



Michigan Consumers for Healthcare

Thank you Senator Marleau and committee members. My name is Don Hazaert, director of Michigan Consumers for Healthcare, a statewide non-profit coalition that provides voice for healthcare consumers. MCH is a nonpartisan coalition that serves to address, from a consumer perspective, the opportunities that the Affordable Care Act (ACA) presents for Michigan citizens.

I am speaking to you today on behalf of the roughly 100 healthcare and consumer focused organizations that the MCH Coalition now represents. Joining me today are two of our Coalition's top policy experts: Jan Hudson with the Michigan League for Human Services and Steve Finan with the American Cancer Society. Last week you heard from some of our other Coalition experts, including Tameshia Bridges of PHI.

Our coalition congratulates you Mr. Chairman for your introduction of SB 693 to establish the MiHealth marketplace as a vital step in promoting greater access, affordability, competition and transparency in the individual and small group marketplace. By any definition, you have been charged with a difficult task in working with so many diverse stakeholders in determining how best to comply with sweeping federal legislation as it relates to the development of a state healthcare marketplace. We feel you have done a masterful job in SB 693.

The MCH Coalition supports SB 693 and has done so publicly and forcefully. We feel language in Sec. 201 (1) stating clearly the "majority of the voting members of the board appointed"..."shall represent the interests of... health care consumers" is a profound statement and the single most important thing you can do to give the new marketplace a chance to succeed. That, combined with provisions in Section 201(3) prohibiting current employees of insurance carriers and health care providers from serving on the governing

board, will allow the MiHealth leadership team to focus on its primary responsibility of fostering competition, improving transparency and driving down costs for consumers.

There are many other provisions to this legislation that, while not as essential as this key governance issue, still merit commendation. Sections 201 (10) and (11) mandating the adoption of code of ethics policies and requiring board members to publicly disclose conflicts of interest are essential. Likewise, Section 211 (iv) requiring MiHealth to assist consumers in applying for federal tax credits and making Marketplace information available in culturally and linguistically appropriate means is important. We need to acknowledge that no one has suffered greater health disparity in America than our communities of color and our immigrant communities and a targeted effort needs to be made to reach those populations.

We likewise support the Section 211 (i) requirement that MiHealth notify individuals of their eligibility for state medical assistance programs. We still wish, however, the legislation went one step further and actually required MiHealth to automatically enroll those eligible individuals, rather than creating an additional step(s), and therefore an additional barrier to coverage. We would hope to work with you to ensure that if not in this bill, than in some future piece of legislation, we can address some of these enrollment efficiency issues.

We are also concerned that certification authority for healthplans within the Marketplace is effectively being transferred to the Office of Financial and Insurance Regulation, rather than remain with the MiHealth governing board. We have no issue with contracting services with OFIR, or any other appropriate entity, but final authority for all Marketplace decisions, we believe, should ultimately lie with the MiHealth board.

It is not only normal practice but is required under the ACA. On this matter, the Affordable Care Act reads, The Exchange must have *“the capacity and authority to take all actions necessary to meet Federal standards, including*

the discretion to determine whether health plans offered through the Exchange are in the interests of qualified individuals and qualified employers.” I’m not sure the federal legislation allows that discretion and authority to be transferred outside the Marketplace.

But our primary recommendation in improving the Substitute of SB 693 would be in eliminating the new language into Section 211(1a) tying the hands of the new Marketplace and prohibiting them from competitive bidding or purchaser-related activities. SB 693 was originally fairly neutral on this issue and, we believe, should remain neutral. We may well want to let the market stabilize before entertaining any competitive bidding or purchaser-related innovations, but it is still important that MiHealth have flexibility in determining how best to achieve their mission as things evolve.

There may be instances when additional certification criteria or limiting the number of products sold on the Marketplace may be beneficial, or when piloting new delivery systems and reimbursement strategies could both benefit consumers and reduce costs. MiHealth may wish, for example, to deny bad actors a place on the exchange if they don’t offer a good deal to consumers. We would hope you would reconsider that language from what is otherwise a strong bill.

In addition to all of its other merits, I would conclude by adding that SB 693 uses no state dollars for the administration of the marketplace, creates no new state bureaucracy, and is entirely entrepreneurial in that it requires the MiHealth marketplace to survive on its own merits. This legislation is good for our state’s consumers and our Coalition supports its adoption, with some suggested modifications.

With that, I would like to turn things over to my colleague Jan Hudson, policy analyst for the Michigan League for Human Services and the MCH Coalition. Her remarks will be followed by those of Steve Finan with the American Cancer Society.