

Legislative Analysis



NO-FAULT AUTO INSURANCE: FEE SCHEDULE FOR MEDICAL BENEFITS

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House Bill 4792

Sponsor: Rep. Virgil Smith

Committee: Insurance

Complete to 7-23-07

A SUMMARY OF HOUSE BILL 4792 AS INTRODUCED 5-17-07

The bill would amend the Insurance Code (MCL 300.3157) to require the insurance commissioner to establish a schedule of fees limiting reimbursement to physicians, hospitals, clinics, and others treating an injured person for accidental bodily injury covered by person injury protection (PIP) benefits under a no-fault automobile insurance policy. The fee schedule would also apply to rehabilitative occupational training following an injury. The rules would have to be submitted for a public hearing no later than 21 months after the effective date of the bill.

The commissioner of the Office of Financial and Insurance Services (OFIS) would have to establish an advisory committee to aid and assist in developing the schedule of maximum fees and charges. The committee would be appointed by and serve at the pleasure of the commissioner.

Until the rules were promulgated, auto insurers would pay for treatment, service, accommodation, and medicine following the schedule of maximum fees for worker's compensation (found in administrative rules at R 418.10101 to R 418.101504). The use of this schedule would begin no later than 90 days after the bill's effective date.

(Currently, the No Fault Act allows health care and rehabilitation providers and facilities to charge "a reasonable amount" that "shall not exceed the amount [the provider] customarily charges for like products, services, and accommodations in cases not involving [no fault] insurance.")

FISCAL IMPACT:

The bill would result in a slight increase in State expenditures to cover reimbursable expenses of the newly created fee schedule advisory committee. Potentially, additional audit staff may be needed to investigate claims of deviations from the fee schedule, but the number of such staff is indeterminate at this time.

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