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Opinion

## Michigan can't afford to wait on Washington for health care reform

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By GLENN GILBERT  
Of The Oakland Press

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Although the national health-care debate is taking center stage, this should not detract from measures pending in the Michigan legislature.

Michigan “still needs a healthy regulatory system regardless of what happens in Washington,” says Andy Hetzel, vice president of corporate communications for Blue Cross Blue Shield of Michigan.

And it is in Michigan where individuals forced to find insurance on their own will be shopping.

With state unemployment at 14.1 percent — the highest in the nation — the ranks of people losing their employer-provided health insurance are swelling. This either forces them into the individual health insurance market or they join the uninsured, who number 1.2 million in Michigan.

It can happen to any of us.

For over a year, BCBSM officials have been telling lawmakers that prices would skyrocket in the individual market if action wasn't taken to reform Michigan's insurance system. In exchange for its non-profit status, BCBSM is the so-called insurer of last resort and can't reject anyone for coverage, but that doesn't mean it's affordable.

You could say that the chickens have come home to roost, since suddenly there is a bipartisan call for action in the legislature.

“BCBSM's individual business has grown by 59,000 members since 2006, which is a 96-percent increase,” Hetzel said. “The marketplace is clearly expanding very rapidly. It is expected that with the current economic challenges faced by Michigan businesses, this trend will continue, pushing more people into an individual market where there are few consumer protections.”

The problem with the uninsured is that the rest of us pay for their care when they end up in the emergency room. We pay either through taxes, higher medical fees or insurance premiums. That said, Michigan has done well insuring its population on a comparative basis. It ranks 12th nationally among the states in the ratio of people with insurance at 89.3 percent.

House Bills 4934 and 4935 attempt to address lack of competition among carriers and pricing problems in the individual market, and generally improve options for the uninsured, proponents say. They would prohibit insurers from rejecting people because they are sick by guaranteeing access to all products; standardize at six months the waiting period for coverage for those with pre-existing conditions; and eliminate cherry-picking by insurers seeking to cover only the healthiest population.

The practice of rejecting people with pre-existing conditions is what is referred to as cherry-picking.

"It is based on a pre-screen questionnaire filled out by applicants for commercial insurance coverage," Hetzel said. "BCBSM does not ask for medical history on its applications as a means of qualifying applicants. People who report medical conditions on health questionnaires are regularly rejected by commercial health insurers doing business in Michigan. This practice has resulted in BCBSM covering 88 percent of the people in the individual market with medical conditions."

In addition, all carriers would contribute — commensurate to their market share — to a new catastrophic fund designed to protect insurers against the costliest claims.

Other companies would in essence be forced to share the load with BCBSM. In exchange, BCBSM has agreed to document what it does to earn its non-profit status.

The House bills would require BCBSM to pay the state an amount equivalent to its taxable value, a payment in lieu of taxes — PILT — as a result of the change that requires all insurers to be responsible for covering all applicants. The state would use the PILT to expand coverage for uninsured children.

These proposals vary somewhat from what BCBSM has been requesting, but BCBSM was criticized by the likes of Attorney General Mike Cox for supposedly pushing for self-serving legislation last year. Now the shoe is on the other foot as BCBSM has stepped back from the process.

"The last 17 months have been a lot of lessons learned," Hetzel said.

Meanwhile, State Sen. Tom George, the upper chamber's leading expert on health care, is taking a different approach on what needs to be done.

His ideas, embodied in Senate Bills 579 to 582, would tax claims paid by insurance companies and hospitals for beds used in order to raise \$700 million to enable Michigan to qualify for \$1 billion in federal matching funds to provide more coverage for the uninsured. The hospitals and insurance companies in turn would get higher reimbursements. In the end they would receive more than they pay, George says.

It is all quite complex, but very important. Taxpayers need to pay attention to what happens on these health-care issues in Lansing in the next few months, not to mention Washington D.C.

Glenn Gilbert is executive editor of The Oakland Press. Contact him at (248) 745-4587 or [glenn.gilbert@oakpress.com](mailto:glenn.gilbert@oakpress.com).

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