



## **Status of Health Insurance Exchanges in Michigan**

On March 23, 2010, the United States Congress passed substantial health care reform ("Health Care Reform"). There has been much debate in this country over whether Health Care Reform will improve the delivery of health care in the United States. One significant improvement that Health Care Reform was intended to accomplish was to increase access to health care through an expansion of insurance coverage.

Health Care Reform is supposed to increase access by the formation of state health insurance exchanges (by 2014) to facilitate the purchase of insurance for those who do not receive insurance through their employers. The states will run the exchanges and will serve as one-stop shopping centers through which citizens can compare insurance programs. Every insurance program on an exchange will meet new federal minimum coverage requirements.

On November 10, 2011, the Michigan Senate passed SB-0693, called the MIHealth Marketplace Act ("Marketplace Act"). This bill is intended to achieve the goal of Health Care Reform by fostering a competitive marketplace for consumers to buy health insurance in Michigan. The bill is currently pending in the Michigan House of Representatives. It appears that there will be no movement on the bill until the final decision of the U.S. Supreme Court on the constitutionality of Health Care Reform.

Key components of the Marketplace Act are that the exchange must do the following:

- (1) Provide a toll-free telephone hotline to respond to requests for insurance assistance in a manner that is linguistically appropriate to the needs of the population being served by the hotline;
- (2) Maintain an internet website through which enrollees and prospective enrollees of qualified health plans may obtain standardized comparative information on the plans. The exchange shall also include on the internet website information relative to individual health and wellness;
- (3) Use a standardized format for presenting health benefit options in the marketplace; and
- (4) Inform individuals of eligibility requirements for a state medical assistance program or any other applicable health subsidy program as required by law.

One of the most critical aspects of the Marketplace Act applies to small businesses. The Marketplace Act establishes a small business health options program ("SHOP"). SHOP would enable qualified employers to access insurance coverage for their employees in an efficient and cost-effective manner. SHOP is designed to enable employers to specify a level of insurance coverage for their employees so that any employees may enroll in any qualified health plan offered through SHOP at the specified level of coverage.

The Michigan Association of Health Plan ("MAHP") has issued a white paper in June 2011 entitled, "MAHP Advocacy for an Effective Health Insurance Exchange in Michigan." The purpose of "the MAHP EXCHANGE WHITE PAPER is to highlight key points for advocacy by MAHP members and to assist the Snyder Administration and Michigan Legislature in the development and enactment of enabling legislation that makes sense for Michigan."

One of the key MAHP recommendations is to pass legislation to establish a health insurance exchange to organize the market to sell insurance to consumers. However, MAHP has stated that it does not want the exchange to be a government regulator of the market to sell insurance to consumers. It appears that MAHP invites the opportunity to compete under the exchange to sell insurance to consumers. Yet, MAHP is opposed to any interference by the government in its sales of insurance to potential consumers.

MAHP's position could cause a potential tension with the goals of Health Care Reform. For those most in need of health insurance, MAHP advocates a more significant reduction of benefits. For example, MAHP advocates merging Medicaid and MI CHILD programs. It also advocates extending eligibility for these two programs from monthly requirements to annual requirements.

It should be apparent that the Medicaid program and MI CHILD program provide health insurance to very different beneficiaries. Further, the coverage needs for these beneficiaries are different and are more costly depending on health care needs.

The status of Health Insurance Exchanges in Michigan is unknown at this time. It appears that Governor Snyder and the Michigan legislature are very interested in this program. However, the enabling legislation has yet to be enacted because Michigan legislators are waiting for the final decision of the U.S. Supreme Court as to the constitutionality of Health Care Reform. Until a final decision, no conclusive statement can be made as to how a Health Insurance Exchange will be established in Michigan.

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