

MIRS Capitol Capsule, Friday, February 12, 2008

Latest On Blues Bills, P.A. 141

The next two weeks could prove crucial in deciding whether the Blue Cross Blue Shield of Michigan's (BCBSM) individual market reform reaches Gov. Jennifer **GRANHOLM**'s desk before the November elections.

In the meantime, legislation that would return the state's two giant electric utilities, Detroit Edison and Consumers Energy, to monopoly status is in limbo. A breakthrough on the legislation (**HB 5524**) isn't expected. Instead, the process seems to be one where drafts of the measure will repeatedly be offered, rewritten and offered again.

Currently, it appears that changes are at least 50-50 that **HB 5524** could still be around for legislative agendas next December. This prospect is possible, but less likely with the Blues' bills.

The Blues Bills

When it was first introduced last October, the package (**HB 5282**, **HB 5283**, **HB 5284**, **HB 5285**) seemed like a slam-dunk to get to the Governor's desk by early '08 at the latest. Back then the only question seemed to be exactly how much tweaking would be required to get it through the Senate.

But what initially looked like speed bumps are looking more like full-fledged hurdles, and it now appears that the legislation that moved out of the House only 12 days after being introduced is being virtually re-written by the Senate.

With a powerful entity like BCBSM behind the measure, it would be a mistake to say the legislation is stalled. Chances are the Senate version of the package will begin to move in March. Meanwhile, there are more factors complicating the issue than most observers foresaw.

Here's what seems to have happened so far:

1. When the legislation zipped through the House in typical "it's-an-inevitable-done-deal" fashion, the Senate was less than impressed. One source told *MIRS* that clips of the House committee meetings on the bills have been played in the Senate as an example of lawmakers not bothering to do their jobs.

At the time the House passed the legislation many House members admitted in confidence that they really didn't know what was in the package and hoped the Senate would study the issue in greater depth (See "[Blues Bills Head To Senate](#)," 10/17/07).

Not only did the House clips make a point about a need to move more deliberately on the package, it also magnified a pre-existed dynamic under which the Senate sees itself as having to "fix" what the House does.

2. Attorney General Mike **COX** coming out against the package opened a new can of worms. Cox spoke out in the mode of a consumer advocate, and had so-called "consumer groups" in his corner. In the weeks since Cox came out with his objections, other consumer groups have lined up to oppose the package.

Then, when the United Auto Workers (UAW) was added to these "consumer groups," the political soup the Blue's bills were floating in became less palatable for lawmakers of both parties. Voting for the bills went from a possible "easy" arms'-length vote to a problematic vote that might have to be justified to concerned constituents.

And don't look now, but even the Granholm administration seems to be sensitive to these constituent groups. Some observers have noted that the Office of Financial and Insurance services (OFIS) hasn't exactly been out front promoting the bills.

If the BCBSM bills get really bogged down, there is now a thought that the Blues stand a better chance of getting more of what it wants if the package doesn't move until this December's lame duck session. This is a concept that is likely being debated by strategists on both sides of the issue.

Some opponents of the legislation argue that the best deal they could hope for would take place before summer, with BCBSM pushing to just get it done while lawmakers are in a mood to "do it right."

The thinking here is that if the legislation gets into lame duck, the Legislature may relax a bit, and BCBSM might get more of what it wants. However, this theory is not held universally. Some sources said they still believe that if passage is delayed until lame duck, more objections to it may surface and it might not get done this year at all.

The current game appears to revolve around how much BCBSM is willing to compromise in order to get the package passed.

Rewriting P.A. 141

The legislative process appears to be moving inch-by-inch regarding legislation (**HB 5524**) to repeal Consumer Choice (P.A. 141.) and thereby give monopoly status back to Consumers Energy and Detroit Edison. But moving inch-by-inch could ultimately mean it might never get passed.

Apparently the "heavy lifting" for trying to reach consensus on **HB 5524** is taking place in the House. Once the bill (or if the bill) moves in the House, opposition to it will have been diminished enough for it to just keep on moving through the Senate.

This process of diminishing opposition is taking place by redrafting (some would say watering down) the legislation drop-by-drop. The latest (No. 5) draft will soon be scrutinized by groups including Cox, the Michigan Chamber of Commerce, the Michigan Manufacturers Association (MMA) and so on.

The game here appears to be getting to a point where objections to it are minimized and opposition dips from strong to mild. Few observers seem to expect that opposition would ever completely disappear. In theory, after opposition has been diminished enough, the bill could squeak through the House and Senate and arrive on the Governor's desk.

However, this process may be time consuming and ultimate passage of the legislation is far from guaranteed, especially considering that Consumers Energy and Detroit Edison have very few other groups in their corner. What's more, other factors could become involved.

The word in the Capitol lobby is that if the alternative energy package is separated from **HB 5524**, the package would fly quickly to the Governor's desk, while the P.A. 141 issue would deflate like a punctured tire, but both Granholm and House Speaker Andy **DILLON** (D-Redford Twp.) have maintained that the two issues are linked.

There may be mounting pressure to break the tie-bars between **HB 5524** and the alternative energy package. Granholm highlighted the alternative energy package in her State of the State Address and at the moment, she is clearly supportive of it being tie-barred to the P.A. 141 bill. But will her outlook change if that bill continues to prevent "her" alternative energy bills from moving in the spring? In the summer? In lame duck?

(Discuss This Topic | 0 Comments)