



September 13, 2009

Blue Cross tries to shore up image

As Blue Cross Blue Shield of Michigan takes to the airwaves in a new statewide image campaign Monday, it does so in the midst of the raging health care reform debate.

And it's the same day that the insurer will make its case before a Lansing administrative law judge to raise rates for 210,000 senior citizens with its Medigap coverage, a highly unpopular decision.

Andy Hetzel, vice president of corporate communications for Blue Cross, said this new marketing effort goes beyond its Ernie Harwell wellness campaign, run in tandem with the company's Detroit Tigers sponsorship. The iconic sportscaster, who has cancer, taped a radio spot for the insurer just last week.

This latest campaign, which includes six TV commercials, doesn't feature any big-name stars or snappy jingles. The focus will be on consumers and discussing health care in a folksy way. However, don't expect to hear about the insurer's proposed rate hikes or insurance changes in these commercials.

In need of attention

This marketing effort came about after months of market research. The insurer decided it needed to talk up its products and services. With 38,000 small businesses and 4.7 million members in Michigan, Blue Cross covers 70% of the state's insured population, making it the state's largest insurance provider.

"Health care is changing," said Hetzel, who has worked at Blue Cross since 2005. "We need to re-engage businesses and consumers. We want people to know we understand what is happening in their lives, and want them to know what we are doing to address those concerns."

Blue Cross is the only insurer that must win permission to implement proposed rate hikes.

The insurer does not pay state or local taxes and, in exchange, must accept all customers, regardless of medical conditions, something many commercial insurers can take a pass on.

When times were rolling, it worked fine.

But as Michigan's economic engine has stalled, the insurer has taken a financial hit; it posted a \$144-million loss in 2008 (\$133 million from individual policies).

It has reacted by cutting 1,000 workers and by trimming its ad budget by 25%.

Hetzel declined to reveal how much Blue Cross is spending on the new campaign.

Among some themes in the advertising effort: Blue Cross has been around 70 years and people can depend on it. It is the only insurer to guarantee medical coverage, and it is reaching out to small businesses.

Blue Cross is still shaking off the dust from its latest rate hike request. It sought an average 56% rate

hike to cover mounting losses for its individual and group conversion policies for people who once had workplace coverage. Attorney General Mike Cox and others negotiated the rate hike to an average of 22%. It takes effect Oct. 1.

Cox said he believes some statewide reform is needed.

But with the state's budget talks sucking up most of the oxygen in Lansing, that conversation won't get much attention until next year.

Detroit details

Wondering what's next for the "D"?

Then mark your calendar for Tuesday, when a standing-room crowd is expected to gather and listen to what Detroit Mayor Dave Bing and Robert Bobb, emergency financial manager of Detroit Public Schools, have to say about their challenges during Inforum's inaugural luncheon of the 2009 fall season.

"As our region grapples with issues, we know these two influential leaders will be playing a major role," said Terry Barclay, CEO of Inforum.

"The message Mayor Bing and Robert Bobb will present will focus on what's ahead and engaging the public to work together to reinvent Detroit and answer "What's Next for the D?," Barclay said.

I will moderate the discussion. For more information, call 313-578-3227. Tickets are \$50 for Inforum members and \$70 for nonmembers.

CAROL CAIN hosts "Michigan Matters" at 11 a.m. Saturdays on WWJ-TV 62. Contact her at clcain@cbs.com.
