

January 3, 2008

## Insurance bills mean greater individual choice

*But Michigan's system remains only half-reformed*

THOMAS SIMMER

Dr. David Janda's recent Viewpoint opposing individual health insurance reform legislation shifted the critical issue from access to health care for individuals, to a concern about the size and power of Blue Cross Blue Shield of Michigan. That's unfortunate, because the current market for individuals purchasing health insurance is seriously broken.

The legislation that is being considered is not about Blue Cross. No provisions of these bills "make Blue Cross the only health insurer in the state" or "eliminate all health insurance competition," as Janda alleges.

Rather, it is about creating a health insurance system that promotes long-term security for people, through access and continued affordability of coverage. The legislation will increase the "health care freedom" and "competition" that Janda promotes for Michigan residents. The proposed legislation would help Michigan residents by:

- Limiting rate increases by all insurers and preventing premium increases at insurance renewals for people because they become ill during their coverage period. This promotes the long-term affordability of health insurance and sustainability of coverage for those who need it most.
- Capping insurance company profits, by requiring insurers to pay out at least 70 percent of their premiums to providers of medical care. For-profit carriers today regularly capture more than 40 percent of every premium dollar as "profit."
- Giving the Michigan insurance commissioner authority to order refunds from all insurers if rates are too high. The commissioner has no such authority now.
- Ensuring that Blue Cross continues to provide coverage to everyone regardless of health conditions, something none of the commercial insurers are willing to do. This is important to ensure access for Michigan residents.
- Increasing competition and giving people more freedom of choice. According to a May 2007 report by the Michigan insurance commissioner, similar reforms passed in 2003 actually moderated rate increases for small businesses and made Blue Cross' competitors stronger in the marketplace.

But Michigan's insurance system remains only half-reformed. Now it's time to fix outdated regulations and put consumer protections in place for people who buy their own coverage. Currently people who need individual insurance have little security. Today's system allows for-profit insurers to routinely deny people coverage, set their rates without any limits and raise their rates exorbitantly when they become ill or injured.

These predatory practices, though legal today, are not in the spirit of providing health care to people. Reform of the individual market for health insurance is a complex issue that does not easily lend itself to brief letters and sound bites.

The key is to achieve long-term affordability of coverage and access to medical care for everyone, a goal supported by the Michigan State Medical Society, through health insurance. The current system has not and cannot achieve that goal.

This broken system should be fixed when the Legislature reconvenes.

*Dr. Thomas Simmer is senior vice president and chief medical officer of Blue Cross Blue Shield of Michigan.*