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House, Senate to debate high-risk pool, rates for Blues

By [Jay Greene](#)

Insurance reform can be a messy business.

Michigan House and Senate leaders are expected to start work this week on a compromise to two Senate-approved bills on individual market reform that are radically different from those approved in the House last October.

The Senate passed bills that did not include a high-risk pool for patients with costly and serious medical conditions. The Senate agreed to order a one-year study of the individual insurance market.

The Senate bills also did not include premium rate bands, which set minimum and maximum rates that can be charged by insurers.

Rep. Virgil Smith, D-Detroit, who chairs the **House Insurance Committee**, said he will convene a work group of House and Senate leaders to hash out the differences between the bills.

House Speaker Andy Dillon, D-Redford Township, said he is still studying the Senate bills and had no immediate comment.

"The House bills would eliminate cherry picking and allow Blue Cross to offer a product that is very affordable to people," Smith said.

Smith said the rate bands and high-risk pool are significant parts of the House legislation that should be preserved if possible.

"It is disappointing the high-risk pool is not in there," Smith said. "They want to study it for a year? Governments are good at studies. I like action. If it is a mistake, we can come back and fix it."

Speaker Pro Tem Michael Sak, D-Grand Rapids, also said he will push House Democratic leaders to persuade Senate Republicans to include a high-risk insurance pool and premium rate bands.

If House and Senate leaders cannot privately agree to a compromise, the bills could be hashed out in a joint legislative committee. Another option could be for the House to change its bills and send the package back to the Senate, said Greg Bird, an aide to Dillon.

"I would vote not to concur with the Senate and move to a conference committee to determine how best to address the individual market," Sak said. "It is critically important that a high-risk pool and rate bands be included. I want to cap the charges (premiums)."

Andrew Hetzel, vice president of corporate communications with **Blue Cross Blue Shield of Michigan**, said the Blues oppose the Senate bills and continue to hope the House bills prevail.

Several groups have lined up to support the Senate's versions of the Blues bills.

"By resisting efforts to establish a risk pool, the Senate's bipartisan action guarantees that Michigan citizens who buy health insurance will not be slapped with what amounts to a tax hike on their premiums," said Denise DeCook, spokeswoman for the **Coalition for Access and Affordability in Michigan**, which represents commercial insurers who compete with Blue Cross.

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The tax would be assessments on commercial insurance companies to fund the high-risk pool, which would be administered by Blue Cross under the House version.

Smith said he might be inclined to favor allowing the pool to be administered by a state agency.

"Insurers are not as opposed to paying assessments as they are opposed to allowing Blue Cross to manage (the pool)," he said.

Here are the highlights of the Senate's two substitute bills:

- Instruct the **Office of Finance and Insurance Regulation** to study what impact a high-risk pool will have on individual and group markets and the effect on premiums. Identify how many individuals the pool could cover and the cost of the premiums. Suggest the best types of funding to ensure the long-term stability of the pool.
- Study what cost-containment measures could work the best.
- Allow premiums to be set based on sex, age, residence, disability, marital status or occupation, based on a reasonable classification system. This would require OFIR approval.
- Allow the Blues to set rates like other insurers, but those rate changes would continue to be subject to OFIR review and reversal if deemed excessive. New rates would not go into effect until 60 days after filing.
- Allow rates to be set based on tobacco use and participation in covered health screenings and wellness programs.
- Cut the waiting period for people with pre-existing conditions to six months from 12 months for all insurance companies.
- Grant Michigan Attorney General Michael Cox the right to challenge the rates if he deems they are excessive.
- Require Blue Cross to submit an annual report on how it is meeting its social and charitable mission as a state-chartered, tax-exempt organization.
- Add two public members to the Blue Cross board, effective Jan. 1. They would be appointed by the Senate majority leader and the speaker of the House.

No action in the Senate was taken on two other bills related to the Blues' for-profit subsidiary, the **Accident Fund Insurance Co. of America**, which are part of the House package.

Jay Greene: (313) 446-0325, jgreene@crain.com

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