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Rival Blues bills emerge Senator drops high-risk pool

By [Jay Greene](#) and [Amy Lane](#)

LANSING — Sen. Tom George, R-Kalamazoo, surprised many last week when he proposed to grant a subsidiary of **Blue Cross Blue Shield of Michigan** the right to sell automobile, life and other insurance products in exchange for a requirement that the Blues pay \$100 million into a Charitable and Social Mission Fund that would provide subsidies to people who buy individual health insurance.

George, who is chairman of the **Senate Health Policy Committee**, also had another surprise: He didn't include in his plan a provision that would allow the Blues to create a statewide high-risk health insurance pool.

A package of bills approved by the state House of Representatives in October included the high-risk pool for people denied coverage because of medical conditions. It did not include the \$100 million charitable fund.

"The issue that becomes apparent is that the high-risk pool, with the restructuring of the Michigan economy, is going to have to be included in this legislation," said Sen. Jason Allen, R-Traverse City, a member of George's committee.

"When you take a look at the thousands of employees at **General Motors Corp.** that aren't there anymore ... a pool has got to be put together for the people who fall through the cracks," Allen said.

Allen said he is working with colleagues on alternatives that could be presented.

Another committee member, Sen. Gilda Jacobs, D-Huntington Woods, said she thinks "we probably do need this high-risk pool."

But George said he's not sure a pool is justified and instead calls for the state **Office of Financial and Insurance Regulation** to issue a report in three years on the health of the individual market.

"I don't think the evidence is sufficient at this point," George said. "Maybe it turns out that they're right. But there's no rush to do this now."

George introduced his substitutes to House Bills 5282-5284 after holding five hearings.

Andrew Hetzel, the Blues' vice president of corporate communications, said the Blues oppose being required to put money into the fund George proposes, which he described as a government program.

"Anyone who is concerned about the free market and government intrusion of the free market should be concerned," Hetzel said.

He expressed hope that other senators would present alternative bills or amendments that would restore the high-risk pool and take out the \$100 million fund provision. "Clearly there was sentiment on the committee to introduce other proposals," Hetzel said.

Hetzel said the high-risk pool is a necessary component to reforming the individual health insurance market because 34 other states have it.

"It is a means of providing market stability that is a model Michigan should pursue," he said.

Several groups opposing the original House bills are taking a close look at George's substitute plan, particularly the provision that would allow the Blues' **Accident Fund Insurance Co. of America**, a for-profit workers' compensation insurer, to enter other lines of business.

"It is a giant mistake to allow Blue Cross to enter other lines of insurance," said Kurt Gallinger, vice president and counsel for **Amerisure Cos.**, Farmington Hills. "We recognized the extreme time, money and influence that the Blues have been able to exert in Lansing."

Gallinger, who also represents the seven-member **Coalition For A Fair & Competitive Insurance Market**, said he hopes George calls specific hearings on the Senate substitutes for H.B. 5284 and 5285. Those two bills address the Blues' Accident Fund.

"There hasn't been any testimony on these bills in the Senate to date," he said. "We hope we get equal time."

A spokesperson for the **Coalition for Access and Affordability in Michigan**, which represents commercial insurers and is opposed to the health insurance bills, said George's proposal is welcome news for consumers.

"Reforming the way Blue Cross Blue Shield does business in Michigan affects millions of people and deserves just that kind of careful consideration," said spokesperson Denise DeCook in a statement.

George presented his proposal to fellow Senate Republicans early last week, before Wednesday's committee meeting, and said he is now waiting for other committee members' ideas. He has proposed six further hearings, stretching through April 30.

Jacobs, who said it's important that the legislation address insurance access and affordability, among other things, said she wants to compare George's plan with the House plan and other proposals that may be offered.

"We only have part of the puzzle right now," she said.

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Senate bills

State Sen. Tom George, R-Kalamazoo, has introduced substitutes to House Bills 5282-5284 that would:

Require Blue **Cross Blue Shield of Michigan** to pay \$100 million into a new **Charitable and Social Mission Fund** that would provide subsidies, possibly in the form of tax credits, to people who buy individual insurance policies. The insurance commissioner would have the authority to order additional payments into the fund if it's determined the Blues have "excess" surplus.

In exchange, the Blues' workers' comp subsidiary, **Accident Fund Insurance Co. of America**, would be allowed sell automobile, life and other property-casualty insurance products.

Unlike the House bills, continue to allow the state attorney general to challenge Blues rate increases.

Like the House bills, eliminate all insurers' ability to reassess an individual's health each year and base rates on that assessment. Instead, insurers could perform a medical assessment only when an individual first buys coverage from that company.

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