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November 8, 2011

The Honorable Jim Marleau, Chair, and
Members of the Senate Committee on Health Policy
P.O. Box 30036
Lansing MI 48909

Re: *Support for Senate Bill 693 (MIHealth Marketplace Act)*

Dear Chairman Marleau and Members of the Committee,

We are writing on behalf of AARP Michigan to offer our support for Senate Bill 693. AARP is a nonprofit, nonpartisan 501(c)(4) social welfare organization with a membership that helps people 50+ have independence, choice and control in ways that are beneficial and affordable to them and society as a whole. More than 1.4 million Michigan citizens are AARP members.

We would also like to take this opportunity to share with the Committee AARP's guiding principles with regard to the implementation of the MIHealth Marketplace:

- The pre-eminence of consumer focus and interests should guide the mission, functions and outcomes of the Michigan Exchange. Consumer pre-eminence is partly proven in governance: the MIHealth Marketplace Board roster should provide sufficient numbers of voting consumer representatives on the Board to reflect the cultural and geographic diversity of Michigan's consumer populations and markets.
- The Exchange is required to select QHPs based on the "best interests of consumers" and that judgment should not be pre-empted.
- Michigan's Exchange should be authorized to utilize the same competitive, market-based strategies successfully used by large employers in selecting insurers. Insurance plans should compete to be part of the Exchange just as they compete for business with large employers, with competition based on criteria to ensure affordability, value, quality, and customer service in all plans.

- Criteria will be essential to ensure plans submitted to the Marketplace are disqualified if, through their combination of low premiums and high deductibles, they result in underinsured beneficiaries who avoid or delay care to avoid expensive copays.
- Michigan's Exchange should not be required to accept all plans that wish to participate, but instead should be able to limit the number of plans available to ensure that consumers and employers are able to see value for premium dollars spent. Limited participation will reinforce several policy imperatives:
 1. It helps assure that high standards can be set and avoids a "least common denominator" result;
 2. It provides a strong basis for negotiation;
 3. It rewards with greater market share those plans that meet the highest standards;
 4. It provides a real choice for consumers, rather than a confusing array of options for which "apples-to-apples" comparisons are difficult if not impossible to make. The Massachusetts Connector has done focus groups on this issue and found a strong consumer preference for a small "manageable" number of plans.
- Be wary of suggestions for text that "deems" the inclusion of all insurers to be in the best interests of consumers. Including "any willing insurer" may not be in the best interest of consumers. If Michigan's Exchange does the job it should do and only allows in the best insurers, consumers will feel confident that any plan they select will provide high value.
- The selection of qualified health plans under the Marketplace should provide preference to qualified health plans that show capacity to integrate with Medicaid and have meaningful and proven chronic care, disease management and preventive care programs. A standard for health disparities surveillance, effective education and intervention programs is also highly desirable.

Thank you for your time and attention to these matters. If you have any questions about these recommendations, or if there is further information we might provide, please feel free to contact Andy Farmer, our Associate State Director for Health & Supportive Services, at 517-267-8921 or afarmer@aarp.org. All of us at AARP look forward to continuing to work together with you as the Legislature considers, and hopefully passes, this important bill.

Sincerely,



Jacqueline Morrison
State Director



Eric J. Schneidewind
State President