

Proposed Michigan Auto No-Fault Reform Leaves Injured Without Care

Michigan Senate Bill 293 was introduced on March 24, 2011 by Senators Joe Hune and Virgil Smith and proposes to allow Michigan drivers to under-insure the risk of operating a vehicle by purchasing as little as \$50,000 of personal injury protection (PIP) coverage. The Senators hope the legislation will help drivers by decreasing premiums. In reality, the consequences of this legislation will be devastating to automobile accident victims, shift millions of dollars of health care costs from private insurance companies to state government welfare programs, and eliminate thousands of jobs in a brain and spinal cord rehabilitation industry that is unique to Michigan.

Under Michigan's long-standing no-fault system, insured drivers contribute to the Michigan Catastrophic Claims Association (MCCA) fund which allows all insured drivers, passengers and pedestrians to access adequate PIP benefits. PIP covers the cost of reasonable and necessary medical care, products, and services, including potentially life-long care. This benefit is part of the foundation of our no-fault system. When the law was enacted, we agreed to give up the right to sue the other driver in the majority of accidents cases. In exchange, we have lifetime medical coverage, if needed.

Michigan's visionary creators of this law have been highly praised for the system's excellent medical benefits, reduced frequency of litigation, and moderate overall liability costs relative to what drivers pay in premiums and receive in benefits compared with other states.

According to its authors, Senate Bill 293 aims to reduce the consumer cost of automobile insurance. While the potential cost savings are unclear, the following consequences are clear:

Thousands of severely injured auto accident victims will run out of insurance benefits every year in Michigan.

We have learned from other states that when reduced PIP coverage is made available, approximately 80 percent of the population chooses the lowest cost option. In the case of SB 293, we would estimate that about 80 percent of Michigan drivers would purchase \$50,000 of coverage. With annual auto accident rates, this would leave thousands of accident victims with less than adequate care, a slim chance of recovery, and penniless.

Blue Cross, HMOs, and the Affordable Care Act do not pay for long-term rehabilitation needs or supported living assistance for the catastrophically injured. As a result, we cannot be fooled into thinking National Health Care will be the victims' safety net.

The thousands of severely injured auto accident victims who run out of insurance benefits each year will be forced to shift to state governmental welfare programs. The state of Michigan will be faced each year with the demands of thousands of additional people with very costly needs. The cost of care will be shifted from private auto insurance programs to Medicaid and other state programs.

Michigan's Medicaid programs were not designed to take care of the needs of privately insured citizens; rather Medicaid is a social welfare program established to address the needs of people with little income or resources. SB 293 is effectively proposing that we knowingly and systematically add to the number of poor and uninsured by promoting the practice of under-insuring our drivers, children, passengers, and pedestrians.

Thousands of skilled and trained health care workers will lose their jobs in an already suffering Michigan economy. As the thousands of future accident victims who chose the lower PIP coverage surpass their \$50,000 policy limits in the early days of hospitalization or recovery, they will learn they are unable to access the needed rehabilitation services and supports that make up the nation's most significant post-acute brain injury rehabilitation industry.

Michigan, unlike any other state today, has created a wonderful industry to support and rehabilitate auto accident victims. If SB 293 were to pass, this industry would shrink dramatically over the course of time. This reduction in programs and jobs would not be due to the lack of patient



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needs, rather due to the lack of available insurance benefits.

The benefits to accident victims who receive early and aggressive rehabilitation services are clear and proven. We have developed a model of insurance funding in Michigan that is also proven. The consequences of tampering with the lifetime PIP benefits would be catastrophic to accident victims, our industry, and our workers, as well as prove very costly to our state government. I encourage you to be an active voice against Senate Bill 293. We cannot compromise on this point. ❖

*Written by Bill Buccalo, President
Rainbow Rehabilitation Centers
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