



## Health policies to be studied

### **Lawmakers to debate individual insurance**

**BY PATRICIA ANSTETT • FREE PRESS MEDICAL WRITER • MAY 22, 2008**

A House-Senate work group will begin meeting today to resolve legislative differences over changes in pricing and access to the state's growing individual health insurance market, one of the more hotly contested issues before the Legislature.

The issue is important because 1 million Michigan residents have no health insurance, often because the monthly costs are too high, and more people need coverage as they lose workplace benefits.

Observers expect the group's work to focus on establishing a system of so-called rate bands that set the minimum and maximum premium an insurer could charge each month, based on a person's age and health.

Rep. Virgil Smith, D-Detroit, will chair the work group of eight legislators and an as-yet-undetermined number of consumer and business representatives.

Smith, chair of the House Insurance Committee, is the primary sponsor of four bills sought by Blue Cross Blue Shield of Michigan that passed the House last October. The Senate on May 1 passed two bills with narrower provisions.

Nonprofit Blue Cross is seeking the legislation to operate more like for-profit commercial insurers and offset losses from individual policies. Opponents say changes would raise

rates and make insurance unaffordable.

Michigan's Office of Financial and Insurance Regulation says 322,000 people last year had individual policies or group conversion plans that extend coverage they once had in the workplace. Blue Cross estimates the market could grow from 6% to 25% in five to seven years as more people lose workplace coverage.

### **Michigan's rates lower**

Michigan had the fourth-lowest monthly health premiums in a national survey released in November by America's Health Insurance Plans, a national education and lobbying organization of mostly commercial insurers.

Michiganders buying their own health insurance paid \$1,878 for a single person a year in premium costs, compared with \$2,613 nationwide. Co-pays add to a person's monthly health costs. Family plans on average cost \$4,118 in Michigan, compared with \$5,799 nationwide, according to the survey.

Joe Aoun, an Ann Arbor health care attorney who has testified against the Blue Cross-backed bills, said rate bands "ultimately result in everybody's premium being higher."

If a rate band index is 75%, that would mean an insurer charging \$300 for an average premium could charge older or sicker people as much as \$525 a month, Aoun said.

Blue Cross spokeswoman Helen Stojic said rate bands help to control costs. "This is the latest scare tactic by the opposition," she said. "Rate bands should yield overall smaller premium increases."

A May 2007 report by the state's Office of Financial and Insurance Regulation found that the rate bands didn't cause problems for the small-group market. Legislation passed in 2003 allowed Blue Cross to use a 35% rate band for small companies with two to 50

employees.

### **High-risk pool controversial**

Smith sees other provisions of the bills as contentious and hard to resolve. As examples, he cited a proposal favored by Blue Cross to create a high-risk pool that provides health insurance to people dropped by other plans after they develop chronic health problems. Smith also wants the Senate to take action on two other bills that would let the Accident Fund, a for-profit Blue Cross subsidiary headquartered in Lansing, to sell more than workers compensation insurance.

Those bills are stalled, awaiting findings by Michigan Attorney General Cox into money transfers between Blue Cross and the Accident Fund that allowed the fund last year to buy a for-profit California company for \$127 million. Blue Cross says the transfer of money was legal.

In a procedural move, Smith last week changed the working group's makeup so it would not have to meet state open meeting requirements. "Having too many people in the room will add to the confusion," he said Wednesday.

Before, four members of the SenateHealth Policy Committee had been named, constituting a quorum subject to the state's open meetings act. Now, only three members of that Senate committee are part of the work group.

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