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Key issues and some solutions

Bills have been introduced in Michigan's House and Senate to expand access to health insurance and provide protections so consumers aren't rejected or dropped. Here's how the Senate and House bills compare on several key issues.

People with health problems

The issue: Currently, for-profit commercial insurers have three main ways of culling costly cases. They can reject applicants with health problems. They may drop them when a policy is up for renewal. Or they can make applicants with chronic health problems wait a year before accepting them, which is allowed by state law.

Blue Cross Blue Shield of Michigan, the state's insurer of last resort, must take all applicants, year-round, though it can postpone paying for chronic health problems of new policyholders for 6 months. HMOs have to take all applicants only one month a year.

The bills: Both the Senate and House bills would shorten wait times for applicants with chronic problems to 6 months and strengthen prohibitions against dropping policyholders at renewal unless a company could prove a person intentionally hid a health problem.

The House bills require plans to take all applicants, a concept called guaranteed issue; Senate bills would require insurers to take all applicants only if they participate in a new public program for low-income people.

What insurers say: HMOs and commercial insurers strongly oppose guaranteed issue, but might compromise by allowing the state to require insurers to take all applicants for a few policies. Blue Cross wants guaranteed issue and says modifications of the concept "are a sound-bite solution" that wouldn't "fix the problem," according to spokesman Andy Hetzel.

Access and affordability

The issue: Many people can't afford insurance. A family health plan, on average, cost \$4,118 in Michigan in 2007, according to America's Health Plans, an industry organization. Thousands of other people struggle to pay monthly premiums or have bare-bones policies that don't cover many services.

The bills: Neither the House nor Senate bills would require people to buy health insurance.

Both sets of bills focus on lower-income families by expanding or creating health insurance programs for people with incomes at or slightly above federal poverty levels.

The House bills would require insurers to offer basic, enhanced and wellness plans to all applicants, at different prices and with different benefits determined by the state. A basic package might be as little as \$100 a month for a single person, according to state Rep. Marc Corriveau, D-Northville, sponsor of the House bills. Adding hospitalization coverage would increase monthly premiums. The House plan also would expand a Medicaid program, MICHild, to enroll more children and provide

subsidies to some seniors who can't afford supplemental Medicare policies.

The Senate plan would create a MI-Health program that would offer insurance from companies that want to participate. The people with the lowest incomes would get subsidies. Rates would be cheaper for young people and those with healthier lifestyles, such as nonsmokers and people who are not overweight.

Those who earn slightly more but still have a low income would be eligible for the insurance program but would pay what the bills call reasonable co-pays and deductibles for care. The Senate bills would entice insurers into the program by allowing them to drop coverage now required by the state, including breast cancer treatment and screening services; routine obstetrical and gynecological care; chemotherapy; substance abuse-treatment, and pediatric care for dependent minors.

Coverage for sickest people

The issue: Many insurers cap lifetime benefits, leaving the sickest people with big medical bills. And though few claims exceed \$25,000, coverage can be costly for an insurer if one company has to take all applicants, as Blue Cross now does.

The bills: The House and Senate bills would cover claims of insured people of more than \$25,000.

The Senate bills cap the claims at \$250,000 and only pay 90% of claims between \$25,000 and \$250,000. The insurer, and possibly consumers, would pay the rest.

Additional Facts

What plans would cost

Here's an estimate of the costs of the Senate and House plans to expand health insurance coverage in Michigan.

Senate (Republican) plan

Cost: \$500 million-\$700 million

Source of money: Health providers and companies whose benefits are managed by third-party administrators would be charged a fee of 1.8% on all claims they process. The bills also would increase hospital taxes and reimburse doctors at Medicare rates, which gives them less than what they get from commercial insurers.

House (Democratic) plan

Cost: \$160 million

Source of money: Blue Cross Blue Shield of Michigan and nonprofit HMOs would pay money into a fund equal to their tax breaks. That's at least \$80 million a year from Blue Cross alone.

