146,000 Michiganders - at least - face loss of cheap policies under new health care reform rules

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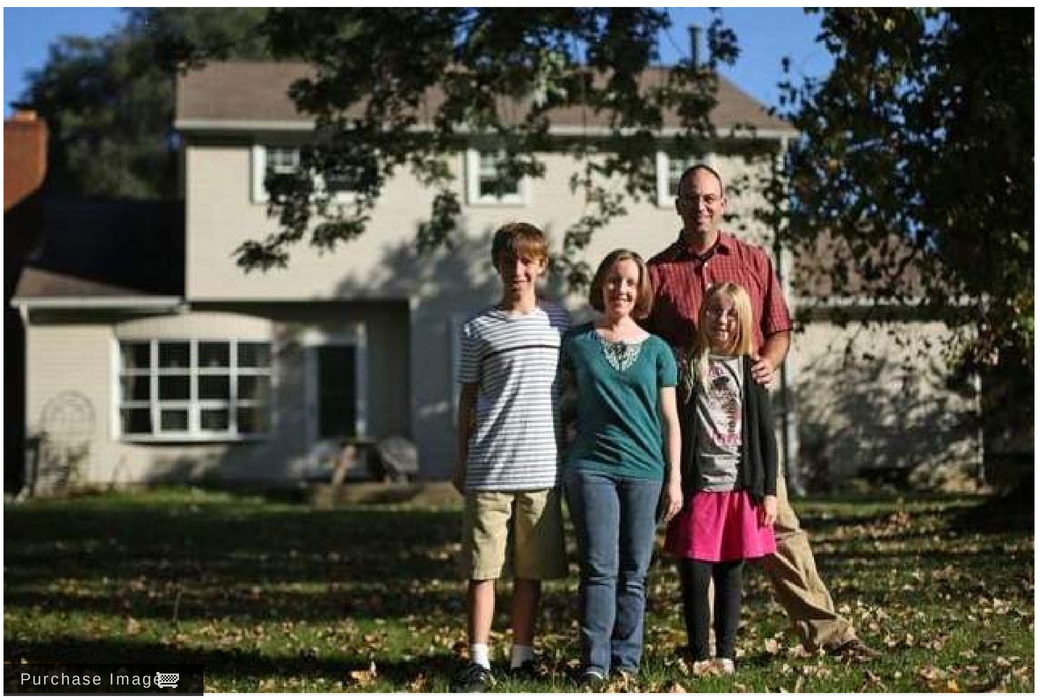

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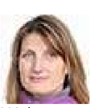
. The Mulder family faces a rate increase for their health insurance under the Affordable Care Act because the policy they had, which doesn't carry all the coverage required under ACA, is being canceled. / Brian Kaufman/Detroit Free Press



By Robin Erb

Free Press Medical Writer

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At least 146,000 Michiganders — and possibly thousands more — with health coverage purchased directly from insurers now are learning their polices will end Dec. 31 because they don't meet the minimum requirements of the federal health care act.

Under the law, each policy must cover essential benefits in 10 categories. Instead of beefing up these policies, insurers are opting to drop them, advising consumers to consider other policies that are now available either from the insurers directly or though the

Michigan Health Insurance Marketplace, also known as the state exchange.

The policies that are ending were often less expensive on the individual market because they provided limited benefits and were sold to healthier consumers.

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And that was fine with consumers such as Josh Mulder.

Mulder had landed a plan several years ago that cost his Wixom family offour just $291 a month. That policy will end Dec. 31, according to a letter from his insurer.

The policy didn't cover things such as maternity care or prescription drugs, but, Mulder said, his family is generally healthy and he was willing to take the risk.

“I had a great rate,” he said.

Rates that meet the required benefits under health reform average $762.06 a month on the Michigan Health Insurance Marketplace for his family of four, according to a cost estimator by the Michigan Department of Insurance and Financial Services.

Blue Cross Blue Shield of Michigan has notified about 140,000 policyholders on the individual market that their plans will end Dec. 31. Health Alliance Plan and its subsidiaries are dropping 6,000 plans.

Both are major players on the state exchange, where 13 insurers, including a HAP subsidiary and another Blues insurer, Blue Care Network, are offering 142 plans.

That Blue Cross and HAP are ending current policies on the individual market isn't surprising, said Robert Krughoff, founder and president of the Washington-based nonprofit Consumer Checkbook.

The increased costs to provide essential benefits was just one part of the cost equation. Under the health care reform law, insurers also can't deny anyone insurance,

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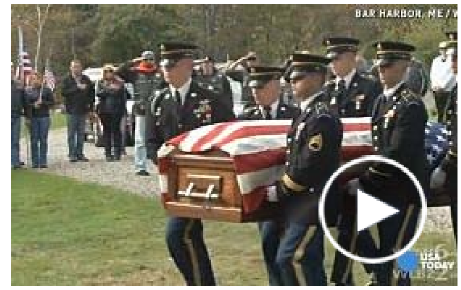
Some highlights of plans offered by the 13 insurers on state exchange



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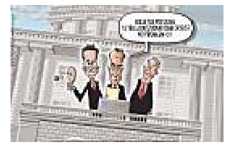

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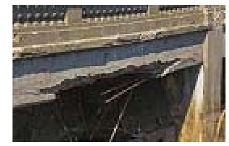

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even if they're very sick. Neither can insurers cut cap coverage at a lifetime limit.

"These plans had to be reconfigured," Krughoff said.

Customers will pay more, but they also will get more coverage now, noted Gail Jensen Summers, an economics professor at Wayne State University, who specializes in health insurance policy and costs.

The insurers may expect their customers to seek them out on the marketplace, where federal tax credits for some consumers can help shrink the costs of the monthly premiums, according to Checkbook's Krughoff.

In the first 10 days of business, the exchange logged 14.6 million unique visits, according to the U.S. Department of Health and Human Services.

Anyone whose income is up to 400% of the federal poverty limit — up to $45,960 for an individual and $94,200 for a family of four — is eligible for tax credits.

Health insurance reform supporters have said this puts insurance within reach for an estimated 1.4 million Michiganders who are underinsured or uninsured.

Blue Cross, in fact, is competing aggressively on state marketplaces across the U.S., Krughoff said.

Another insurer on the Michigan exchange, Kentucky-based Humana, indicated that it, too, will end some policies, but it declined to offer specifics. Letters to members are being finalized, according to the insurer.

Grand Rapids-based Priority Health is taking a different tack. It's allowing its current and new members to lock in 2013 rates that extend through 2014 before they end those plans on Dec. 31, 2014. The plans won't include all the essential benefits required under the law, but the insurer will be able to extend them for one more year, said spokeswoman Amy Miller.

That extension is possible for some plans. Still, with the exception of catastrophic plans targeted for those younger than 30, all plans on the individual market must carry essential benefits Jan. 1, 2015, said Caleb Buhs, spokesman for the Michigan insurance department.

Consumers can still find plans on the exchange and off the exchange that do cover all the essential benefits. It might cost the insurer more to offer the extension at the same premium rates, but it gives members "more time to consider their options going into 2015," she said.

Gary Plasko of Walled Lake is looking at options like those.

An insurance broker, he knew big changes were coming under health care reform. He wasn't surprised when he was notified last week that his policy — one that costs the 63-year-old nonsmoker $381 a month and covered about 70% of his medical costs with no deductible — was ending. And he had warned customers to expect similar notices.

Still, he was disappointed with what he found.

Like the Mulders, Plasko won't get tax credits to help him pay for the new policies.

He said he found a Blue Cross policy for less than $550, but it covers about 60% of his medical costs. Plus, he now faces a $6,350 deductible.

The law? For him, he said, "it's the un-Affordable Care Act."

Contact Robin Erb: rerb@freepress.com or 313-222-2708. Follow her on Twitter https://twitter.com/FreepHealth.

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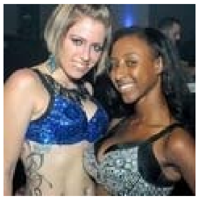

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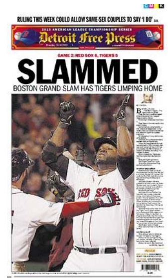

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