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State Senate approves bills aiding health insurance access

BY PATRICIA ANSTETT • FREE PRESS MEDICAL WRITER • May 2, 2008

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LANSING -- Michigan's Senate approved compromise proposals Thursday designed to improve access to and affordability of individual health insurance policies purchased by an increasing number of consumers.

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The legislation, passed 23-13, will go to a Senate-House conference committee unless the House decides to approve the Senate bills without change. A conference committee would reconcile the narrower Senate bills with four measures passed by the House in October.

The legislative fight, one of the biggest in the current session, centers on what are the best ways to expand individuals' access to singular policies, which now cover about 322,000 Michiganders. More people are buying the policies as they lose jobs and employers drop workplace benefits. Blue Cross sought the legislative changes because it says it is losing money on the policies -- how much and why is in dispute -- and it wants to be able to operate more like for-profit commercial carriers.

"A vote against these bills is a vote against consumer protection," argued Sen. Tom George, R-Kalamazoo, chairman of the Senate House Policy Committee and one of the architects of the substitute bills, along with Sen. Jason Allen, R- Traverse City.

"We need to turn what is otherwise a battle between insurance companies into something that benefits the citizens of Michigan," George told the Senate.

George said too many of the measures passed by the House could lead to big rate hikes and not provide the accountability Michigan needs over the state's largest insurer, Blue Cross Blue Shield of Michigan.

Sen. Hansen Clarke, D-Detroit, argued from the Senate floor that the full Senate had only 40 minutes to review the complex issues addressed in the substitute bills and that it was pushed to a vote because of special interest lobbying, a reference to dozens of lobbyists working for both Blue Cross and commercial insurers and HMOs. George countered that the Senate committee held nine hearings, compared with one in the House.

Blue Cross has spent a year and several million dollars in lobbying and advertising costs for the House bills. Spokesman Andy Hetzel said immediately after the vote that while the insurer was disappointed with the Senate bills, it hopes the House version of the legislation will prevail eventually.


"The major disappointment with what happened ... is the lack of comprehensive reform," Hetzel said. Blue Cross will continue to push for a bill, not voted on Thursday by the Senate, which would allow its for-profit Accident Fund, a Lansing company, to sell more than workers compensation insurance. "By no means do we consider the Accident Fund bills to be dead at all," Hetzel said.

A coalition of property and casualty insurers asked the Senate to postpone action on the Accident Fund bills until Attorney General Mike Cox completes an investigation into the transfer last year of \$125 million by Blue Cross to the Accident Fund, which then bought a California insurance company for \$127 million. Cox asked Blue Cross to reply by June 2. Blue Cross says the transfer of money is legal and well known to regulators in Michigan and other states.

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