceed.

WellChoice, Inc., the parent company of Empire Blue Cross Blue Shield, said that ruling permitting the suit to proceed has been stayed pending an appeal by the insurer.

The suit was filed by Consumers Union, a nonprofit consumer advocacy group. It alleges that the 2002 law allowing the conversion from nonprofit status is a violation of the state constitution because it granted only Empire and no other insurer permission to convert.

However, WellChoice believes the constitutional provision cited by the plaintiffs only prohibits statutes that grant monopolies and insists that Empire is not a monopoly since it operates in a competitive market.

Judge Ira Gammerman rejected the motion for dismissal of the suit brought by Empire's attorneys, who argued that in the future lawmakers could simply enact laws affecting other insurers if they saw fit.

"Judge Gammerman's decision does not affect our ability to conduct our business," said Michael A. Stocker, president and CEO of WellChoice. "We are confident that we will prevail on appeal since the statute did not grant Empire a monopoly."

In November 2002 a temporary restraining order was issued in connection with the suit. At that time, the court directed that the proceeds of the initial public offering of WellChoice, Inc. stock that raised more than \$400 million be held in escrow by The New York State Comptroller.

Mass. AG backs option for workers who lose coverage

BOSTON — State Senator Marc R. Pacheco, (D-Taunton), and Attorney General Thomas F. Reilly have filed legislation to establish access to short-term health insurance coverage for workers that lose their employer-based coverage.

"Access to quality health care insurance is one of the biggest problems facing the residents of my district and across the state," said Pacheco. "Clearly, there are many gaps in our health care system and the legislation filed today provides important options for our workers and their families."

"This legislation provides much-needed health care coverage options for Massachusetts workers, retirees and their families. With unemployment on the rise, and workers increasingly facing layoffs, it's essential that we create these common-sense options for continuing health care coverage," said Reilly.

This legislation establishes a "short-term conversion" plan that requires insurance companies to offer identical coverage to workers whose health insurance plans have ceased. This may result from an employer not paying the plan's premiums or an insurance company not renewing an employer's plan. In these cases, the insurance company will have to notify the workers of this option if the individual does not have access to other health insurance.

Under this legislation, an employee can use this short-term conversion plan for up to six months, and will be required to pay a premium. □