



Michigan Association of Health Underwriters
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May 20, 2009

Representative Marc R. Corriveau
Michigan House of Representatives
N0699 House Office Building
PO Box 30014
Lansing, MI 48909

Dear Representative Corriveau:

The Michigan Association of Health Underwriters would like to extend our appreciation to you for asking us to take part in your work group regarding the Healthcare Reform Legislation that was introduced last week.

Per my discussion with Gary Reed of Cusmano, Kandler and Reed today, I offer the following thoughts regarding HB 4934, Sec. 3767 and Sec. 3769:

Section 3767 (1) – Language needs to be clarified to address whether the health status of the entire population of covered individuals will be allowed to be taken into consideration when calculating the renewal rate of a particular individual product. **Rationale:** While not using the medical claims history of a specific individual for rating purposes is acceptable, the carrier must continue to be able to use the medical claims history and risk assessment of the entire block of individual business and therefore spread the rate increase across all covered individuals of a particular product.

Section 3767 3(c): Strike this section. **Rationale:** By not allowing a carrier to underwrite the movement of individuals into a new product offering will create adverse selection in the both the new plan and the old plan since only the sickest individuals will gravitate towards the newer plan due to potentially lower premiums.

The overall dynamic of this bill is the creation of Guarantee issue for all individual medical plans in Michigan. This is very problematic if it doesn't also create an individual mandate to purchase coverage. All of the markets will be saturated with unhealthy individuals that only purchase insurance at the time they feel they will need it. After having claims, they will once again drop coverage.

Section 3769: MAHU can support this section in its entirety.

Sincerely,

Michael A. Embry, Sr., RHU

Legislative Chair – Michigan Association of Health Underwriters.