



The Trusted Voice on Michigan's Auto No-Fault System

CPAN

2011

Annual Report

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Message from the President



2011 was by far one of the most challenging years ever for supporters of Michigan's auto insurance system. Opponents of auto no-fault mounted legal and legislative attacks that aimed to take away our guaranteed auto injury benefits and cut payments to health care providers to treat auto injuries. The impacts to Michigan's no-fault system could have been shattering, but CPAN refused to back down.

CPAN's leadership focused its efforts to ensure that Michigan remains the leading auto insurance system in the country. We hired a fulltime director last year who has helped guide our energies, supported our fundraising and expanded our membership. We also launched an aggressive public awareness campaign to raise awareness of the devastating effects proposed changes to Michigan's no-fault system would have on Michigan. In the courts, CPAN was involved in several legal battles.

We ended 2011 with our no-fault system intact, but the fight is far from over. The legislation that was introduced in 2011 still could be voted on by legislators at any moment, and there are several court cases that could greatly impact accident survivors and health care providers alike. If Michigan is going to continue to have the best no-fault system in the country, CPAN members will have to redouble their advocacy efforts in 2012. Together, we will keep our no-fault system intact.

A handwritten signature in black ink that reads "John Cornack". The signature is fluid and cursive, with a long horizontal stroke at the end.

John Cornack, President
Coalition Protecting Auto No-Fault



2011 Legislative Activities

The primary focus of CPAN's 2011 efforts inside our state capitol was the opposition of legislation that aimed to cut access to medical care under Michigan's no-fault system. One of the first major pieces of legislation CPAN fought was Senate Bill 293, which was supported by the insurance industry and attempted to cap injury and rehabilitation benefits to as low as \$50,000. This bill was eventually dropped by the insurance industry in favor of House Bill 4936 and its mirror bill, Senate Bill 649. These bills would have meant the end of Michigan's no-fault auto insurance system as we know it today. The primary features of HB 4936 include:

- Caps no-fault injury benefits as low as \$500,000
- Caps in-home attendant care to eight hours per day.
- A government imposed price control on private health care providers in the form of a Workers' Compensation fee schedule on auto injury treatments.

Providing legislators with information about the impact this legislation would have on accident victims, health care providers and state taxpayers was a critical focus of CPAN's legislative efforts. CPAN and its member organizations commissioned several research reports that raised awareness among legislators that HB 4936 was bad public policy for our state. Research reports commissioned by CPAN or its member organizations included:

The Economic Impact of Reducing PIP Coverage in Michigan, by Public Sector Consultants

Impact of Proposed PIP Choice Law in Michigan, by The Anderson Economic Group

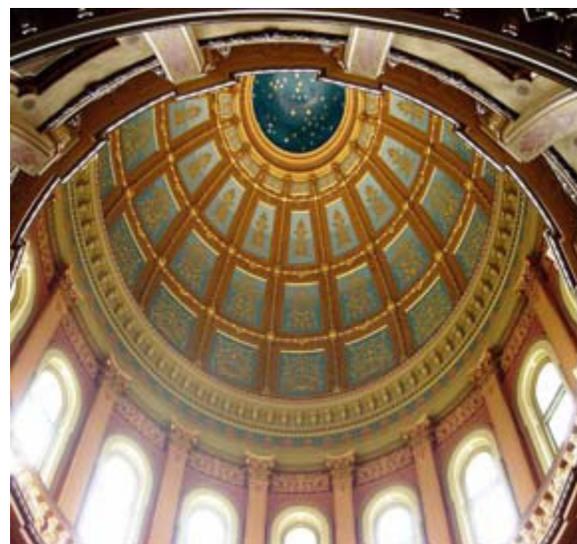
An Analysis of Michigan Auto Insurance Profitability and the Role of the Michigan Catastrophic Claims Association, by Birny Birnbaum, former chief economist at the Texas Department of Insurance

(Copies of all CPAN research can be found at www.ProtectNoFault.org)

The House Insurance Committee held six public hearings on HB 4936 over a three week period. CPAN members attended the hearings in unprecedented numbers to support Michigan's no-fault system. So many accident survivors, family members, health care providers and consumer advocate groups attended the hearings that two overflow rooms were needed to allow CPAN members to view the hearings on TV!

In addition to urging CPAN members to attend the House Insurance Committee hearing, CPAN coordinated the legislative strategy for all of its member organizations. Weekly conference calls were held with 26 CPAN member organizations at the height of the legislative debate to ensure that all members had the latest information and that our efforts were coordinated.

Throughout the legislative debate on HB 4936, CPAN and its members held dozens of meetings with legislators to ensure they understood the negative impacts of the insurance industry's proposed changes to no-fault. And while the House Insurance Committee narrowly approved HB 4936, CPAN's advocacy efforts raised enough awareness about the damaging effects the bill would have on accident survivors and our state health care system that 2011 ended with the bills sitting on the House floor at least 20 votes short of passing.



Public Awareness and Advocacy



CPAN legislative activities were supported by our *Do the Math* public awareness campaign, which was used to urge the public to contact their legislators to voice their support for Michigan's no-fault system.

The *Do the Math* campaign used the key findings of CPAN's research to correct the misinformation spread by the insurance industry about the financial stability of our state's no-fault system and to educate the public on the negative impacts of the insurance industry's proposed legislation.

Because our campaign needed to focus on the Republican controlled legislature, our messaging was designed to appeal to republican audiences.

CPAN used every communications tool available to ensure the public and legislators understood the impact that HB 4936 would have on our state.

The "*Do the Math: higher taxes + fewer benefits = big insurance profits*" message was distributed statewide in key legislative districts using billboards, talk radio ads and online advertising. Some CPAN members even took it upon themselves to buy their own billboards and radio ads to support our efforts.

Beyond paid advertising, CPAN was able to place positive news stories or opinion editorials in every major media market of the state.

CPAN is thankful to all of its members and supporters who volunteered to provide their personal story to their local

held in 12 locations throughout the state and featured expert panelists who educated the local public about the impact that the insurance industry's proposed changes to Michigan's no-fault system would have on accident survivors and their families, as well as health care professionals and taxpayers. Local legislators were also invited to give their perspective on the legislation and answer questions from the public.

For the majority of these public outreach activities, CPAN's member associations and health care organizations donated additional funds beyond their

DO THE MATH!

**MORE TAXES + FEWER BENEFITS =
BIG INSURANCE PROFITS**

LANSING: LEAVE MI AUTO INSURANCE ALONE!

DoTheMathMI.org

media outlets, or who wrote their newspaper and had their letter published in the opinion section of their local paper.

An additional component of CPAN's public awareness efforts in 2011 was the auto no-fault town hall meetings. These meetings were

yearly membership fee to ensure that our *Do the Math* message could reach the widest possible audience. We are grateful for their additional contributions.



Legal Action

The insurance industry is not only looking to the legislature to weaken Michigan's no-fault system, they are aggressively pursuing court cases whose rulings could severely restrict the rights of accident victims and health care providers. For every law that the insurance industry has attempted to pass in recent years, there are several court cases they are pursuing that would achieve the same result.

CPAN filed four new amicus curiae briefs to support cases moving through Michigan's court system. A brief summary of CPAN's 2011 amicus briefs and each cases' impact on injured persons and health care providers under Michigan's auto no-fault law is summarized below:

Admire v Auto-Owners Insurance Company

This case will determine whether a no-fault insurance company is obligated to pay no-fault personal injury benefits for handicapped accessible transportation.

Joseph v Auto Club Insurance Association

CPAN filed amicus in this case because a ruling in our favor will protect the rights of minors and incompetent persons to recover no-fault benefits without being barred by the 1-year time requirement in which injured persons are required for file claims.

Bronson Methodist Hospital v Allstate Ins. Co

A ruling in CPAN's favor in this case will prevent the 1-year-back rule from being applied by insurance companies to deny payment of a hospital bill when the hospital filed suit within 30 days after the claim was assigned, as is permitted by law.

Krohn v Home-Owners Ins. Co

Michigan's no-fault system states that insurers are required to pay only for treatments determined to be "reasonably necessary." CPAN filed an amicus brief in this case to prevent the concept of "reasonably necessary" from being defined in such a way as to



significantly limit the allowable expense personal injury protection benefit.

Perhaps even more significant than these court cases, and to the long term public policy debate, is to open the MCCA up to meaningful public scrutiny. CPAN filed a lawsuit against the MCCA under the Freedom of Information Act seeking to obtain critical data from the fund.

To better understand the financial claims made by the industry in support of their proposed change to no-fault, CPAN requested specific and relevant information on both open and closed claims from the MCCA. This request for data was also made to the Insurance Commissioner as well as the Governor, only to be denied due to the FOIA exemption of the MCCA.

CPAN's lawsuit challenges MCCA's FOIA exemption since it is not included in the FOIA statute but buried in the Insurance Code – commonly referred to as an amendment by reference. This lawsuit will likely be resolved in 2012.



2011 Financial Report

CPAN Finances

2011 Revenue: \$ 539,077.14

CPAN is a membership-funded organization, with nearly all income generated from membership dues and donations. Our 2011 public awareness campaign was funded entirely by member donations.

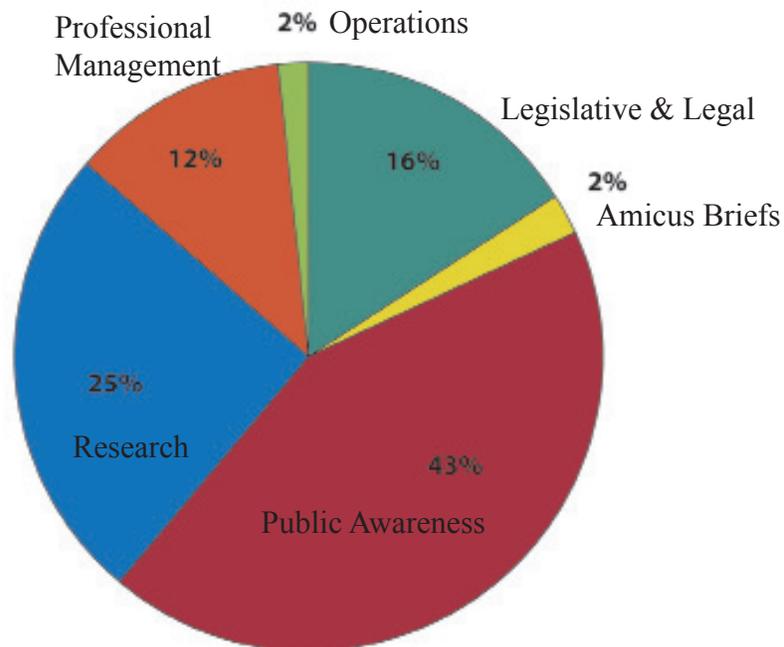
Membership Income	\$381,922.20
Public Awareness Campaign Donations:	\$157,000.00
Interest:	\$154.94

2010 Expenses: \$290,362.12

The majority of CPAN expenses support legal and legislative advocacy and public awareness activities on behalf of CPAN members.

Legislative Advocacy and Legal	\$77,414
Amicus Briefs	\$11,631.46
Public Awareness	\$208,924.42
Professional Management	\$57,994.31
Operations	\$7,588.23

CPAN 2011 Expenses



CPAN Leadership

OFFICERS

President – John Cornack, MBIPC/Eisenhower Center
1st Vice-President – Collin Ford, Michigan State Medical Society
2nd Vice-President – Jane R. Bailey, Michigan Association for Justice
Secretary - Michael Dabbs, Brain Injury Association of Michigan
Treasurer – Carl Alden, Michigan Association of Chiropractors

EXECUTIVE COMMITTEE

MBIPC (John Cornack)
Michigan State Medical Society (Colin Ford)
Michigan Association for Justice (Jane Bailey)
Brain Injury Association of Michigan (Michael Dabbs)
Michigan Association of Chiropractors (Carl Alden)
Michigan Health and Hospital Association (Laura Appel)
Michigan Orthopedic Society (Bill Kandler)
MBIPC (Margaret Kroese)
George T. Sinas, Sinas, Dramis, Brake, Boughton, & McIntyre, General Counsel (ex-officio)
Kevin A. McKinney, McKinney and Associates, Legislative Consultant (ex-officio)

BOARD OF DIRECTORS

Americare Medical
Brain Injury Association of Michigan
Eisenhower Center
Michigan Academy of Physician Assistants
Michigan Assisted Living Association
Michigan Association of Chiropractors
Michigan Association for Justice
Michigan Brain Injury Providers Council
Michigan Citizen Action
Michigan Dental Association
Michigan Health & Hospital Association
Michigan Home Health Association
Michigan Nurses Association
Michigan Orthopaedic Society
Michigan Orthotics and Prosthetics Association

Michigan Osteopathic Association
Michigan Paralyzed Veterans of America
Michigan Protection and Advocacy Service
Michigan Rehabilitation Association
Michigan State Medical Society
George T. Sinas, Sinas, Dramis, Brake,
Boughton, & McIntyre, General Counsel (ex-
officio)
Kevin McKinney, McKinney and Associates,
Legislative Consultant (ex-officio)



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