

HMOs reform put off for individual debate

Posted by [mchevyca](#) February 14, 2008 07:00AM

A planned effort to overhaul state regulations over HMOs in Michigan are on hold, pending the outcome of the ongoing debate over proposed reforms in the individual health insurance market.

Given that the individual market is by far the largest growth driver, the Michigan Association of Health Plans needs to devote time and resources to a three-bill package backed by Blue Cross Blue Shield of Michigan.

Fearing the bills, if passed in their present form, would hurt the ability of HMOs to compete in the emerging individual market, the association decided that a reform package for its industry must wait, Executive Director Rick Murdock said.

"We need to get (individual reform) to work for us. If it does not, then going forward (with HMO reforms) doesn't make a whole lot of sense," Murdock said. "We need to have assurances that the HMO industry can compete in the individual market."

Blue Cross projects the individual health insurance market to grow to 15 to 25 percent of its subscriber base within five years. The individual market now accounts for six percent of Blue Cross's membership.

Forrester Research estimates individual insurance nationwide as a potentially \$115 billion market opportunity, driven by an erosion in employer-sponsored health coverage and the rising uninsured population.

The health plans association, representing 21 HMOs in Michigan and with a collective membership of 2.1 million, had been hoping to offer and push reforms this year that allow health plans to achieve regulatory parity with commercial health insurance carriers.

The goal was to seek greater flexibility by redefining what constitutes "basic" coverage, which could allow HMO to begin designing benefit packages for employers that are more affordable.

The association began putting the HMO reforms on the back burner when the individual reforms bills were introduced and quickly passed the state House late last year. The bills are now under consideration by the Senate Health Policy Committee.

"That's where our efforts need to be focused," Murdock said. "We can only focus our efforts on so many things at once."

Categories: [Health care](#), [Statewide](#), [Top Stories](#)

Comments

Footer