



Capitol Advocacy Center
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To: Members, Senate Insurance Committee

From: Dave Finkbeiner, Senior Vice President, Advocacy

Date: June 3, 2015

Re: Senate Bill 288—D Insurance Plan
MHA Position—Oppose

On behalf of our member hospitals, the Michigan Health & Hospital Association (MHA) asks that the Senate Insurance Committee approach changes to the Michigan auto no-fault insurance system with caution. The MHA has read two versions of a new insurance product for residents of Detroit. There may be another version in a substitute offered in the committee hearing today.

The MHA understands and respects the Mayor's commitment to reducing the cost of auto insurance in Detroit. Still, we do not believe that limiting medical care to people who suffer catastrophic injuries in crashes is a sensible path to lower auto rates in Detroit or anywhere in Michigan.

Both the frequency and severity of insurance claims related to auto accidents are higher in Detroit compared to the statewide averages. This is troubling and is a problem that hospitals are willing to confront. **However, hospital prices do not vary by geographic location of a patient's insurance policy.** Hospital procedures, length of stay, use of medications, and use of equipment are highly regulated by several payers. It is unlikely that practice patterns are amended on a medical-surgical unit of a hospital based on the insurer paying the claim.

Since 2011, the MHA has suggested to lawmakers and to the Snyder administration that work should be done to establish best practices of care for people who are injured in auto accidents. The MHA has also supported the various legislative proposals to implement much stronger fraud efforts through the creation of an anti-fraud bureau and to fund that bureau with an assessment on auto insurance policies. Together, these efforts could reveal and help end the over use of medical services in the boundaries of Detroit.

The MHA is a member of the Coalition to Protect Auto No-Fault and shares the concerns that are outlined in the substantive CPAN analysis of the D Insurance concept. Unless there is a substitute that significantly changes the D Insurance plan, the MHA is opposed to SB 288 and asks the committee members to vote no on the question of reporting the bill out of committee.

If you have any questions about the MHA position on SB 288 or any other legislation related to auto no-fault insurance, please contact me at your convenience.