



**House
Legislative
Analysis
Section**

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SENIOR CITIZEN INSURANCE ADVISOR

**House Bill 4557 as introduced
First Analysis (5-17-90)**

**Sponsor: Rep. Sal Rocca
Committee: Insurance**

JUN 26 1990

THE APPARENT PROBLEM:

Buying insurance is often a complicated and confusing task, and this is considered especially true for older people seeking health insurance coverage to fill in the gaps in the federal Medicare program. Reportedly, many older Americans buy policies they do not need, or buy several duplicative policies, or buy policies that do not provide the coverage anticipated. Many do not understand the coverage available to them under Medicaid, the state-federal program that provides health care to people at lower economic levels. Some do not understand how to get the most out of their public and private coverages and how to appeal the denial of claims. There is great confusion, senior advocates say, about whether and how to finance long-term care coverage. Various marketing protections have been and are continuing to be put in statute to protect older health insurance consumers. Another way to help seniors shop for and understand insurance (and resist unscrupulous and high-pressure sales tactics) is through the creation of a special advisor unit that would train volunteers around the state to provide consumer education and insurance counseling to seniors and to be available to answer questions.

THE CONTENT OF THE BILL:

The bill would amend the Insurance Code to require the creation of a senior citizen health insurance advisor unit within the Insurance Bureau. The unit's responsibilities would include:

- establishing local senior citizen health insurance advisor units in area agencies on aging;
- recruiting volunteers to serve as educators and insurance information resource persons for senior citizens;
- providing an initial training program for volunteers of at least 25 hours of training in the basics of disability insurance, with a focus on Medicare, Medicare supplemental coverage, long-term care coverage, and consumer protection, as well as providing subsequent supplemental training and information.

The insurance commissioner would establish the unit in consultation with the director of the Office of Services to the Aging.

The term "senior citizen" would refer to a state resident 60 years of age or older and the spouse of such a person regardless of age.

MCL 500.239

FISCAL IMPLICATIONS:

The Department of Licensing and Regulation, where the senior citizen health insurance advisory unit would be housed (as part of the Insurance Bureau), has said "it would be impossible for the Bureau to implement such a

program without additional personnel and expenditures, amounting to a minimum of \$100,000 per year." (Departmental analysis dated 5-15-90) This estimate is based on the hiring of two additional full-time employees and paying travel expenses.

ARGUMENTS:

For:

The bill would help to provide much-needed insurance counseling and consumer education to seniors and their families so that they can make more informed decisions about what insurance to buy (and to ignore) and how to use the coverages they already have to get the benefits to which they are entitled. The program anticipates using knowledgeable volunteers at the state's 14 area agencies on aging trained, recruited, and supported by a special unit in the state's Insurance Bureau. The program is needed because of the great confusion that surrounds the purchase by seniors of health insurance policies to supplement Medicare and to provide long-term care and because of the existence of unscrupulous, high-pressure marketing of such policies.

Response: The bill's intentions are excellent and it should be supported. It should be pointed out, though, that there currently exists a Michigan Medicare/Medicaid Assistance Program (MMAP) that could serve as an alternative model for a senior health insurance advisor program. MMAP is a public-private venture sponsored by the American Association of Retired Persons, the Area Agencies on Aging Association, Blue Cross and Blue Shield of Michigan, and the Office of Services to the Aging. The OSA has described it as "a consumer-oriented health insurance education and counseling initiative, with services provided to older adults by intensively trained volunteer counselors." They say over 200 volunteers provide assistance at 158 sites (including hospitals, churches, senior centers, etc.), over the phone, and through home visits. In 1989, reportedly, the MMAP program assisted 4,600 older people. The program, including a coordinator position, is supported in part by private contributions. There is currently a proposal at the federal level to fund state insurance counseling programs for older adults that the state OSA has supported before a U.S. Senate committee.

Against:

The bill does not contain any method of funding the program, and the Insurance Bureau has said it could not implement it without additional resources. Further, regulators say that maintaining a knowledgeable and capable corps of volunteers is a time-consuming, difficult task, and that even with extensive and ongoing training, volunteers may pass on wrong information. To carry out the task properly could well cost far more than currently anticipated because there could be a need for more technical, professional help to back up volunteers. Further, it could be asked, why not provide more state-supported insurance counseling for all ages, not just older people?

H.B. 4557 (5-17-90)

POSITIONS:

The Office of Services to the Aging says that it requested the legislation. (5-10-90)

The Insurance Bureau supports the purpose of the legislation but says it would not be able to implement the legislation without additional expenditure of state funds and additional personnel. (5-15-90)

The Department of Social Services supports the bill. (5-14-90)