

Legislative Analysis



DENIAL OF PIP BENEFITS TO A PERSON IN USA WITHOUT AUTHORIZATION

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House Bill 4993

Sponsor: Rep. Eileen Kowall

Committee: Insurance

Complete to 5-22-12

A SUMMARY OF HOUSE BILL 4993 AS INTRODUCED 9-20-11

The bill would amend the No-Fault Act within the Insurance Code to specify that a person who is not authorized under federal law to be present in the United States would not be entitled to personal injury protection (PIP) benefits—medical and related benefits—for injuries suffered in an automobile accident.

MCL 500.3113

FISCAL IMPACT:

The bill would have a potential impact on the uncompensated care costs of hospitals to the extent that insured drivers (or their passengers) are injured in an accident and prohibited from receiving PIP benefits, lack supplementary insurance, and are unable to pay for emergency care provided by a hospital. Hospitals are required by federal law to provide emergency care and typically pass the costs of uncompensated care on to other patients and their insurance carriers in the form of higher healthcare costs and higher health insurance premiums. In such a case, insurance carriers of other patients (or out-of-pocket patients directly) end up paying for the care of drivers (or their passengers) prohibited from receiving PIP benefits and unable to pay themselves.

The Department of Community Health administers the Disproportionate Share Hospital (DSH) program which partially reimburses hospitals with large uncompensated care costs. The DSH program is supported with state (33%) and federal (67%) funds and is distributed to hospitals based, in part, on the extent of uncompensated care provided. If the bills brought about higher uncompensated care costs due to the prohibition of PIP benefits for specific drivers, the distribution of DSH funds may be affected.

Any necessary rehabilitation and/or long-term care costs that would have been supported by specified drivers' PIP coverage or through the Michigan Catastrophic Claims Association would, eventually, be supported through the state Medicaid and/or federal Medicare programs if drivers (or their passengers) lacked supplemental insurance and had expended their personal resources.

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