



Insuring the uninsured in Michigan A look at the House and Senate plans

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PMPF and MAHP analysis

- **The Problem**
 - More than 1.2 million uninsured residents in Michigan
 - 15,000 new Medicaid patients every month
- **The goal**
 - Provide coverage to as many of the uninsured as possible without driving up costs to others
 - Leverage federal support
 - Medicaid today paying 70 percent of costs
 - Level playing field to encourage competition among insurers
 - Enhance basic consumer protections
- **Potential beneficiaries**
 - The uninsured
 - Companies and individuals who are paying \$900/family in hidden taxes for uncompensated care caused by state and federal policies
 - Hospitals and physicians who are covering the uninsured today

Process

- House and Senate packages introduced last week
- Both chambers moving deliberately
- These are starting points
- Rep. Corriveau and Sen. George have said they want input from all

Issues addressed by bills

- Benefit design
- Rating issues
- Provider reimbursement
- Subsidy and sources
- Reinsurance mechanism
- Expanding safety net
- Consumer protections
- Eligibility and crowd out
- Oversight
- Enrollment capacity

Benefit design

Senate	House	Differences
<ul style="list-style-type: none">• Most details left to “Cover Michigan” board• Mi-Health plan must include wellness, inpatient and outpatient, preventative care, value-based pharmaceutical benefit• Provisions to level playing field among for-profit, non-profit and BCBSM	<ul style="list-style-type: none">• Most details left to Insurance Commissioner• Basic and basic enhanced plans must minimize ER use, encourage wellness, appropriate inpatient and outpatient hospital, medical devices, diagnostic services	<ul style="list-style-type: none">• Senate leaves details to board• House leaves details to commissioner• Package design similar

Rating issues

Senate	House	Differences
<ul style="list-style-type: none"> • Guarantee issue of Mi-Health to all eligible • Rates vary only on age, tobacco use, BMI, behaviors • No health condition underwriting except when Mi-Health first issued • Shortened regulatory review for BCBSM 	<ul style="list-style-type: none"> • All must offer basic benefit and enhanced benefit to all individuals. • All must guarantee issue for all individual products • Rates vary with age • More file and use rates, including BCBSM • Rates OK if meet loss ratios 	<ul style="list-style-type: none"> • Guarantee issue: Senate for Mi-Health; House for all individual market • Rating factors: Senate has several; House only age • Rate regulation: Senate retains most rate oversight; House presumes rates approved based on loss ratios, reimbursed if wrong

Provider reimbursement

Senate	House	Differences
<ul style="list-style-type: none">• Mi-Health policies pay providers Medicare rates	<ul style="list-style-type: none">• No provision	<ul style="list-style-type: none">• Senate provides for level playing field for reimbursement; House allows those who can negotiate lower rates to do so.

Premium subsidy

Senate	House	Differences
<ul style="list-style-type: none"> • Sliding scale premium based on income up to 300% FPL • Sources: <ul style="list-style-type: none"> a. Up to 1.8% surcharge on claims paid b. BCBSM tax exempt value c. Possible hospital assessment 	<ul style="list-style-type: none"> • Health Care Affordability Fund goes to: <ul style="list-style-type: none"> a. MiChild to 300% FPL b. Individual coverage, under 300% FPL, no seniors c. Med Sup for seniors under 300% FPL • Source: Assessment on non-profit carriers based on tax exemption 	<p>Who gets subsidy: Senate focused on all low income; House focused first on children, then others in individual market</p> <p>Sources of subsidy: Senate from broad group; House from non-profits only</p> <p><i>Little money in House plan</i></p> <p><i>Senate hospital assessment could bring more federal \$s</i></p>

Reinsurance mechanism

Senate	House	Differences
<ul style="list-style-type: none"> Michigan Claims fund reimburses carriers for 90% of \$ between \$25,000 to \$250,000/year for each individual policy Funded by annual assessment on each carrier writing individual coverage 	<ul style="list-style-type: none"> MICAPP reimburse carriers 100% of amount above \$25,000/year for each individual policy Funded by annual assessment on each carrier writing individual coverage 	<p>Sources of reinsurance money same</p> <p>Senate: Limits exposure to 90% of \$25,000-\$250,000</p> <p>Senate: No mention of what happens after \$250,000</p> <p>House: Insurers exposed after first \$25,000</p> <p><i>Both plans likely to be quite expensive, with burden carried by others in individual market</i></p>

Safety net expansion

Senate	House	Differences
<ul style="list-style-type: none"> • Mi-Health premium for eligible's at or below 200% FPL limited to 5% of income • Funded by Health Access surcharge, BCBSM fee 	<ul style="list-style-type: none"> • Premium for guarantee issue policies subsidized to 300% FPL • Funded by money left over after MiChild expansion 	<p>Senate subsidizes those under 200% FPL; large surcharge makes that possible.</p> <p>House subsidizes those under 300% FPL; small surcharge makes that difficult to accomplish</p>

Consumer Protection

Senate	House	Differences
<ul style="list-style-type: none">• Pre-existing provisions limited to 6 months• No post-claims underwriting through rescission• No block closings without offering insured other options• Adds anti-steering provisions	<ul style="list-style-type: none">• Pre-existing provisions limited to 6 months• No post-claims underwriting through rescission• No block closings without offering insured other options• Adds anti-steering provisions	Both packages basically same

Eligibility Issues

Senate	House	Differences
<ul style="list-style-type: none"> • Eligible are 1. Michigan resident 6 mos. 2. Annual income under 300% FPL 3. Not eligible for Medicaid, Medicare, MiChild 4. No employer access for 6 mos. 5. Not accept employer incentive to drop coverage 	<ul style="list-style-type: none"> • All individuals eligible for guarantee issue policies 	<p>Senate limits participation to those generally regarded as uninsured</p> <p>House guarantees issue to all individuals of all products</p> <p><i>Concern: Mandating guarantee issue to all products drives up costs for individual market as a whole</i></p>

Oversight

Senate	House	Differences
<ul style="list-style-type: none">• Mi-Health in DCH• 13 member Cover Michigan Board sets benefit policy• 7 member Michigan Claims Board in OFIR oversees reinsurance• Both funds established in Treasury	<ul style="list-style-type: none">• Oversight by OFIR/Commissioner• Creates Health Care Affordability Fund in Treasury• Creates Michigan Catastrophic Protection Plan Fund in Treasury	<p>Senate relies on appointed boards</p> <p>House relies on Insurance Commissioner</p>

Enrollment Capacity

Senate	House	Differences
<ul style="list-style-type: none"> • Mi-Health target is uninsured under 300% FPL. • Cover Michigan board must impost cap on enrollment if Mi-Health assessments insufficient to meet projected costs of new enrollees 	<ul style="list-style-type: none"> • Target population prioritized 1. Children in households under 300% FPL 2. Non-Medicare adults 3. Medicare eligible adults (seniors) 	<p>Senate aims broadly at low income persons. Limits enrollment if funds insufficient</p> <p>House sets priorities: Children first, seniors last</p> <p><i>Issue: Senate has broad funding, broad reach for its target</i></p> <p><i>House limited funding may prevent it from reaching all in its target population</i></p>

Where do we go from here

- Strong starting points
- Work groups will be important
- Both plans can be improved
- MAHP, PMPF and others will be involved
- Watch www.mahp.org and www.putmichiganpeoplefirst.com for updates



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