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New Law Allows Limited-Benefit Health Plans

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Legislation passed earlier this year gives insurance carriers the authority to offer affordable health insurance plans to those who can't otherwise afford coverage, but there are doubts it will work.

Story by Walt Williams

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Legislation passed earlier this year by state lawmakers gives insurance carriers the authority to offer affordable health insurance plans to those who can't otherwise afford coverage, but there are doubts it will work.

The new law allows carriers to negotiate with the state Insurance Commissioner's Office to come up with plans that exclude certain types of coverage otherwise required by statute. The goal is to come up with affordable plans available to those people who are poor but not poor enough to qualify for Medicaid.

"A lot of that is the working poor," said Tim Murphy, associate counsel for the West Virginia Insurance Commission.

Gov. Joe Manchin pitched the idea in his State of the State Address in February. Other states, such as Florida, have experimented with it, and West Virginia already has a limited-benefit plan law in place.

The problem was the existing law had many restrictions on it, Murphy said. A major restriction was that limited-benefit plans could only be offered to seasonal and temporary workers. As a result, no carriers took advantage of the law.

"It just wasn't worth it to insurance agents to sell them," he said.

The new law lifts those restrictions and allows plans to be sold to individuals who have not had health insurance during the past six months. The reason for the six-month waiting period is to prevent employers and others from dropping their more extensive benefit plans because the cheaper plans are available.

Still, lawmakers inserted four mandates before passing the legislation. A plan must include coverage for mammograms, pap smears, Hepatitis tests and colonoscopies.

Limited-benefit plans have their share of critics. Florida's plan has been chastised for its bare-bones approach, with advocates of the poor saying it is health coverage in name only, given the relatively few medical services covered. Catastrophic coverage often is excluded, meaning uninsured patients will still be left holding the bill for many extended hospital visits.

Renate Pore of the West Virginia Healthy Kids and Families Coalition said limited-benefit plans have been tried before and shown not to work. For most people, it simply amounts to throwing their money away, she said.

"People are not going to buy something that doesn't provide them the coverage they need," she said.

Fred Earley, senior vice president of Mountain State Blue Cross Blue Shield, said his company has had some discussions about the new law but hasn't reached any decisions. One uncertainty is what could come out of Washington, D.C., with President Obama pressing ahead with national health care reform.

"We are probably going to precede rather cautiously on that," he said.

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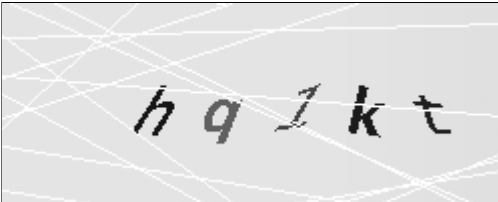
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