



Michigan Association of Health Plans

June 23, 2008

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Rep. Virgil Smith
House Office Building, S686
124 N. Capitol
Lansing, MI 48933

Re: MAHP Position on "Proposed Individual Market Reform Compromise Components"

Dear Representative Smith:

In our meeting of June 19, 2008, we briefly discussed the document entitled "Proposed Individual Market Reform Compromise Components" (document). You asked MAHP to provide you a written response to it by June 23, 2008, and I submit this reply to honor your request.

MAHP greatly appreciates being an invitee to the individual market reform (IMR) workgroup you hosted over the last month. You should be commended for including many different industry and consumer groups on the panel.

Although MAHP is pleased to have been invited to the workgroup, we must voice our disappointment about the manner in which the document was created and its substance. We hoped the document would have advanced the goal of creating health care reform founded on the principles of increasing access and affordability of health care for all Michigan residents. These goals of greater access and affordability are foremost in MAHP's analysis of the document and our recommendations for improvement. MAHP, therefore, hopes the document is a work-in-progress and will undergo significant changes to reflect a true compromise among all interested parties.

We are pleased to see the document reduces the pre-existing condition requirements from 12 months to 6 months and requires the state's insurer of last resort to file (presumably annually) reports substantiating its social mission tax advantage. We are, however, curious as to us why many of our policy recommendations do not appear in the document. With the absence of MAHP's recommendations, the document simply does not accomplish the goals of greater access and affordability. We, therefore, cannot agree that the document is a true compromise of a collective workgroup effort.

MAHP typically formulates association positions from actual amendatory language, rather than bullet point statements. But in spite of the absence of any formal text, MAHP has done a preliminary analysis of the document and views it as being surprisingly similar to the H-1 version of HB 5282 & 5283. MAHP opposed the H-1 version and would likely oppose the document for various reasons to include

(without limitation): its creation of a high-risk pool, its establishment of an assessment (taxation) mechanism to fund the pool, its inclusion of agent commissions into a carrier's loss ratio, and its erosion of the Attorney General's oversight of rate increase requests. MAHP, of course, reserves the right to amend its position upon analysis of actual amendatory language.

MAHP views the document as regression from, rather than progress toward, a health care reform package that Michigan's residents deserve and rightfully demand. MAHP will nevertheless continue to offer constructive recommendations with the hope that they will be incorporated into a follow-up document that demonstrates a much greater degree of consensus. As you know, although we don't agree with all of their provisions, MAHP does support the S-4 and S-5 versions that passed the Senate. We cannot emphasize enough that these versions are true compromises that represent prudent policymaking for the individual health insurance market. We hope to see an ultimate compromise that is more "consumer-oriented" like the S-4 and S-5 versions and we encourage the House to concur with these Senate substitutes (as written) because they strike a reasonable balance between the interests of the IMR bill originators and Michigan consumers.

MAHP appreciates the work you and your colleagues have done and we look forward to working with you to develop fair and prudent IMR legislation.

Respectfully yours,

Paul Duguay
Deputy Director
Michigan Association of Health Plans

Cc: Members of the Michigan House of Representatives and Senate