



March 29, 2006

**COPY**

Attorney Ellen H. Tangen  
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200 East Wells Street, Suite 800  
Milwaukee, WI 53202-3515

Re: Jean M. Bonneville, et al. vs. WPS Health Insurance, et al.  
Milwaukee County Case No. 04-CV-010331

Dear Ellen:

I am writing to request your authority to settle a litigated subrogation matter involving Jean Bonneville, the spouse of Reed Bonneville who was covered under the self-funded health plan of the City of Milwaukee.

This case is venued in Milwaukee County as Circuit Court Case No. 04-CV-10331. The accident occurred on December 29, 2001 when the plaintiff's vehicle was rear-ended by a vehicle operated by the defendant. The effective date for the coverage for Ms. Bonneville was not until January 1, 2003. Wisconsin Physicians Service Insurance Corporation (WPS) then paid \$57,370.32 of bills amounting to \$91,574.35 for dates of service ranging from January 21, 2003 to December 9, 2005.

The plaintiff settled with the defense at the mediation on March 23, 2006 for \$30,000.00, contingent upon the City of Milwaukee agreeing to reduce its subrogation claim to \$2,500.00. The problem we face here is that only \$50,000.00 of liability limits are available. The defendant has passed away, and there are no other sources of recovery. The defendant's insurance company was not motivated to do much in the way of settling this matter, given the pre-existing problems and causation issues that the plaintiff faced. This was a minimal impact accident resulting in just a hairline crack on the plaintiff's bumper cover. She had spinal fusion surgery in the summer of 2005, but this is clearly unrelated to the accident. The bulk of the expenses that WPS paid were for this surgery. Bear in mind that the accident was on December 29, 2001 and WPS did not pay for medical expenses until the date of service of January 21, 2003.

The defense medical examiner, Dr. Thomas O'Brien, opined that Ms. Bonneville sustained a minor soft muscle sprain in the accident. However, he also indicated that she had age-related cervical degenerative disc disease and that the surgical procedure that was performed by Dr. Fuiks in June of 2005, is a discectomy infusion procedure that was performed to address a long standing cervical degenerative disc disease which Ms. Bonneville had prior to the motor vehicle accident of December 29, 2001. Lastly, he opined that Ms. Bonneville required no further treatment for her neck pain after the date of the healing plateau which he places at six weeks following the motor vehicle accident.

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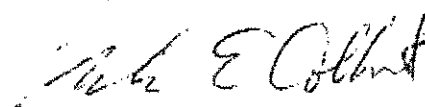
We are in a classic "Catch 22" here. If the expenses that WPS paid for beginning January 21, 2003 are in fact related to the accident, the \$30,000.00 settlement clearly doesn't make the plaintiff whole, and under the Rimes doctrine WPS would not be entitled to recover its subrogation interest. Conversely, if in fact the medical expenses for which WPS paid are not related to the accident, then WPS simply does not have a subrogation interest to begin with. Given the facts, I believe the latter to be more likely.

Given the above, I think a \$2,500.00 recovery by the City of Milwaukee is appropriate, as if we were to proceed to a Rimes hearing I am confident that the Court would not find in our favor.

I would appreciate it if you could seek the City Council's approval of this. The Court is being notified that we anticipate having the City's decision in 30 to 60 days.

I look forward to hearing from you. If you have further questions or concerns, please don't hesitate to contact me.

Very truly yours,



Mark E. Colbert  
Attorney

MEC:lln