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Editorial: Hold off on state health insurance reform

THE DETROIT NEWS

Two state lawmakers have stepped forward with a bipartisan Michigan health insurance reform plan that includes some of the key features of the new federal law recently signed by President Barack Obama, but not the individual mandate. While it's a commendable effort, lawmakers would be wise to hold off until state officials have a clearer picture of how the federal plan is going to play out here.

The so-called MI-Health proposal, from Rep. Marc Corriveau, D-Northville, and Sen. Tom George, R-Kalamazoo, would prohibit insurers from jacking up insurance rates on the sick and would set up a state fund to cover individuals who need the costliest care. The state pool would be an effort to hold down the cost of health insurance in somewhat the same way Michigan's Catastrophic Claims Fund seeks to moderate auto insurance premiums.

Under the proposal, all insurers would have to issue coverage to applicants, no matter what their health status. An MI Healthcare Affordability Fund would be created to subsidize coverage for low-income Michigan residents.

The two lawmakers want to create the fund by removing Blue Cross Blue Shield of Michigan's tax-exemption status as the state's current insurer of last resort. But the estimated value of that exemption --\$90 million -- doesn't seem like a lot of money to address a much larger issue.

The costliest-care fund, paid by insurers, would cover medical claims ranging from \$80,000 to \$800,000. In comparison, the auto-related catastrophic claims fund handles crash-related medical care exceeding \$460,000 in cost.

Corriveau and George have labored long and hard to develop what they hope is a good compromise package of bills. They hope it is worthy of support from both Democrats and Republicans in the Legislature, although Atty. Gen. Mike Cox says it would leave his office with too little say over Blue Cross rate hikes.

The problem is that the state is just starting to sort through the sweeping federal health care plan that Congress adopted a little more than two weeks ago. Gov. Jennifer Granholm has signed an executive order to convene a state panel to determine what Michigan must do -- and by when. She assigned Insurance Commissioner Ken Ross to set up the federally required insurance exchange where those who lack health coverage can shop for health insurance.

The federal plan will expand Medicaid coverage to 375,000 additional Michiganians, affect nearly 1 million young people who now will be able to remain on their parents' health plans until they're 26 and reimburse 279,000 senior citizens with checks for \$250 apiece for prescriptions, Granholm says. There's a lot in it with which the state must deal right now.

George argues that his and Corriveau's proposal dovetails with the federal act and should be enacted so Michiganians can start to enjoy the benefits right away. Parts of the federal plan don't take effect for two or more years. But the state lawmakers' proposal must go through a vetting process that makes it unlikely to be ready for adoption until late in the year -- and then require a longer implementation process.

Lawmakers should give the Corriveau-George proposal a thorough examination, but they shouldn't adopt new mandates that will put added strain on the state budget. They also should make sure we fully understand the federal law before creating new state programs.

Additional Facts

Health reform

Provisions of a bipartisan state proposal:

- Insurers must issue coverage regardless of health status
- Insurers couldn't raise rates for those who become sick
- State fund covers care costing \$80,000-\$800,000
- Affordability fund assists moderate-income families

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