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Blue Cross spends big to promote legislation

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Blue Cross Blue Shield of Michigan has spent \$1.1 million since Jan. 1 on TV ads in seven major Michigan cities to promote a legislative agenda that would allow the nonprofit to set its own rates for individuals buying health insurance policies.

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The money bought more than 2,600 TV spots, airing as often as 10 times a night, usually in prime time, including pricier buys during "American Idol," "CSI Miami" and the late-night Jay Leno and David Letterman shows.

By comparison, Put Michigan People First, one of three coalitions of commercial insurers, HMOs and others opposed to the legislation, has spent \$65,000 on radio and print ads, according to Mike Nowlin, a Lansing public relations specialist who serves as the coalition's spokesman.

The two advocacy advertisements by Blue Cross began airing in mid-January. They promote four bills that would change the rules and pricing of individual insurance policies now purchased by 388,000 people in Michigan.

These policies are expected to grow from 6% of Michigan's health insurance market to 25% in five to seven years.

Two of the bills, if approved, would let Blue Cross raise its rates as for-profit health insurance providers now do without first getting state approval or dealing with consumer and attorney general rate hike

challenges. Though the state insurance commissioner could order refunds and reductions if a review found the increases excessive, the changes in rates would immediately go into effect. The bills also would create a high-risk pool that would offer insurance, at a higher cost, to people denied coverage elsewhere.

The other two bills would allow Blue Cross' for-profit subsidiary, the Accident Fund, to sell other types of insurance. The Accident Fund is the top seller of worker's compensation insurance policies in Michigan, with 25% of the market.

For details from a coalition promoting the Blue Cross bills, go to www.fixhealthinsurance.com. The Blue Cross ads are paid as a business or administrative expense. "Reforming the insurance market is a major public policy change that we feel obligated to make sure the people of Michigan hear about," Blue Cross said in the statement.

Money to pay for the ads opposing the Blues came from coalition members, including the Michigan Association of Health Plans, a Lansing HMO trade organization, and the Michigan division of AARP. Nowlin said he doesn't know whether the members of the coalition will pass on the cost of advertising to their customers.

For details on the coalitions' position, go to www.putmipeoplefirst.com. R. Andrew Hetzel, vice president of corporate communications for Blue Cross, said Friday that the accuracy and tone of the advertising is the most important thing, not how much the ads cost. "The other side that does not want any change is trying to confuse the issue and distract people by creating the image of Blue Cross as a monopolistic villain," Hetzel said. He called the opposition ads "nasty, negative, misinformative."

"No one knows who is funding their campaign of misinformation. ... The other side is completely shady in carrying out their constant stream of attacks."

Blue Cross declined to say how much it has spent on the legislative advertising campaign or its other ads. "We as a company do not communicate about our levels of promotional spending," Hetzel said.

However, the Free Press obtained figures on the ad campaign from files at television stations in Detroit, Lansing, Grand Rapids, Kalamazoo, Flint, Bay City and Saginaw. Because Blue Cross is a nonprofit, the files must be made public.

Spending for 345 spots at the three leading Detroit stations totaled \$395,431. Outstate spending at cable and network affiliates was \$611,955, bringing advertising buys by Blue Cross to \$1,007,386. The figures do not include radio or print ads or spending in smaller and medium-size cities.

The Blues' legislative ad spending doesn't include two consumer ads featuring policyholders praising their health insurance. Those ads are not considered political advertising.

A \$1.1-million expense for TV ads is a "hefty buy," said Evan Tracey, chief operating officer at TNS Media Analysis/Campaign Media Analysis Group, an Arlington, Va., political advertising and research firm.

Mike Bernacchi, professor of advertising at University of Detroit Mercy, called the advertising "an amazing spend."

"This is obviously a well-funded, aggressive campaign," he said.

Many of the spots appear during news programs so they will be considered more credible, almost like news itself, he said. "When ads appear within the news, that's because they want to be where the earnestness and seriousness is," Bernacchi said. "It almost becomes a subtext news message."


RoAnne Chaney, a Blue Cross policyholder through her employer, the Michigan Disability Rights Coalition, called the ad spending outrageous. The money "could better be used to pay for health care or cover the uninsured," said Chaney, cochair of Put Michigan People First.

If the insurer's ad campaign continues, it will amount to at least \$6 million this year, almost as much as the \$6.5 million the company lost in 2006 on its so-called non-group, or individual, health insurance policies, she said.

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