



The Sky is Not Falling on Medical Care for Auto Injuries

Rate reductions apply only to select services offered by specialized providers

By Michael Van Beek | April 2022

Some medical providers in Michigan are pushing to eliminate the cost controls put in place by the bipartisan auto insurance reforms from 2019. These were a critical element of the reform, and reversing them would jeopardize the savings millions of Michigan drivers are just now beginning to realize.

For decades, Michigan law allowed medical providers to charge auto insurers exorbitant fees for routine services and to get paid for services that no other insurance system would cover. This helped create a small industry of medical providers that specialize in extraordinarily expensive care, specifically for people injured in auto accidents. Why the focus on car crash survivors? Because no other insurance plan would pay for these unique services, even if covering someone with identical injuries.

The 2019 reforms capped what providers could earn for these services. Now they can only collect 55% of

what they charged insurers back in January 2019, before the reforms took place. Some of these providers are now telling startling stories of the negative impact this change may have on their clients.

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Some context is needed in light of these claims. First, auto accident victims are still eligible for significant levels of care — the rate reduction only applies to services that are not coded by the federal Medicare system. Providers, in fact, can charge double the Medicare rates for standard

services. Auto accident patients are not “losing their care,” as some have claimed.

Second, the cost controls apply to services that are extraordinarily expensive. For instance, one medical provider actually supplies housing for accident survivors, charging between \$240,000 and \$400,000 annually, and sometimes more, for these around-the-clock services, according to the Detroit

Free Press. This is two to three times the cost of providing similar care in a general care facility that does not primarily rely on auto insurance payments. Another provider employed nearly six employees for every one of its patients. It is hard to imagine care that could be more generous or expensive.

Finally, Gov. Whitmer and the Legislature listened to these providers last year and established a \$25 million relief fund to help them transition to the new cost controls. To be eligible, providers have to demonstrate that they have a “systematic deficit.” Only a few providers have applied for these funds, with many complaining that it is too costly for them to do things like submit copies of their financial records. This seems odd and makes one wonder if their fiscal straits are as dire as they’re made out to be.

Dealing with these auto insurance issues over and over again makes it easy to forget just how unique Michigan’s system was before the 2019 reforms. Most

states do not have an industry of specialized medical providers for auto accident injuries. Instead, these patients get the same type of care that other people with similar injuries get, such as those suffered while operating heavy equipment or from falling off a ladder or from a boating accident. Even with the reforms, Michigan auto accident survivors will be eligible for at least the same level of care millions of others with similar challenges around the country receive. While this will require some big changes for a select group of specialized medical providers, it’s not the sky falling.

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