

Guest column:

Montana ahead of the feds on health insurance innovation

By John Morrison
Montana State Auditor

Today, more than 44 million Americans have no health insurance. Here in Montana, one in five of our friends and neighbors is uninsured. Earlier this month, I was honored to lead a number of "Cover the Uninsured Week" events to highlight this terrible problem.

We see the crisis everyday, in the grocery store, the gas station, the convenience store. There by the register is a can or a jar, lined with nickels, dimes and quarters, put there by a family because a child needs surgery or a parent has cancer. Medical bills are growing and the can or jar is all that stands between this family and bankruptcy.

Fortunately, there is good news for Montana. The 2005 Legislature passed a plan I proposed to make health insurance affordable for thousands of small businesses and their employees. Here's how it works: small businesses that have insurance now will get a tax credit at the end of the year so they can afford to keep their insurance. Those that are now uninsured will join a new purchasing pool and receive a premium credit for each employee. So they will get a discount on their premiums and get lower premiums because of increased bargaining power. Getting this plan up and running is my No. 1 priority this year.

Unfortunately, some in the United States Senate are headed in the wrong direction on this issue. They asked me to testify recently before the Senate Committee on Small Business and Entrepreneurship about their Association Health Plan bill.

This bill would allow some small businesses to form their own health



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insurance companies that would be exempt from oversight by the state insurance commissioners. Though well intended, it is a bad bill for several reasons:

First, AHPs will siphon off the healthiest groups and cause premiums to go up for most of our small businesses. That's the last thing we need.

Second, AHPs will be a breeding ground for fraud. I've worked hard to crack down on fake health insurance scams and we've been pretty successful. They usually pose as "federally-regulated" plans to fool consumers. AHPs will provide these scam artists with another opportunity.

Third, AHPs will be at risk of financial insolvency -- bankruptcy, basically -- because of lack of oversight. When a health insurance company here in Montana was in danger a few years ago, we stepped in before it was too late and saved the company. So 15,000 Montanans kept their health insurance and a dozen people in Kalispell kept their jobs. We

couldn't have done that if it had been an AHP.

Lastly, consumers won't be able to rely on the state insurance department to help them when claims are denied. We have gotten over \$20 million in claims paid for Montanans since I've been in office. We are the insurance consumers' right arm, and cutting it off is not going to help the consumer.

These factors may explain why the National Association of Insurance Commissioners, the National Governors Association, the National Association of Attorneys General and the National Conference of State Legislatures have all come out against AHPs.

I told the senators in Washington that they'd be better off looking at our "Made in Montana" solution: tax credits and purchasing pools.

The federal government does need to do its part. There are some good bills in Congress right now to provide federal tax credits for health insurance and medical expenses, to bring more families into the Children's Health Insurance Program, to streamline administrative costs, and to encourage healthy living and preventative care.

Meanwhile, states like Montana continue to step up to the plate with tax credits, purchasing pools, and programs to promote healthier lifestyles and manage diseases. As always, states are the laboratories for innovative ideas and Montana has shown we can lead the way.

John Morrison is the Montana State Auditor and Commissioner of Insurance and Securities. He serves as the Chairman of the Health Insurance and Managed Care Committee of the National Association of Insurance Commissioners.