

## CRAIN'S DETROIT BUSINESS

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### MARY KRAMER: Battle may cost Blues more than money

By [Mary Kramer](#)

One of the most fascinating political showdowns in recent Michigan history is under way, and I'm not talking (for once) about the standoff between Detroit Mayor Kwame Kilpatrick and Detroit City Council.

According to the *Detroit Free Press*, Blue Cross Blue Shield of Michigan has poured more than \$1 million into advertising since January in its battle to change the way it does business.

The lobbying tab probably far exceeds that sum. This fight — and probably the battle over utility-energy regulation — is the equivalent of a 2008 full-employment act for Lansing service firms.

Virtually every major multiclient lobbying firm or public relations agency in the capital is on one side or the other in the Blues' battle. "Some firms luck out and all they have to do is report on what's going on," a lobbyist told me last week. "But it meets the client's goal of getting them out of the mix so they can't work for the other side."

In a nutshell, Blue Cross wants more leeway in setting the price it charges for premiums to individual policyholders, and it wants the state to adopt a high-risk pool, funded in part by its competitors, to pay for the cost of caring for people who might otherwise be denied coverage by for-profit insurers.

As Blue Cross argues, more than 30 states have such a pool. Its critics and competitors respond that in exchange for not paying state taxes since its creation in 1939, Blue Cross has been the insurer of last resort so everybody can be covered. They argue that Michigan doesn't need such a pool.

But as the market points to high growth in the number of individuals seeking coverage rather than the traditional Blue Cross group plans, the Blues see their coverage costs skyrocketing. And they'd like their competitors to share the financial pain.

It's a fierce battle. And it's following a now-familiar pattern: One client with deep pockets lines up as many lobbyists and PR firms as possible in part to prevent them from working for the other side. *Dome Magazine*, an online publication ([www.dome-magazine.com](http://www.dome-magazine.com)), last month wrote about this phenomenon in terms of the current battle on energy regulation.

The Blues have on their side a who's who of Lansing multiclient lobbyists and PR firms: Karoub Associates, Muchmore Harrington Smalley & Associates, the John Truscott Group, Kelley-Cawthorne, Governmental Consultant Services Inc., Public Affairs Associates and associations that sell Blue Cross policies to members, such as the Detroit Regional Chamber and the Small Business Association of Michigan.

On the other side, the Coalition for Access and Affordability includes several private insurers who also have retained lobbyists, including The Rossman Group. Marketing Resource Group Inc. is doing public relations for the coalition. Martin-Waymire also is doing public relations for other opponents, such as the Michigan Association of Health Plans and the Put Michigan People First Coalition.

Lots of dollars spent all the way around.

The biggest obstacle between the Blues and their goal is state Sen. Tom George, R-Kalamazoo, an anesthesiologist who heads the Senate's Health Policy Committee. George wants the Blues to remain the insurer of last resort; he says states with high-risk pools also have excused the Blues from their insurer-of-last-resort roles.

He also recommends that \$100 million be paid into a fund for insurance for low-income people. *(For more, check out Jay Greene's story on Page 1.)*

The battle is for high stakes — on both sides. It may become a kind of Pandora's box for the Blues, inviting far more scrutiny than it received when it last sought changes to its business practices in small-business rate reform in 2002.

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