

# Legislators split on effects of redlining bill

By JACKIE KLEIN

Recently passed legislation designed to outlaw redlining in auto and homeowner insurance is the subject of differing opinions among representatives in Lansing.

State Rep. Sandy Brotherton, a Farmington Republican whose district includes Southfield and Farmington Hills, opposed the compromise measure. Majority Floor Leader Joseph Forbes, an Oak Park Democrat whose district also includes Southfield and Lathrup Village, claims the bill will make auto and homeowner insurance available to all who need it at fair, non-

discriminatory rates. "Even though there are some positive points to this legislation, I felt it would unfairly increase insurance costs to the people I serve," Brotherton said. "I opposed the bill though it includes some desirable changes such as elimination of sex and marital status as factors in setting insurance rates." The bill, which includes consideration of driving records in cost and availability of insurance, is extremely complicated, Brotherton contended. It limits the number of territories rates for autos to 20 and prohibits rates from varying more than 10 percent between adjoining territories, he said. The high-

est territory rate can't be more than 2.2 times the lowest. Homeowners insurance limits territory rates to three with 30 percent variation between adjacent territories and the lowest rate 70 percent of the highest. The result, Brotherton contended, is a shift of cost from "high risk" policyholders to outstate and suburban motorists.

THE BILL isn't perfect, Forbes conceded, but it's an acceptable, workable compromise. "The purpose of the bill which has been several years in discussion, negotiation and effort, is to guarantee that

no one is denied insurance for homes and automobiles," Forbes maintained. "Insurance companies will be prohibited from denying anyone insurance unless it can be proven by specific and uniform criteria that the person is a bad risk." Those denied auto insurance would still be able to obtain it under the current assigned risk pool. Those denied homeowners insurance would be able to get it under what is known as the FAIR plan, Fair Access to Insurance Requirements.

The measure also describes standards for determining if rates are excessive, Forbes contended. It allows cus-

tomers to get written rate quotations and provides for an appeal procedure for policyholders, he said.

Brotherton claims the bill is confusing and disruptive.

"It's anticipated that each insurance company will establish its own individual territories and assign its own rates to those territories according to their own market philosophies," he said. "While this is expected to maintain and perhaps increase competition, it has the potential for leading to widespread changes in the premiums we'll be asked to pay."

"It's clear that motorists in Detroit

and some of the older major cities will enjoy lower premiums. It is not clear what kind of increases will be passed along to the motorists in the state."

An important feature of the bill, according to Forbes, would allow persons who were not at fault in traffic accidents to sue the other party for as much as \$400 in damages in small claims court.

Brotherton said he seriously questions that many motorists will try to collect under this provision because it requires filing a claim and appearing in court. Even if the judge awards damages, he contended, it may be impossible to collect.

Brotherton also objected to the lack of mechanisms in the bill for taking uninsured motorists off the road. The bill, he said, doesn't deal with problems of motorists who aren't buying adequate insurance. The measure doesn't restore the motorist's ability to collect his deductible or other losses not paid by his own insurance company is the motorist wasn't at fault in the accident, he said.

State Sen. Doug Ross, an Oak Park Democrat whose district includes Southfield, Farmington Hills, Lathrup Village and Farmington, said the compromise bill was supported by insurers and consumers.

The industry made a concession by providing more accessible insurance, he said. Consumers would have liked more reform including lower insurance rates, he said.

## Congressman says:

# 'Nursing home deregulation a tragedy'

The federal government must continue to set standards for nursing home industry, U.S. Rep. William Brodhead, D-17th district, said recently. "I view with great alarm the Boren Amendment to H.R. 934, as recently approved by the Senate Finance Committee," Brodhead said in a speech to the Citizens for Better Care, Citizens for Better Care is a group which deals in nursing home reform. Brodhead said that if the proposed amendment seeking to deregulate the nursing home industry passes, it would be a tragedy.

"Because of the heavy government involvement in paying for nursing home care, I believe the federal government must continue to set the standards which these homes must meet," he said.

In 1978, Brodhead pointed out that Medicaid contributed 50 percent of nursing home revenues. It paid \$7.6 billion in nursing home charges.

Payments for nursing homes comprise the largest section of Medicaid outlays, more than payments for hospitalization or for physicians. "This amendment would remove the federal government from any say in how the states reimburse nursing homes. This is an industry sponsored measure that will increase the cost of nursing homes and decrease the federal government's ability to monitor how the money is used," Brodhead said.

UNDER THE AMENDMENT, the state would have to pass on whatever rate increases the industry asks for, and the federal government would be helpless to act, Brodhead said.

"I assure you that I will do everything possible to see that the House does not accept this change and that it does not become law," Brodhead told the group.

"While it may be true that federal regulation of the nursing home industry has not always been fruitful, deregulation would be a tragedy. We must simplify federal regulations, make them reasonable and not abandon them," he said.

Brodhead said the House Ways and Means Committee will submit action on a Medicare-Medicaid bill soon. This bill contains an alternate to decertification for nursing home violations.

Under present law, the only sanction that may be imposed on a skilled nursing facility that is out of compliance with the conditions of participation is to terminate its participation in the Medicare and Medicaid programs, according to Brodhead.

The solution is considered so drastic that it is not done very often. The application of sanctions, instead of immediate decertification, would accomplish two purposes, he said.

First, it would protect patients by

forestalling the need for transfers. Second, it would assure that significant federal pressure could be used to get nursing homes to correct abuses.

Another bill, the Long-term Care Residents' Rights Act, would mandate a national standard of rights of residents in long-term care facilities. These include the right to be in-

formed about medical decisions, the right to communicate with family and friends outside the institution, the right to privacy, and the right not to be involuntarily discharged without cause.

The bill would require nursing homes to post these rights in their facilities where all residents could see them. It also would encourage development of

an ombudsman and advocates for residents, and it would provide a resident with a private right of action against facilities in violation of the act.

Brodhead relayed these facts about nursing home residents. The average age is 82. The majority are over 70. Seventy five percent of the residents are women.

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