
Michigan Senate has cure for reforming the individual health insurance market

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By Kathryn C. Boles

FLINT, Michigan -- Michigan consumers who buy their own individual health insurance policies need more affordable options. They don't need the Michigan House of Representatives to impose a new tax on their premiums.

The Michigan House last year wrote the wrong prescription to cure the problems that exist in our state's individual health insurance marketplace.

In record time, and with virtually no discussion, they approved legislation developed by Blue Cross Blue Shield of Michigan that would have a disastrous effect on our citizens' access to health care plans at a fair and reasonable price. Some of our state representatives from Genesee, Lapeer and Shiawassee counties now have an opportunity to amend their decision.

The Michigan Senate, including state Sen. John J. Gleason (D-Flushing), Judson Gilbert (R-Lapeer) and Valde Garcia (R-Shiawassee), voted May 1 to approve two bills that correct the flaws in the plan that was rushed through the state House on a wave of intense lobbying by Blue Cross last October.

The bipartisan Senate alternative to House Bills 5282 and 5283 removes the guaranteed access plan insurance pool that was in the House version, adds strong attorney general oversight of insurance and calls for the state Insurance Commission to conduct a one-year study to see if an insurance pool is necessary.

Blue Cross will be able to take behaviors, such as smoking, into account when setting rates.

The Senate also wisely ensures that Blue Cross retain its nonprofit status, as well as its social mission as Michigan's insurer of last resort, accepting all who apply.

This system has worked well for decades and there is no reason to change it -- especially not for the Blue Cross' proposal, which would have all insurers paying into a risk pool that the Blues alone would administer. Ultimately that would drive up rates for everyone with what the Blues call an "assessment" -- a Lansing code word for a tax -- on premiums.

In addition, the Senate bills would retain the six-month waiting period before insurance benefits begin for people with existing conditions. The Blue Cross plan to extend the wait to 12 months would only hurt the very people who need such coverage the most.

The Blues, not surprisingly, prefer last year's House-passed package. Hearings on both versions are expected soon. Many organizations have voiced their opposition against the Blues' bills, including Valley Area Agency on Aging Board of Directors, Michigan Attorney General Mike Cox, the United Auto Workers, AFL-CIO, the Consumers Union, AARP, Area Agencies on Aging Associations of Michigan, the Michigan Disability Rights Coalition, and the Michigan Association of Health Plans. Michigan's leading newspapers, including The Flint Journal, have editorialized against the Blues' bills as passed by the House.

They point out that Blue Cross was created by the Michigan Legislature in 1938 to be "benevolent and charitable." In exchange for being the so-called "insurer of last resort," Blue Cross does not pay state or local taxes. Despite this benefit, the Blues have doubled insurance rates for individual subscribers over the past five years while amassing \$2.8 billion in reserves.

Under the House plan, the Blues' new "risk pool" would be aimed at older and sicker subscribers. But a risk pool is a risky idea. It doesn't give us anything we don't already have with Blue Cross and it will have to be supported through new tax revenues on rival insurance carriers, who will pass it on to customers. People in the risk pool would have fewer choices and have to pay higher rates than regular Blue Cross subscribers.

Perhaps we need legislation requiring Blue Cross to use some of its \$2.8 billion in reserves to lower health insurance premiums instead of paying for slick media campaigns and powerful lobbyists. One can only hope the House will have learned from watching the Senate this month.

The votes by Sen. Gleason and his Senate colleagues show that not all lawmakers are bent on putting Blue Cross' demands before those of consumers and patients.

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