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# Study of health bills urged

## Senate panel told to sift changes in insurance policies

By PATRICIA ANSTETT • FREE PRESS MEDICAL WRITER • February 7, 2008

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LANSING -- The state's acting insurance commissioner and the attorney general told a Senate panel on Wednesday that there should be greater study of legislation designed to significantly change pricing and enrollment of individual health policies purchased by 400,000 Michiganders.

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Calling the legislation "deeply flawed," Attorney General Mike Cox said the legislation would cause Michigan to lose its favorable status as the state with the fourth most affordable rate for individual health insurance policies in the nation.

"I'd say that's a ranking we can't afford to lose," said Cox, referring to a recent national survey by trade organization America's Health Insurance Plans that found an individual buying insurance in Michigan paid \$1,878 annually for health coverage in 2006-07. Nationally, the average annual premium for a single individual was \$2,613, according to the survey.

The hearing, the third of at least four planned by the Senate Health Policy Committee headed by Sen. Tom George, R-Portage, looked at issues related to a package of four bills sought by Blue Cross Blue Shield of Michigan. The bills will only affect plans purchased by people on their own, a market that could grow from 6% today to 25% of Blue Cross business in five to seven years.

Now, Blue Cross receives at least \$82 million a year in state tax breaks in exchange for being the state's

insurer of last resort, providing coverage to all applicants no matter how costly their health problems are.

The bills would allow Blue Cross to charge people more based on age or county of residence; eliminate challenges by consumers and the attorney general to pending rate hikes, and create a high-risk pool run by Blue Cross to provide health coverage for those with health problems who can't afford commercial policies.

Blue Cross says it is losing money on the individual policies and needs new laws that would allow it to set its own rates, not seek changes in what it sees as a cumbersome state process.

Cox said the state's Office of Financial and Insurance Services should analyze possible growth in individual health plans in Michigan and needs to conduct a comprehensive audit of Blue Cross. The last was done in 2002, Cox said.

Blues spokeswoman Helen Stojic, said the insurer had been audited by the OFIS in 2005 for years 2001-03 and another audit is scheduled for later this year for the years 2004-06.

"These are necessary first steps we need to take before we come to any policy changes," Cox said. He asked why Blue Cross has raised individual rates 79% since 2003 while accumulating a reserve fund that now is \$2.8 billion -- a level allowed by state law but greater than levels suggested by the National Association of Insurance Commissioners.


The reserve fund would be even greater if Blue Cross had not spent \$365 million in the past two years buying for-profit insurance companies outside Michigan, Cox added.

Ken Ross, acting chief commissioner of the Office of Financial and Insurance Services, said his office was happy to provide the Senate committee with a more detailed analysis of the legislation. Though the office expressed some concerns about the legislation in testimony before the House last October, the agency does not know whether the bills would raise rates or hurt consumers, Ross said.

Contact **PATRICIA ANSTETT** at [panstett@freepress.com](mailto:panstett@freepress.com)

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