



Government

Lawmakers search for answers to address rising insurance costs

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ANNAPOLIS — This year's health care debate has centered on expanding Medicaid eligibility, but lawmakers Thursday focused on options to address the rising cost of insurance in the private sector.

The Joint Committee on Health Care Delivery and Financing centered its meeting, the second since the legislative session ended in April, on the role of both employers and individuals in paying for health services. While many of the state's 800,000 uninsured might be covered under expanded Medicaid coverage, some find insurance too costly or simply don't believe they need it.

Business representatives and insurance providers told the committee that increased consumer choice and reform of the small-group health insurance market are two issues that, if addressed, could help curb the rising cost of health care in the state.

A theme that wove through the comments of several who testified was the idea of allowing a low-cost, basic benefits plan to be offered in the small-group market. Currently insurance companies can only provide the state-approved standard benefits plan, which some argue has too many mandated benefits to make it affordable.

"That is a way to incrementally provide more choice," said Bryson Popham, a lobbyist representing insurance interests, including the Maryland Association of Health Underwriters. Popham has advocated for increasing the availability of options such as Health Savings Accounts, which have lower premiums and higher deductibles, but allow consumers to put money aside in a special account to pay the deductible.

Tom Saquella, president of the Maryland Retailers Association, also offered support for allowing a variety of products in the small-group market.

If lawmakers insist that all Marylanders must have "rich plans," Saquella said, "small employers can't afford that."

Saquella also supported an idea that labor union representatives endorsed, which would require individuals who earn more than a specified amount to purchase coverage. Measures proposing such a requirement have failed in recent years because of concerns about forcing people to buy coverage if there is not a low-cost, basic benefits plan available.

But some believe it is the only way to get young, healthy individuals to purchase coverage.

"We've found that incentivizing the purchase of insurance for young and health people is very, very hard," said Dr. Rex Cowdry, executive director of the Maryland Health Care Commission.

Lawmakers also sought information on a health insurance exchange, a centralized pool run by the state that would offer various health plans to consumers. Under such a system, employers wishing to contribute to their employees' health care could give workers vouchers, which could be used toward any plan the employee chooses.

The idea is similar to a system being implemented in Massachusetts.

"It's an idea I actually think is promising," Cowdry said. "If it's done right, it actually arrives at a reasonably just solution."

Cowdry told committee members that an exchange would create a large risk pool, encourage competition and offer individual choices, all things that should help lower costs.

Others, however, argued that the exchange has not yet been proven effective in another state, and would create an added level of bureaucracy.

"The question for you is: What benefit do we accomplish by creating a mechanism that duplicates services already provided?" Popham said.

The joint committee will hold its next meeting in September, and Sen. Rob Garagiola, a Montgomery County Democrat and the committee's co-chairman, said this week he hopes to have recommendations by the beginning of the next legislative session, in January.

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