

LSJ Blog  
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April 15, 2008

## Singing the Blues

Blue Cross Blue Shield must be losing in its battle to rewrite a chunk of Michigan insurance law, judging by the firm's response to an LSJ editorial last week.

The [editorial](#) suggested one way to break an apparent legislative logjam on the Blues' proposal to rewrite rules for the individual insurance market was to strike a deal to sell off its Accident Fund subsidiary in exchange for legislative clearance for AF to write lines beyond its workers compensation business.

Oh boy, did the Blues not like that.

The phone lines sizzled. Blues and AF officials said selling off AF would have be horrible for Lansing, for Michigan, ... for planet Earth, I presume.

In fact, the response was so heated it probably had more to do with larger forces than the little old LSJ.

The Detroit News, for example, editorialized its problems with the Blues bills April 8, with a graphic showing that the Blues' financial reserves had more than doubled, to \$2.8 billion, since 2001.

The Detroit Free Press editorialized on April 6 in favor of alternative bills drawn up by Sen. Tom George – bills the Blues do not like.

A number of other state papers have weighed in, too, with the general line being opposed to the Blues bills, or at least calling for far more study of them and the issue.

But time is a luxury the Blues probably never had.

Check the legislative history. The package of legislation – House Bills

5282-85 – appeared in the Michigan House on Oct. 11, 2007. By Oct. 24, all four bills had passed the House. I'm told all of one public hearing was held before the House was satisfied with a huge and complicated rewrite of insurance law.

The Blues' strategy seems obvious – rush through the bills with the votes of lawmakers who have taken campaign donations from the Blues PAC and get legislation signed into law during the holiday period when most folks aren't paying attention to anything in Lansing.

By the time everyone woke up, it would be 2008, the bills would be law and the Blues could then deign to consider tweaks to the new regime from a position of strength.

But something went wrong. The Senate didn't follow the House's head-long rush to do the Blues' bidding. Attorney General Mike Cox was early and loud in opposition. And the bills didn't get a vote in November, or December. By January, opposition forces – led notably by competitor insurance firms with their own agendas – had effectively mobilized attention and raised all sorts of questions.

Since then, the bills have been stuck. Dr. George, R-Kalamazoo, has had the temerity to suggest his own ideas for his Senate Health Policy Committee. And House members who backed the Blues haven't been trying to grab microphones to sing public praises of their October votes.

The Blues have run ads in a bid to rally public support. But individual health insurance market reform doesn't lend itself to a 60-second spot, or motivate hordes of voters to show up on the Capitol steps demanding change.

The moment is slipping away and the frustration at Blues HQ, an institution not accustomed to hearing the word “no” in Michigan, must be considerable.

The funny thing is there's an issue rolled up in the Blues' self-interested agenda. Individual insurance market reform deserves legislative study,

though not necessarily immediate action. And a larger Accident Fund certainly would be a boon for Lansing.

But the Blues' my-way-or-the-highway approach has left them boxed in — and apparently more than a little peeved.