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Wednesday, October 29, 2008

Don't rewrite Blue Cross law in lame duck session

The Detroit News

With the economic upheaval afflicting the state, more residents are losing their job-related group health insurance and turning to Blue Cross Blue Shield for individual coverage. Blue Cross is pushing for a major overhaul of state law regarding individual health insurance in this year's lame duck legislative session. That's a bad idea.

The issue is extremely complex. A lame duck lawmaking session of a couple of weeks, which would be held after next week's election, is not the place or time to solve it.

Circumstances are particularly unpropitious this year. A year ago, a majority in the state House of Representatives rushed through a Blue Cross-backed legislative package with no hearings. The state Senate took more time this year and held a number of hearings, drafting its own amendments to the House bills. The House, however, rejected the Senate's work.

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Now, both the House bills and the Senate legislation are in a conference committee. Any compromise legislation reported out of the conference would have to be adopted without hearings or amendment by both houses of the Legislature. That's a bad process for a major change in Michigan's health insurance policy.

Making it worse is the fact that there are other pressures facing the Legislature, such as demands for dropping the surcharge on the state's new business tax or direct revisions to the business tax itself. If a series of legislative trades occurs, there is no telling what may emerge by the end of the year.

Blue Cross points out, rightly, that urgent action is needed. Its officials point to a deteriorating financial position, in which more and more people are losing their group health insurance as firms fold or drop insurance. Displaced workers are switching to individual policies, and the insurance pool for such coverage is gaining more and more people who are older and less healthy.

Blue Cross notes that it has gained 59,000 new individual coverage policyholders since 2006, an increase of 96 percent, but it expects its losses in this segment of the market to reach \$264 million by 2009.

Blue Cross officials contend that the company is in danger of such a large decline in the overall ratio of its financial reserves to its possible risks of loss that it could lose the right to call itself a Blue Cross insurer.

But the officials candidly admit that their preferred reform to solve the problem would entail raising costs on some sicker people while allowing Blue Cross to more aggressively compete through lower premium costs for younger, healthier people. They may well be right that this is necessary if they are to continue to be the insurer of last resort in this state.

This kind of change, though, should not be made in a last-minute flurry of activity during the holiday period.

A lot of work has been done on this issue by both houses, so it should be resolved quickly early next year. This state's unhappy experience with the

new business tax shows what can happen when major changes are rushed through at the last possible

More information

Blue Cross facts

About the individual health insurance policies of Blue Cross Blue Shield of Michigan:

- Blue Cross percent of individual market aged 55 or older: 94
- Percent of market with health issues: 84
- Projected net loss in individual market in 2009: \$264 million
- Source: Blue Cross Blue Shield of Michigan

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