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Our Editorial

Lawmakers should move slowly on Michigan's health care changes

Michigan must wait on sweeping health care changes until budget is fixed and Congress acts

The nonpartisan Senate Fiscal Agency estimates Sen. Tom George's health care reform package would create about \$600 million in additional assessments and surcharges, yet it's unclear whether it significantly would reduce health insurance premiums. The analysis, being cited by business leaders worried that the plan would raise their taxes significantly, is a setback for health insurance reform efforts.

The Senate Fiscal Agency's figures should be taken as a warning against creating costly new health insurance entitlements -- especially in the midst of severe recession.

George's package and a differing House package from a group headed by Rep. Marc Corriveau, D-Northville, each aims to expand health care coverage in Michigan by making basic, low-cost health insurance available to a big portion of the more than 1 million state residents who don't already have it.

George, R-Kalamazoo, would fund his plan -- available to all residents -- with assessments and surcharges on private health insurers, Blue Cross Blue Shield and hospitals. It would draw about \$1 billion in added federal Medicaid matching funds, assuming the state got permission to expand the program to include people with incomes that are as much as 200 percent above the federal poverty level.

Corriveau wants to expand the MICHild program to include all the estimated 151,000 children now lacking coverage, using assessments on Blue Cross Blue Shield and health maintenance organizations. His estimate is the assessment would cost \$160 million.

The fiscal agency said the potential for reducing insurance premiums under the George plan would depend on whether expanding coverage to more people would significantly reduce the amount of uncompensated care hospitals provide to the poor. Hospitals say that's \$2 billion in charges or \$1 billion in actual costs; the fiscal agency says data reported to the state indicates hospitals lost \$602 million on such care in 2007.

It would "remain to be seen" whether a reduction in uncompensated care, by itself, would lead to a reduction in health insurance premiums, according to the analysis.

As troubling as are the early assessment estimates regarding George's proposals, both lawmakers' plans have good features that should be explored.

One promising concept appears to be development of a statewide fund, similar to the catastrophic claims fund for auto insurance, to pay for exceedingly expensive health care. In Corriveau's plan, the fund would cover all health care costing more than \$25,000. In George's plan it would cover costs between \$25,000 and \$250,000. Logically, such a setup should hold down the premiums employers and individuals pay for their coverage, but firm projections are needed.

As work on Michigan reforms continues, it's possible the Obama administration could prevail in its effort to fashion a new national health care system.

At this point, it seems wise for state lawmakers to continue their efforts, but modify their goals.

The focus should be on reaching a consensus on features of the House and Senate plans that offer the best possibility of reining in the surging costs of health care coverage for employers and individuals who already are buyers of insurance.

On the other hand, lawmakers should hold off on any health care entitlements expansion until we see what's coming from Washington in a few months.

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