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Would health insurance bills improve medical coverage?

Reforms will help individuals get more reasonable rates as well as increase choices

Richard E. Blouse Jr.

The debate in Lansing about individual health insurance reform sounds similar to the small group health insurance reform discussions from a few years ago. The same arguments used unsuccessfully against small-group market reform then are being drudged up in an attempt to derail individual market reform today.

Back then, about 150 Michigan chambers of commerce and business associations, including the Detroit Regional Chamber, advocated reforming the small-group health insurance market for small business owners. Commercial insurers were setting their rates very low for healthy groups and dramatically raising rates for unhealthy groups. They were even selecting only the healthiest people in these groups and denying coverage to others, a practice known as "cherry picking."

That market was unfair to small employers and their employees, so the state Legislature wisely fixed it in 2003 by leveling the playing field with rating rules similar to what 47 other states had. At that time, for-profit insurers protested that the reforms would create a monopoly for the Blue Cross and Blue Shield of Michigan. The commercial insurers threatened to leave the state.

Four years later, according to Michigan's Office of Financial and Insurance Services, the reforms have increased competition and moderated rates -- and the commercial insurers' market share has increased, compared with the Blues'.

So here we are again.

For individuals, commercial insurers can raise rates as much as they want without any oversight. They give healthy people reasonable rates, but they give the sickest people unconscionably high rates or deny coverage completely.

And the healthy people are never out of the woods. As soon as they get sick, the commercial insurers radically raise their rates to unaffordable levels when it's time to renew coverage.

This is not a fair market for people. It's broken in the same way the small-group market was broken. Reforming the individual market is the next logical step to give consumers more choices for their health insurance needs.

The Detroit Regional Chamber supports reforming the individual health insurance market by adopting public policies that:

- Eliminate "cherry picking."
- Guarantee affordable coverage for all individuals.
- Prohibit insurance pricing based on medical conditions when renewing coverage.

These types of individual reforms will increase access to health care and provide more choices for

coverage.


Michigan residents need an individual health insurance market that protects them when they buy coverage and ensures that rates are reasonable when they're ill or injured. That's fair, and that's what insurance is designed to do.

The state Senate should act on the individual health insurance legislation without being distracted by baseless arguments. Reforming the market is good for consumers and good for the insurance industry.

Richard E. Blouse Jr. is president and chief executive of the Detroit Regional Chamber.

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