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Editorial

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Health insurance bills need further reform

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Michigan's for-profit health insurance companies are protesting proposed legislation in Lansing that would force them to subsidize policies for people they don't cover. They have a good argument.

The subsidies would go to the state's largest health insurance carrier, a nonprofit organization whose tax exempt status was partly approved in exchange for it taking on higher risk.

A package of bills that have passed the House of Representatives in Lansing would allow Blue Cross Blue Shield of Michigan to create a guaranteed high-risk pool for individuals who were denied coverage by other insurance carriers.

The costs to insure those individuals would be paid by all health insurance carriers in the state, including Blue Cross.

Blue Cross officials say this is necessary because the policies they're forced to write are a direct consequence of individuals being denied coverage by private companies and are usually the most expensive. Blue Cross is the insurer of last resort in Michigan, meaning it must accept anyone who is denied coverage by a for-profit carrier.

"Most other states already do this with individual markets," says Mark Cook, vice president of governmental affairs for Blue Cross Blue Shield of Michigan.

He says opposition to the changes comes from large insurance companies that sell policies in the state but have been "getting a free ride that they don't want to give up."

Blue Cross covers nearly 70 percent of the health insurance market in the

state and nearly a third of all individual policies that are written. By some estimates, Blue Cross is given tax breaks that total more than \$75 million a year.

That is a significant business benefit that should be taken into account when this legislation is considered by the Senate.

The other insurers say they also write individual policies, often at a loss, without getting the subsidies afforded Blue Cross. Some have threatened to stop writing policies in Michigan if this legislation is adopted.

They also make the argument that they will be asked to help cover Blue Cross' losses without having any control over how the policies are managed. Blue Cross loses the incentive to control costs under the House proposal.

It's fair to question whether other firms should have to underwrite Blue Cross' decisions.

Ultimately, the costs will be passed on to all insurance consumers, who already are struggling with steadily increasing health care costs.

Other states, Cook says, pay for similar programs through tobacco settlement money or allocations from the general fund.

But few other states have as dominant a player in the market as Blue Cross is in Michigan.

It is unfair to ask all insurers in the state to subsidize losses that Blue Cross could incur from its individual policies.

The Senate Health Policy Committee should take the concerns of the state's large insurance companies and other organizations such as the Michigan Association of Health Plans into consideration as it reviews the House bills.

The Senate should write new legislation that balances any additional subsidies to Blue Cross with measures that bring greater competition to the state insurance market.

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