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2 health insurers picked to run Michigan's high-risk pool

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Two Michigan-based health insurers — both subsidiaries of large hospital systems — have been selected to run the state's new high-risk insurance pool to provide coverage by October for chronically uninsured adults.

Priority Health of Grand Rapids, a subsidiary of Spectrum Health, will provide coverage to 61 Michigan counties and Physicians Health Plan of Mid-Michigan, a Lansing subsidiary of the Sparrow Health, will run the pool in 22 other counties. The winning bids were announced today by the Department of Management and Budget, which oversees bidding for state contracts.

Consumers under the age of 65 who are not insured and who have been rejected by a health plan can apply for the coverage beginning Sept. 15, with coverage to begin by Oct. 1.

The pools will operate until 2014, when broader health insurance exchanges will begin. Both the exchanges and the high-risk pools are major elements of President Barack Obama's health care reforms passed earlier this year.

Because the policies are priced based on age, rates for young people 19 to 24 years of age, who tend to be the healthiest, will be the most affordable.

Priority Health's cheapest plan for that age group is \$142.14 a month. Physicians Health Plan's most affordable policy for the same age group is \$205.47.

Monthly costs are higher for people 60-64 years of age, who tend to have costlier care because they often have at least one chronic disease. Priority Health's lowest monthly premium for that age group will be \$568.56, compared to \$776.85 for PHP.

Policies in the high-risk pool must offer many standardized costs and benefits, including:

- \$20 maximum for co-pays on office visits, \$100 for emergency department care, \$10 for generic prescription drugs and \$30-50 for brand-name drugs.
- Free prevention services, such as annual physicals and mammograms.
- Caps at \$100,000 for prescription drug costs.
- 60 visits a year for physical and occupational therapy, for each condition.
- Total out-of-pocket costs not to exceed \$6,000 a year.

Before the pools can begin, Michigan's Legislature needs to pass measures to appropriate use of federal funds to pay for the pools. The Legislature, however, took no action on the appropriation last week and meets only one day this week, on Wednesday, said Kurt Weiss, spokesman for the management and budget department.

The appropriation would pay Priority Health \$103.6 million and PHP \$37.3 million. After that, the State Administrative Board, which approves all state contracts, would vote to finalize the bids.

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