



THE MICHIGAN *OLMSTEAD* COALITION

Working to Make Community-Based Long Term Care Available To All Who Need It
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Dear Lawmaker:

The Olmstead Coalition, representing aging and disability groups, is very concerned about the negative impacts of SB1293 and SB1294 on older citizens and citizens with disabilities in the State of Michigan.

First of all, we are opposed to passing this legislation in 2012. The magnitude of this proposal necessitates a thoughtful, measured and transparent discussion that cannot take place in the next few months. There are currently twenty five other charitable mission Blue Cross Blue Shield organizations throughout America, none of which, that we can find, are seeking conversion prior to January 1, 2014, when the Affordable Care Act takes full effect. Despite apparent claims to the contrary, BCBSM also does not need to alter its corporate status in order to market products on the new healthcare exchange. All insurers (nonprofit, mutual, or for-profit) will have to go through the same certification process to ensure existing products meet the certification standards established by the healthcare exchange.

We strongly recommend that a community health impact study be performed for assessing a conversion's likely impact on health services and vulnerable populations. The proposal's potentially negative impact on Medicare Supplemental (so-called Medigap) coverage for older adults and people with disabilities is a case in point.

It is important to note that none of the new protections in the Affordable Care Act apply to Medigap policies. Insurance companies will be able to turn away bad risks and impose pre-existing condition exclusions as they can now (see attached).

Passage of SBs 1293 and 1294 would allow Blue Cross to eliminate their Medigap Legacy policies, now the most accessible and affordable supplemental coverage for Medicare beneficiaries in our state. These policies are literally a lifeline for low-income seniors and people with disabilities who would otherwise be forced to go with bare Medicare. An agreement between Attorney General Bill Schuette and Blue Cross promises that Legacy premiums will be frozen over the next four years, but the policies could be eliminated after that, and as the Attorney General noted, premiums would be subject to "sticker shock." It also should be noted that the four-year freeze is not included in the legislation.

The Michigan Olmstead Coalition is a non-partisan, non-profit group that includes the Michigan Disability Rights Coalition; The Arc Michigan; UCP Michigan; Disability Network/Michigan; Area Agencies On Aging Association of Michigan; Michigan Campaign For Quality Care; Michigan Protection and Advocacy Service; Michigan Statewide Independent Living Council; Michigan Developmental Disabilities Council; Michigan Paralyzed Veterans of America; ADAPT of Michigan; Community Housing Network; National Multiple Sclerosis Society-Michigan Chapter; Developmental Disabilities Institute; PHI National; UCP of Metropolitan Detroit; Washtenaw Association for Community Advocacy; Disability Network/Lakeshore; Capital Area Center for Independent Living; Disability Advocates of Kent County; Ann Arbor Center for Independent Living; Disability Network/Mid Michigan; disability Connections; Disability Network/Southwest; Michigan Alliance of Direct Support Professionals, The Disability Network; and the State Long-Term Care Ombudsman.

The Blues Legacy policies are community-rated, subsidized, do not have pre-existing condition exclusions, and any premium increases are subject to review and challenge by the Attorney General. No other Medigap policy meets this gold standard. While insurance companies can reject applicants after an initial 6-month protection period expires, Blue Cross must always accept all applicants, regardless of health status.

Medicare Advantage plans are also available to Medicare beneficiaries as an option, but Advantage plans have many drawbacks: 1) Advantage plans require seniors to use their own network of providers and physicians; 2) seniors who travel or stay temporarily in other states cannot access health care in other locations except for life or death emergencies; and 3) while premiums can be lower for Advantage, seniors who need health care face sizable deductibles and copays that don't exist with Legacy policies.

The elimination of Blue Cross Legacy Medigap has special significance for younger people who are on Medicare because of serious disabilities. When seniors first become eligible for Medicare, they have a six-month protection period in which all insurance companies must sell them a Medigap policy. This is required by federal law. However, federal law does not offer this same protection to younger people with disabilities when they become eligible for Medicare. That means that people with disabilities on Medicare are especially vulnerable, and need access to the community-rated and affordable Medigap Legacy policies offered only by Blue Cross.

Another issue of concern is the elimination of a special fund that pays for respite and day care services through the Michigan Office of Services to the Aging. This fund, called the "Blue Cross Escheats Fund," comes from the Blues' uncashed checks which revert to the state treasury. State laws passed in 1990 (Public Acts 171 & 172) earmark those funds for caregiver support services to keep seniors in their own homes and out of institutions. In FY 2013, this fund will get over \$5.5 million. The fund will be eliminated if SBs 1293 and 1294 are adopted.

In conclusion, we urge due diligence in passing legislation converting Blue Cross Blue Shield and request that a community health impact study be performed to assess the full implications. We advocate for preserving the Blue Cross Legacy policies with a subsidy for seniors and people with disabilities, and Attorney General oversight. We also advocate for the preservation of the Blue Cross Escheats Fund as a vital funding source for respite and day care services through the Michigan Office of Services to the Aging.

Sincerely,

Ruth Linnemann
Olmstead Coalition Chairperson

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