

The Coalition Protecting Auto No-Fault

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





Who is CPAN?





Who is CPAN?



Michigan Orthotics & Prosthetics Association



Who is CPAN?





It will not happen to me...





Our Goal

- **Protect the original promise of Michigan's auto no-fault system**

If you are injured in an accident, reasonable limits are placed on your right to sue the party at fault in exchange for the assurance of adequate and prompt benefits for bodily injury and other loss, regardless who caused the accident.



No-Fault Background

Michigan Auto No-Fault Enacted October 1, 1973

Why?

- *Victims were required to file costly and time consuming tort lawsuits in order to get necessary medical services.*
- *Many claims were not being promptly paid.*
- *Some tort suits involved clearly minor injuries.*
- *People were not getting necessary medical care services.*
- *Insurance claims were too complicated.*



No-Fault Benefits

- Full injury coverage for duration of the injury.
 - All other no-fault states provide benefits that are limited and capped.
- Significantly reduced the need to litigate to pay for medical care.



No-Fault Requirements

THREE BASIC INSURANCE COVERAGES REQUIRED

1. Personal Injury Protection (PIP)
2. Property Protection Insurance (PPI)
3. Residual Liability Insurance (RBI), \$20,000 minimum.

PIP

- The portion of your car insurance that covers medical expenses, wage loss, survivors benefits and domestic services.
 - Accident victims are covered for all reasonable charges for as long they are deemed to be reasonably necessary.



No-Fault Wage Loss Benefits

- Limited to three years
- 85% of expected wages
- Non-taxable
- Approximately \$5,000
 - (Subject to a annually adjusted COLA, Cost of Living Adjustment)



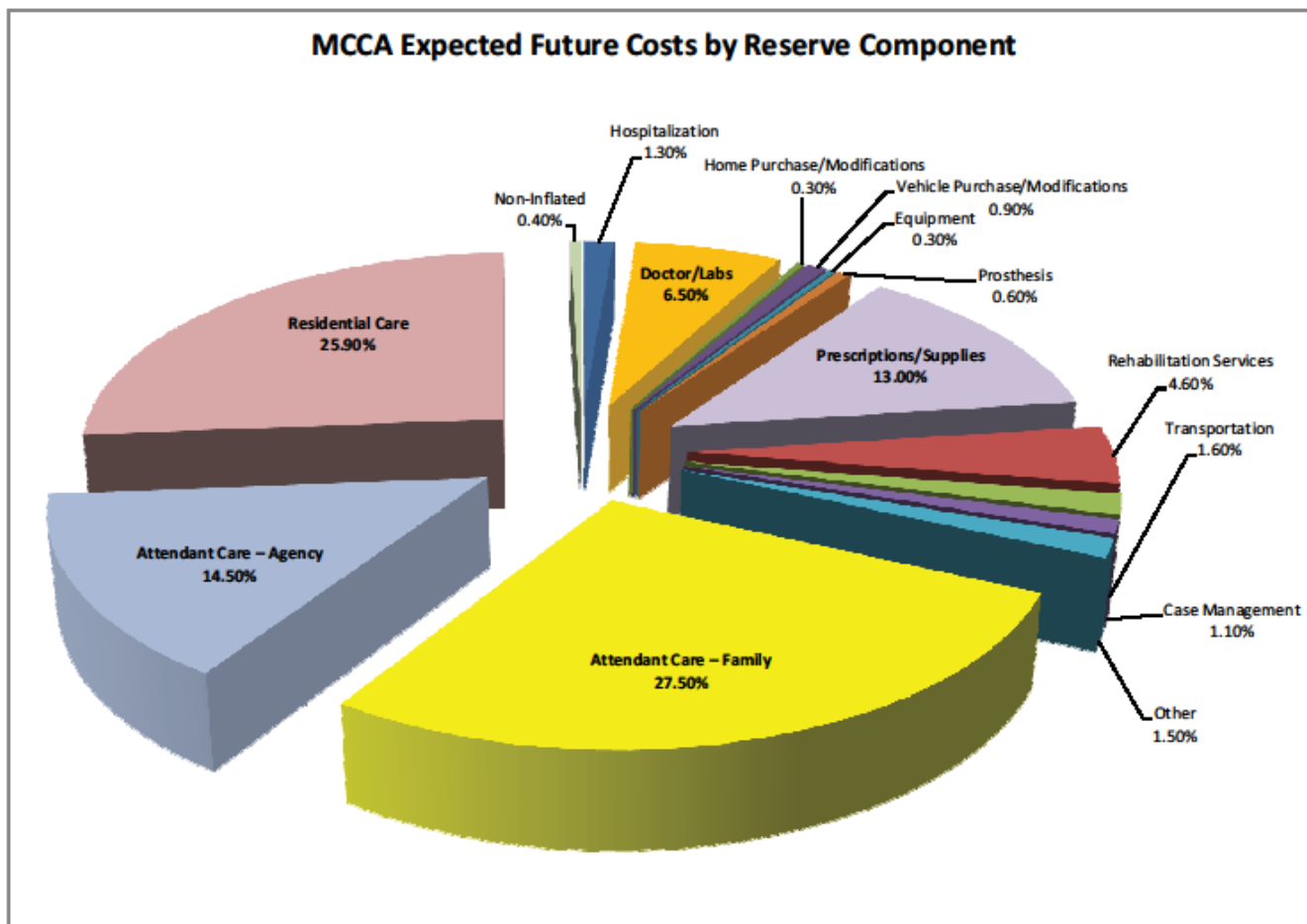


Michigan Catastrophic Claims Assoc.

MCCA

- Pays claims when they exceed \$500,000.
- All auto insurance companies (100+) contribute to MCCA.
- Your insurance company continues to pay your bills but is reimbursed by MCCA.
- Meetings closed to public.
- Board composed of 5 insurance company representatives, plus non-voting Insurance Commissioner.

PIP continues with MCCA





Legislative and Judicial changes

How does the Michigan Auto No-Fault Law change?

- Legislation passed by the State legislature
- Ballot questions decided by Michigan voters
- Decisions from the appellate courts



Michigan No-Fault History

- **1972** The Auto No-Fault Law was adopted.
- **1978** MCCA to "re-insure" insurance companies.
- **1992** Proposal D, which would have capped medical coverage, adopted fee schedules and made it more difficult for victims to hold negligent drivers accountable, **was defeated by Michigan voters 60/40.**
- **1994** Proposal C, which would have capped medical coverage, adopted managed care and fee schedules, and make it more difficult for victims to hold negligent drivers accountable, **was defeated by Michigan voters 60/40.**

2011 Political Climate

- Volatile, Unpredictable
- Appetite for Reform
- Leadership Vacuum
 - **61** new members in the Michigan House
 - **90** percent of all representatives have two years experience or less
- Erosion of Natural Constituencies



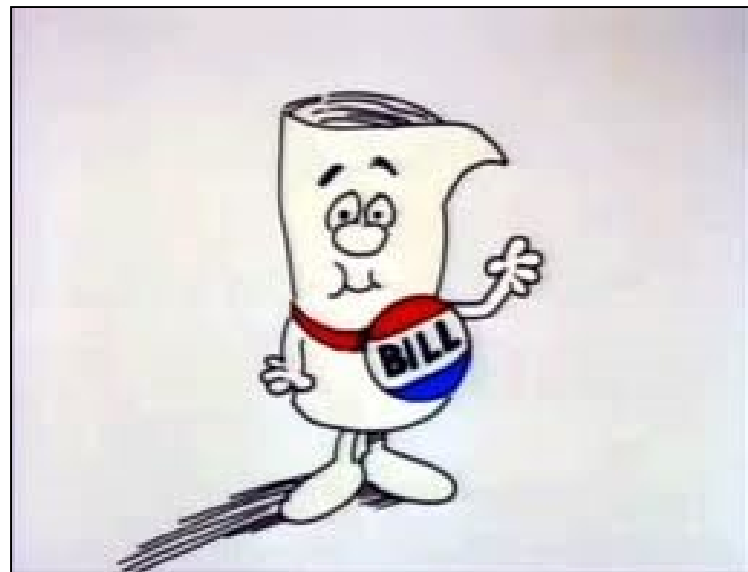


Legislative Attack

- Window of Opportunity for Insurance Proposed Change
- Political make-up of all three bodies of government
- Impact of governor appointees

Legislative Threats

- Personal Injury Protection (PIP) Cost-Shift
- Workers Compensation Fee Schedules
- Managed Care
- Insurance Industry Anti-Fraud Measures
- Unfair limits on victim's right to sue at fault drivers





CPAN & MBIPC Anticipatory Strategy

- CPAN retains Issues Management/PR Firm 2007
- MBIPC retains PSC to do “The Impact of Reducing PIP Coverage in Michigan”
- CPAN commissions poll



CPAN & MBIPC *Anticipatory Strategy*

- CPAN/MBIPC retains AEG to do “Impact of Propose PIP Choice Law in Michigan”
- CPAN/MBIPC retains AEG to do Economic Impact Study



CPAN & MBIPC Anticipatory Strategy

- CPAN retains Insurance Economist Expert
- Communications Plan & Funds



H.B. 4936 & S.B. 649

The insurance industry has proposed legislation that would dramatically alter Michigan's auto no-fault insurance system as we know it. House Bill 4936 and Senate Bill 649 would:

- Eliminate lifetime personal injury benefits;
- Impose mandated price controls on private health care providers; and
- Cap in-home health care for seriously injured accident victims

- H.B. 4936
 - Introduced by Rep. Lund
 - 4 Hearings in House Insurance Committee
 - Approved by Committee and sent to House Floor for Action in October where it remains today
 - ~25 House Republican members are currently opposed to the bill as currently drafted
 - These Representatives are being pressured by the House leadership and aggressively lobbied by the insurance industry, as well as by CPAN members.

- MI Health & Hospital Meetings with the Governor and the Legislature Leadership
 - Two meetings in December
 - MHA reiterated that it was part of CPAN coalition and would not negotiate separately
 - MHA was asked to create a list of questions/issues that would be necessary to discuss a legislative solution to the “sustainability of the MI Auto No-Fault Insurance System.”



CPAN's Freedom of Information (FOIA) Lawsuit

- CPAN filed FOIA Lawsuit on January 23, 2012
- **Why has CPAN filed a lawsuit against the Michigan Catastrophic Claims Association (MCCA)?**
 - It's the public's money – all drivers are required by law to pay \$140 per year into the MCCA. The public has the right to know how those charges are determined and how the fund is being managed.

- **On what legal grounds has CPAN filed its lawsuit?**
 - Michigan's constitution prohibits amending one law by referencing that law in another section of law. The actual law being amended must be changed.
 - When the MCCA was created in 1978, lawmakers exempted it from FOIA in the Insurance Code but not in the actual FIOA law. Therefore, the MCCA's exemption from FOIA is unconstitutional.



CPAN's Freedom of Information (FOIA) Lawsuit

- **What information does CPAN hope to find through this lawsuit?**
 - CPAN requested that the MCCA provide information that lawmakers can use to determine whether Michigan's auto insurance system is financially sustainable. Specifically, CPAN requested the following information:
 - As to all closed claims previously serviced by the MCCA:
 - The age of the claimant as of the date of injury
 - The age of the claimant as of the date the claim was closed;
 - The total amount paid by the MCCA as of the date the claim was closed.
 - As to all open claims presently being serviced by the MCCA:
 - The age of the claimant as of the date of injury;
 - The current age of the claimant; and
 - The total amount paid to date for each claim.

Michigan Auto No-Fault:

- Provides the best health benefits in the country at avg. costs for the PIP and liability
 - Above average costs exist in insuring the car, not the person
- Is a private sector system rather than cost shifting to the public sector and tax payers.
- Allows for tens of thousands to be employed in health care and related fields
- Requires drivers to be responsible by insuring themselves



Legislation Proposed

- National Association of Insurance Commissioners (NAIC)
 - 21st in the nation for comprehensive coverage
 - 16th in the nation for liability coverage
 - 3rd in the nation for collision coverage

**It costs more to insure a car in Michigan
than the people in it.**



Future

- Compromise ?



Member Engagement

- How to manage response
- Rally's, Hiring of multiple lobbying firms by providers
- Writing, emails and phone calls to Representatives & Senators
 - Be respectful!
 - What to do if they don't agree with our position



Communication Efforts & Challenges

- CAPWIZ - "Write Your Legislator"
 - Variety of messages, differing views – **14,300+**
 - Conference Campaign – Internet Cafe
- YouTube
 - Survivor, family, provider videos filmed at conference.
- E-mail News – **5,000+**
 - Regular eNews & immediately following each hearing.



Communication Efforts & Challenges

- Social Media
 - LIVE tweeting and Facebooking during Hearings
 - Guest Tweeters
 - QR stamps
 - Facebook Fans – 1,400+
 - Twitter followers - 430+
 - Posting live stream and pictures



How Can You Help?

- **Join CPAN** www.CPAN.us

- **Connect:**



Facebook.com/ProtectNoFault

- **Get involved** with consumer or provider organizations
MARO, MRA, BIA, MBIPC