



Testimony on HB 5282-5283
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Presented by Tameshia A. Bridges, MSW
Senior Health Policy Analyst
(517) 372-8310 – tbridges@phinational.org

Key Question: Does this package of bills make health insurance more affordable and accessible for direct-care workers?		
MICHIGAN DIRECT-CARE WORKERS	HB 5282-5284, AS PASSED	CHAIR'S SUBSTITUTES TO HB 5282-5284
<p>Who are direct-care workers in Michigan?</p> <ul style="list-style-type: none"> ▪ Over 100,000 – 25% of healthcare workforce ▪ Primarily women ▪ Average age 37 ▪ Over three-fourths live in urban/metropolitan areas ▪ Half work part-time ▪ Median individual earning - \$19,000 per year ▪ Median family income - \$30,000 per year ▪ At risk for chronic conditions ▪ High levels of work-related injury <p>Health Insurance Status of MI direct-care workers</p> <ul style="list-style-type: none"> ▪ 23% are uninsured – twice as high as uninsured rate for the state ▪ 10% are insured through the individual market 	<p>Would not address the greatest barrier to people entering the individual market - the cost of health insurance.</p> <p><u>High Risk Pools</u></p> <ul style="list-style-type: none"> ▪ Although high-risk pools technically provide access to health insurance to individuals who cannot get it elsewhere, prohibitively high premiums keep coverage out-of-reach for most uninsured people ▪ Premiums in high risk pools are often between 100 and 200 percent higher than premiums for individual insurance ▪ Monthly premiums for a 50 year-old woman in a high-risk pool would be between \$448 and \$865¹ a month. 	<p>Provides a means to make health insurance on the individual market more affordable.</p> <ul style="list-style-type: none"> ▪ Eliminates high risk pools and rate bands in HB 5282 – 5284 ▪ Establishes the Charitable and Social Mission Fund that moves Blue Cross Blue Shield closer to its social mission by establishing a means to share profits with the citizens of Michigan who cannot afford health insurance.

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MICHIGAN DIRECT-CARE WORKERS	HB 5282-5284, AS PASSED	CHAIR'S SUBSTITUTES TO HB 5282-5284
<p>What are the barriers to affordable and accessible health insurance for direct-care workers?</p> <ul style="list-style-type: none"> ▪ Employer-based coverage is too expensive when offered ▪ Part-time status makes workers ineligible ▪ Work for a small business that cannot afford to offer quality coverage to staff ▪ Ineligible for public programs like, Medicaid, because their income is too high <p>Cost is the biggest barrier to direct-care workers having health insurance</p> <ul style="list-style-type: none"> ▪ Individual annual health insurance premiums in Michigan are \$1,878 (\$156/month) ▪ With a median annual income of \$19,000, a premium of almost 10% of one's income is simply not affordable ▪ Studies show that low-wage individuals and families can afford to spend up to 5% of income for health insurance coverage (premiums, co-payments, deductibles) 	<ul style="list-style-type: none"> ▪ These pools only cover between 2-3% of the uninsured in states that offer them. <p><u>Rate Bands</u></p> <ul style="list-style-type: none"> ▪ Rate bands based on age, gender, and health status in the House legislation will create barriers to accessing affordable coverage from the MI entity with a social mission to provide health coverage to all <p>Would not make coverage more accessible for consumers</p> <p><u>Access and Consumer Protection</u></p> <ul style="list-style-type: none"> ▪ Increasing the pre-existing conditions exclusions from 6 months to 12 months will further delay necessary care and place people, particularly those with chronic conditions, at risk for further complications. ▪ Extended periods in which direct-care workers do not receive treatment place them at risk for further medical complications, and jeopardizes their ability to continue working in the vital and growing field of long-term care. ▪ Limiting oversight of the Attorney General consumer's ability to challenge rate increases. 	<ul style="list-style-type: none"> ▪ Funding subsidies to make health insurance on the individual market more affordable will help reduce the numbers of the uninsured and broaden the pool, helping to reduce premium costs for all <p>Maintains oversight and rate methodologies more likely to result in affordable premiums for direct-care workers</p> <ul style="list-style-type: none"> ▪ Maintaining some level of community rating will ensure that the risk of the high cost of health care is shared by all, as opposed to leaving those who are older, sicker, or in targeted geographic areas more vulnerable to being priced out of the health care market. ▪ The prohibition on reunderwriting makes sure that consumers will not be penalized when their health status diminishes and they are most in need of affordable, quality health insurance and access to health care.

ⁱ Families USA (May 2006). “High Risk Health Insurance Pools: Issue Brief”. Available on-line at <http://www.familiesusa.org/assets/pdfs/High-Risk-Pools-May-2006.pdf>