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BILL ANALYSIS



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Senate Bill 313 (as introduced 5-5-15)
Sponsor: Senator Marty Knollenberg
Committee: Insurance

Date Completed: 12-15-15

CONTENT

The bill would amend the Insurance Code to do the following:

- **Require a person who rendered treatment for automobile accident injuries covered by auto insurance to be reimbursed a reasonable amount that could not exceed what the person customarily was reimbursed for similar products or services.**
- **Prohibit a person who rendered treatment to an individual injured in an automobile accident from seeking reimbursement in an amount that exceeded the amount the person customarily was paid for rendering similar treatment for injuries that were not connected with a motor vehicle.**
- **Prohibit a treatment renderer who was paid by a provider of health and accident coverage that was coordinated with an automobile insurance policy from seeking reimbursement from the automobile insurer in an amount that exceeded what the person previously was paid for similar treatment by the provider of health and accident coverage.**
- **Prohibit a health insurance policy or a health maintenance organization (HMO) contract from denying or limiting health coverage to an insured or enrollee solely because he or she suffered accidental bodily injury in connection with a motor vehicle or was eligible for personal protection insurance benefits under an automobile insurance policy.**

The bill would take effect 90 days after its enactment. It would apply to policies, certificates, and contracts delivered, executed, issued, amended, adjusted, or renewed in Michigan, or outside of the State if covering Michigan residents, beginning after the date the bill was enacted.

Treatment Provider

Under the Code, a physician, hospital, clinic, or other person that lawfully renders treatment to an injured person for an accidental bodily injury covered by personal protection insurance, or a person that provides rehabilitative occupational training following such an injury, may charge a reasonable amount for the products, services, or accommodations rendered. The amount may not exceed the amount the person customarily charges for like products, services, or accommodations in cases not involving insurance. The bill states that the physician, hospital, clinic, or other person "must be reimbursed", rather than "may charge", a reasonable amount. The person could not be reimbursed an amount that exceeded the amount the person was customarily reimbursed for like products, services, or accommodations.

("Person" would include an individual, including a physician, as well as any other legal entity, including a hospital, clinic, or other institution.)

The bill also would prohibit a person that rendered treatment from seeking reimbursement in an amount that exceeded the amount the person customarily was paid for rendering like treatment to injured individuals for similar bodily injuries not arising from the ownership, operation, maintenance, or use of a motor vehicle as a motor vehicle.

If a person that rendered treatment previously had received payment from an insurer, HMO, third-party administrator, or other similar person that provided health and accident coverage that was coordinated under Section 3109a for treatment rendered to the injured person for the same injury arising from the ownership, operation, maintenance, or use of a motor vehicle as a motor vehicle, and if the benefits under the other coverage had been exhausted, the person rendering treatment could not seek reimbursement from the insurer providing the security required under Section 3101(1) in an amount that exceeded the amount the person previously was paid for the same or similar treatment by the other insurer, HMO, third-party administrator, or other similar person.

(Under Section 3109a, an insurer providing personal protection insurance benefits may offer, at appropriately reduced premium rates, deductibles and exclusions reasonably related to other health and accident coverage on the insured. These deductibles and exclusions apply only to benefits payable to the person named in the policy, the spouse of the insured, and any relative of either domiciled in the same household.

Section 3101(1) requires the owner or registrant of a motor vehicle required to be registered in Michigan to maintain security for payment of benefits under personal protection, property protection, and residual liability insurance.)

Insurer

The bill would add Section 3406t to the Code to prohibit an expense-incurred hospital, medical, or surgical group or individual policy or certificate that was delivered, issued for delivery, or renewed in Michigan and an HMO group or individual contract from denying or limiting health coverage to an insured or enrollee solely because he or she suffered accidental bodily injury arising out of the ownership, operation, maintenance, or use of a motor vehicle as a motor vehicle or was eligible for personal protection insurance benefits under Chapter 31 (Motor Vehicle Personal and Property Protection).

("Bodily injury" and "accidental bodily injury" would mean those terms as they are defined in Section 3105. That section provides that bodily injury is accidental as to a person claiming personal protection insurance benefits unless suffered intentionally by the injured person or caused intentionally by the claimant.)

The prohibition would not prevent a policy, certificate, or contract from including a provision stating that the policy, certificate, or contract was secondary to an automobile insurance policy if the automobile insurance policy were not coordinated as provided in Section 3109a.

The prohibition would not apply to a policy, certificate, or contract related to the provision of benefits under Medicare or Medicaid.

The Code allows a group disability insurance policy to contain provisions for the coordination of benefits otherwise payable under the policy with benefits payable for the same loss under other group insurance; automobile medical payments insurance; or coverage provided on a group basis by hospital, medical, or dental service organizations, by union welfare plans, or employee or employer benefit organizations. Under the bill, this would apply except as provided in proposed Section 3406t.

FISCAL IMPACT

According to the Department of Technology, Management, and Budget, the bill could have a positive but nominal impact at the State level. The bill could reduce the cost of medical treatment payments from the motor vehicle self-insurance fund, although any savings likely would be nominal. This is because workers' compensation claims cover a significant share of employee medical expenses, and auto insurers typically cover personal insurance protection (PIP) claims.

The bill would have no fiscal impact on local government.

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.