

## House receives alternative insurance reform bills

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Substitute individual insurance reform bills passed by the Senate on May 1 have moved over to the House for consideration.

The process may move slowly as House members try to reconcile some big differences in what they first passed as HB 5282 and 5283.

"We're in the process right now of reviewing the legislation and changes made by the Senate," said Greg Bird, spokesman for House Speaker Andy Dillon, D-Redford Twp. "Once we complete that process we are certainly willing to talk with members of the Senate and other organizations and try to work out a compromise.

"This is certainly one of the legislature's priorities; speaking for our caucus, this is one of our priorities going forward."

The Senate alternative to House Bills 5282 and 5283 takes out the guaranteed access plan insurance pool that was in the House version, adds strong attorney general oversight of insurance and calls for the state Insurance Commission to do a one-year study to see whether an insurance pool is necessary.

Blue Cross Blue Shield of Michigan will be able to take behaviors like smoking into account when setting rates, said Tom George, R-Kalamazoo, chair of the Senate Health Policy Committee.

"What passed yesterday was the result of six months and (nine) committee hearings; Sen. George did a standup job of giving this due diligence and making this a deliberative and thoughtful process," said Matt Marsden, spokesman for Senate Majority Leader Mike Bishop, R-Rochester. "We feel it was a fair compromise, and we hope that the house would - this time - take a little more time looking at this now that we have passed it to them, and hope this comes to a conclusion as soon as possible."



GEORGE

Marsden was referring to the criticism that the House passed the bills as they were presented with little or no discussion, leaving the Senate to deal with details.

The measure also strengthens consumer protections compared to the House version, and allows BCBSM to

set rates like other insurers, subject to approval of the Office of Financial and Insurance Regulation.

BCBSM heavily favored the House version, which opponents say would have given the nonprofit insurer a virtual monopoly on the market and an unfair advantage.

Blue Cross was opposed by a collection of for-profit insurers called the Coalition for Access and Affordability in Michigan (CAAM). Each side lobbied the Senate for months and spent tens of thousands of dollars on advertising.

They are expected to carry that fight over to the House.

"I don't know how long it will take; it's difficult to say at this time. A lot of these negotiations happen quickly but they can go long," Bird said. "This is not something we want to do quickly either. We want to make sure the (legislation) is beneficial to citizens with access to health care and affordability in health care."

Leon Lamoreaux, vice president of business development for Grand Rapids-based Priority Health, said the Senate compromise significantly alters the entire debate over individual reform.

The original House bills would have been "very damaging" to HMOs and other carriers, he said.

"This is a very workable solution," Lamoreaux said. "This does help to position all of us to figure out how to make more products available and more affordable for the individual market."

The bill also lessens the pre-existing condition exclusion from one year to six months, and calls for two new BCBSM directors: one appointed by the Senate majority leader and one by the speaker of the House.

BCBSM officials declined to speculate, instead referring to a statement: "While we are encouraged to see the legislative process continuing, Blue Cross Blue Shield of Michigan is disappointed with the bills as they are now structured. We don't believe they bring about the meaningful change and protections that Michigan consumers deserve and expect."

"Throughout the process one point has become clear, that more and more people are finding themselves in need of individual coverage, but the system does little to help them. As the bills go back to the House, we are hopeful that there will be meaningful solutions on this important issue," the statement said.



MURDOCK

Rick Murdock, executive director of the Michigan Association of Health Plans, likes provisions that call for

an objective study of the individual market by October 2009 and the consumer-protection aspects of the compromise package.

Implementing a six-month waiting period for pre-existing conditions puts commercial carriers "on an even playing field" with HMOs on that issue, Murdock said.

The elimination of the guaranteed access plan from the bills is a significant improvement as well over the House version, he said.

"Like any compromise, you don't get everything you want, but when you look at it overall, we're comfortable with it," Murdock said.

"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." Denise DeCook, a CAAM spokeswoman, said in a statement.

The Senate did not act on House Bills 5284 and 5285, which would allow Blue Cross Blue Shield of Michigan's for-profit subsidiary Accident Fund to sell all types of insurance.

Attorney General Mike Cox is inquiring about the 1993 purchase of the Accident Fund by BCBSM, and George said the Senate might wait until that issue is resolved before dealing with the two bills. The matter, he said, will be discussed further before a decision is made on how to proceed.

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