

Insurers Seek Medical Fee Schedule On Car Crash Claims in Michigan

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The Insurance Institute of Michigan is gearing up this spring to press for state legislation that could set a medical fee schedule for hospitals, doctors and others who submit auto insurance claims.

Over the past several years, a coalition of hospitals, physicians, nursing homes, trial lawyers and labor unions has successfully beat back similar legislation that the insurance industry contends could lower auto premiums by 10 percent to 30 percent, said the Lansing-based Insurance Institute.

But if a medical fee schedule were used to pay auto claims -- similar to that used in workers' compensation -- hospitals, physicians, nursing homes and others could stand to lose millions of dollars in reimbursements.

"A reduction in payment for services rendered would be significant and in excess of \$25 million" annually, said Nick Vitale , senior vice president of financial operations at three-hospital William Beaumont Hospitals in Royal Oak.

No bill has been introduced, but the proposal "portrays to save money for those insured, but it reduces the level of benefits," said Vitale. "If somebody gets really injured and can't work, somebody has to pay for the claims," he said. "There could be huge out-of-pocket expenses for health care."

But Pete Kuhnmuench , executive director of the Insurance Institute, said a fee schedule and other reforms are needed to check growing provider reimbursement. The state's 38-year-old auto no-fault law contains the nation's only unlimited and lifetime medical benefit provision.

"There has been a stalemate legislatively, and all the while medical costs continue to grow," said Kuhnmuench.

Laura Appel , vice president for federal policy and advocacy with the Michigan Health and Hospital Association, said one of the problems with medical fee schedules is that some hospitals could receive higher numbers of accident victims than others and be disproportionately affected by lower reimbursements.

Ari Adler , press secretary for Republican House Speaker James Bolger , R-Marshall, said no-fault auto reform legislation will be developed this spring. The bills will be similar to House Bills 6094 and 6095 that were introduced last year.

"We expect to have a debate this year, but (legislators) realize this ignites opposition from the medical community," Kuhnmuench said.

Two other key provisions are expected to be included in the bill to give consumers choice and help drive down auto premiums, he said.

First, auto insurers would pay a tax to create a fraud bureau that would allow more funding for law enforcement and prosecutors to go after auto fraud rings and unethical providers.

Another key component of the bill would allow consumers to choose one of five levels of personal injury protection coverage: \$50,000, \$100,000, \$200,000, \$400,000 and unlimited.

Because medical coverage could be reduced under the proposed bill, one option for those in auto accidents seeking to recover unpaid medical costs could be to file a lawsuit, said Mary Catherine Rentz , an attorney representing insurers with Plunkett Cooney in Bloomfield Hills.

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