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Blues press case for rate reform

Sofia Kosmetatos / The Detroit News

Michigan is one of the few states that still has an insurer of last resort, a health insurance expert on Wednesday told members of the Senate Health Policy Committee, during the first of several hearings on legislation that would set new rules for insurers selling individual health care policies. Instead, most states have risk pools, mostly funded by insurers that offer coverage to people who can't obtain it elsewhere, often because of their health status, Rod Turner, chief actuary of America's Health Insurance Plans, told committee members. None has both an insurer of last resort and a risk pool, he said.

"It would seem a little redundant," he said.

His testimony on the mechanisms other states have in place to ensure people have access to individual policies regardless of health conditions was a key focus of the senate committee considering a package of bills pushed by Blue Cross Blue Shield of Michigan that would change the rules that govern the state's small but fast-growing individual insurance market.

"(Turner's testimony) was helpful to me and I think it was helpful to most of my colleagues," said state Sen. Tom George, R-Kalamazoo, the committee chairman. He expects at least a few more hearings, including one next week, before the committee votes on the bills.

The bills, HB 5282 and 5283, would require health insurers to pay into a pool administered by Blue Cross to cover the health expenses for people who cannot afford insurance.

The bills would also change how premium rates are determined by all insurers and would change how the state oversees individual insurers -- including eliminating the ability of consumers to challenge rate hikes before they go into effect.

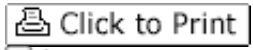
The Blues, the state's largest insurer, claims the reforms will help stem huge losses it bears from individual policies. But critics, including Michigan Attorney General Mike Cox and insurance companies, claim the Blues should absorb the costs because it's Michigan's insurer of last resort and gets an annual state tax break amounting to more than \$80 million in 2007.

Dozens of people, including lobbyists for and against the changes, filled the Senate hearing room to hear Turner's testimony. Turner would not comment on the proposed legislation. Instead, he gave committee members an overview of the individual insurance market, including how insurers underwrite and how they price premiums.

Michigan's is the fourth lowest nationally, according to a recent survey by America's Health Insurance Plans.

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