

Talking Points

Protecting Auto No-fault in Michigan – Senate Bill 248 (H-3)

Updated November 2016

- On April 16, the state Senate passed [Senate Bills \(SBs\) 248](#) and [249](#), legislation that dramatically alters Michigan’s auto no-fault law, with minimum public notice and very little public testimony.
- From April 21-23, the House Insurance Committee heard testimony on the bills before reporting a substitute bill to the full House for consideration. As passed by the House Insurance Committee, SB 248 (H-3):
 - **Sets government-controlled prices for payments, which will affect access to care for ALL patients.** A government-mandated fee schedule based on 150 percent of Medicare rates will cost hospitals and health systems up to \$1.2 billion, not including the cost to rehabilitation centers, long-term-care facilities, home health services, assisted-living centers, attendant care, etc.
 - **Creates a new, underfunded, unregulated, government-operated entity to care for people who are catastrophically injured in auto accidents.** The new entity is specifically excluded from Michigan insurance laws. Even though accident survivors will depend on the fund, and drivers will put money into it, we do not know what happens if it fails.
 - **Provides zero permanent rate relief for Michigan drivers.** In exchange for jeopardizing care to those catastrophically injured in auto accidents and gutting Michigan’s entire healthcare network, auto insurers have offered a temporary “cut” to drivers’ insurance premiums of just \$8 per month for two years. The bill does nothing to require that auto insurers lower their rates after 2018.
- **Eviscerates insured benefits for the seriously injured** by limiting the insured benefit to \$545,000. These bills are not about protecting consumers or initiating meaningful reforms. They are about improving the bottom line and stock valuation of giant auto insurance companies.

ACTION ITEM: Members are urged to contact their local state legislators to share how these bills will have a detrimental effect on the abilities of hospitals and other healthcare providers to adequately care for patients injured in car accidents, particularly those individuals with long-term, debilitating injuries that can make everyday tasks more difficult.

Additional Discussion Points

- **Michigan’s no-fault law ensures that auto accident victims receive the care and rehabilitation they need following catastrophic auto accidents. The law has been in place since 1973 and, without it, most auto accident victims would not be able to afford the care they need.**

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- This is another attempt in a long-winded effort by auto insurance companies to boost their profits on the backs of auto accident victims, and we will do our best to protect our patients and their families.
- **The MHA and its member hospitals have always been open to participating in the political process and discussing meaningful reform that maintains victims' access to care following a catastrophic auto accident. Since 2011, the MHA has continuously offered to negotiate on no-fault reform efforts, including being willing to lower and freeze hospital reimbursement rates from auto insurers. Those efforts have been categorically rejected by auto insurers and ignored in the state Legislature.**
- Hospital trauma centers, the treatment location of first choice for critically injured individuals, would face dramatic funding cuts that would force hospitals and health systems into tough financial decisions. This affects access to care for *all* patients — not just those with catastrophic auto injuries.
- The MHA, along with the Coalition to Protect Auto No-fault (CPAN), of which the MHA is a member, is 100 percent against fraud and would like to see stronger anti-fraud measures incorporated into SB 248. The efforts help protect consumers and cut down on the costs associated with these crimes.

Facts About Michigan Hospitals

- In 2014, the year for which the most recent data are available, 4.8 million people were treated in emergency departments at Michigan hospitals.
- Healthcare is Michigan's leading source of private-sector jobs.
 - 227,000 hospital jobs
 - 586,900 direct healthcare jobs
 - Healthcare employees generate \$34 billion a year in wages, salaries and benefits
- Michigan hospitals are highly efficient. In 2013, costs ranked 9.7 percent below the national average and translate into annual savings to employers of at least \$500 million. Michigan hospital costs ranked 7.1 percent below other Great Lakes states (Indiana, Illinois, Ohio, Pennsylvania and Wisconsin). *Source: 2015 MHA Fact Sheet; MHA Policy staff*

Additional Resources

- [Coalition to Protect Auto No-fault \(CPAN\)](#)
- [2014 Michigan Traffic Crash Facts At-A-Glance](#)
- [Michigan State Police Traffic Crash Statistics](#)
- [American College of Surgeons – lists the verified trauma centers in Michigan](#)

Members with questions about these talking points should contact [Laura Appel](#), senior vice president, Strategic Initiatives, at the MHA at (517) 703-8601.