



January 25, 2011

## Guest commentary: Insurance exchanges boost competition

*Rick Murdock is executive director of the Michigan Association of Health Plans.*

Every day, millions of Americans visit Expedia or Orbitz as they make their travel plans.

There they can compare in seconds, dozens of different flights on multiple airlines at various prices, and select the one that meets their needs. It's far easier than the old way of calling one airline, then another, trying to match a number of flights leaving at many times at price points that range from the thrifty to the ridiculous.

Now, imagine having the ability to do the same thing when you shop for health insurance.

You would go online, compare a number of plans offering similar options, with different groups of physicians that may meet your needs, at prices that will cover their costs.

That's the idea behind health insurance exchanges, one part of the federal health care reform aimed at increasing competition among providers and meeting the needs of consumers. By collecting this information in one place, and making it accessible online, by phone or even at a central office, individuals and businesses finally will be able to shop around easily for the health insurance they need, want and can afford.

With more and more businesses ending insurance plans, having a simple way to compare plans will become ever more vital for individuals trying to make these time-consuming and complex decisions.

It is easy to sit on the sidelines and posture about the direction of health policy issues, including insurance exchanges. But we don't have that luxury at this point. Michigan, much like other states must begin to establish how an insurance exchange will operate or forfeit this initiative to the federal government.

The Michigan Association of Health Plans, an association representing 20 nonprofit and for-profit health plans, believes it is important that Michigan take action to develop its own health insurance exchange, instead of ceding control of this important operation to federal officials. By establishing basic principles and operating an exchange developed by Michigan leaders, we can ensure that it meets the needs of Michigan citizens.

Health exchanges are already operating in Utah and Massachusetts. In both states, they are being hailed as putting control of health care into the hands of consumers. In both cases, it's competition — the linchpin of free market operations — that is at work. Competition on a fair playing field, where all companies are regulated equally and no company gets special treatment from state law, is widely recognized as critical to meeting consumers needs while holding down costs.

In Michigan, we have one set of rules for most health care companies, and other set for Blue Cross-Blue Shield of Michigan. Federal health care reform prohibits insurers starting in 2014 from denying health care to those with pre-existing conditions, effectively making all players the "insurer of last resort." This is a role currently held by Blue Cross in exchange for their unique Michigan tax exemptions. Eliminating

special treatment and special regulations will create a level playing field, and make exchanges work in a way that will let competition — not government regulations — decide winners and losers.

We understand that there is a lot of emotion regarding federal health care reform and we expect that changes will occur to align federal reform with political reality. However, when we have agreement on common principles of fair competition and consumer choice we should move that forward as sound health policy. On this issue, Michigan politicians can leave the critical decisions about the Michigan insurance exchange to Washington. Or they can allow Michigan decision makers decide for Michigan citizens and small businesses. The Michigan Association of Health Plans thinks the best course is easy to see — Michigan can decide these matters better than Washington.

---