



**AREA AGENCIES ON AGING ASSOCIATION OF MICHIGAN**  
**6105 W. ST. JOSEPH, SUITE 204, LANSING, MICHIGAN 48917**

October 16, 2012

The Honorable Joe Hune  
Michigan Senate  
State Capitol  
P.O. Box 30036  
Lansing, Michigan 48909-7536

Dear Senator Hune:

At our October 9, 2012 meeting, the Area Agencies on Aging Association of Michigan (AAAAMJ) took a unanimous position in expressing significant concerns about Senate Bills 1293 and 1294.

Our concerns focus on several issues that are not addressed in the bills. First of all, the bills unwittingly wipe out millions in funding for programs benefiting older adults and adults with disabilities from a source known as “Blue Cross Escheats.” Uncashed checks issued by Blue Cross Blue Shield are deposited in the State Treasury and after a sufficient waiting period are allocated to the Michigan Office of Services to the Aging. This fiscal year, escheats funding totals \$5.6 million; in most years the funding is around one or two million. These funds are allocated statewide through Area Agencies on Aging (AAAs) and support adult day care centers, respite care, and in-home services that enable older adults and people with disabilities to remain safely in their own homes and stay out of institutions. Aging funds have already plunged by \$9 million due to the cutbacks caused by the state’s recession. Losing the escheat funds will result in service cutbacks, adult day care centers closing, and an increase in nursing home utilization with Medicaid as the payment source.

Secondly, we feel strongly that the Blue Cross Medicare Supplemental Legacy policies Plans A and C must be continued as they provide a critical safety net for low-income seniors and people with disabilities on Medicare in our state. Senate Bills 1293 and 1294 would allow these policies to be eliminated by Blue Cross Blue Shield. The Legacy policies are the most accessible and affordable Medicare supplemental coverage available in our state today. Legacy policies are the only policies not subject to underwriting (rejecting bad risks). Legacy policies are the only policies benefiting from the senior subsidy, which reduces premiums significantly and to the point that many low-income seniors and people with disabilities can afford to buy them. Without these policies, thousands of low-income seniors and people with disabilities on Medicare will be forced to drop Medigap insurance altogether, going on ‘bare Medicare,’ with its high deductibles and copayments. It will take just one serious illness or hospitalization for these individuals to spend down their limited income and assets on health care bills and eventually wind up on Medicaid.

It is important to note that the protections in the Affordable Care Act do not apply to Medicare Supplemental (Medigap) policies. In 2014 and beyond, companies selling Medigap can still underwrite (reject bad risks), and apply pre-existing condition exclusions.

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Our third concern centers on the proposed \$1.5 billion Health and Wellness Foundation. AAAAM applauds the concept of the foundation and urges that language be inserted in the bills to regulate its creation and operation. We would like to see language earmarking the foundation's assets for programs benefitting vulnerable citizens, including older adults and people with disabilities. We also request language requiring that a AAAAM representative be appointed to the board of directors to ensure that a representative familiar with the health issues of vulnerable adults be at the table when decisions are made.

Finally, the speed with which SBs 1293 and 1294 are moving through the Legislature is of great concern. Legislation that can potentially impact the health care of 70% of Michigan citizens deserves close study and ample deliberations. As Community Health Director, James Haveman has eloquently stated on several occasions, let's 'get it right, and do no harm.' We are not at all convinced that legislation must be adopted by the end of this session. There will be ample time next year to take action and allow Blue Cross Blue Shield to be represented on the health insurance exchange. Please exercise all due diligence in addressing this critical issue.

Sincerely,

Judy Sivak, MSW  
President

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