



LEGISLATIVE UPDATE

September 2017

[Auto No-fault Insurance Issue Heats Up at the Capitol](#)

As promised by elected officials toward the end of summer, the debate over Michigan's auto no-fault insurance system is heating up in Lansing with the introduction of another no-fault bill in the Legislature. **A bipartisan group of legislators announced the first "official" auto no-fault insurance bill package** this fall during a news conference Sept. 14. Referred to as the [Fair and Affordable No-fault Reform Package](#), it cast the first stone in what promises to be a volley of legislative activity on auto no-fault reform this fall. The news conference came on the heels of an EPIC MRA poll commissioned by the MHA and released Sept. 13 about Michigan voters disapproval of redlining, a practice used by many auto insurers that considers factors other than driving records when setting premiums. Most of the bills that make up the Fair and Affordable No-fault Reform Package are still being drafted, but **legislators participating in the news conference indicated they expect the bills to be completed and introduced in the next few weeks.** [House Bill 4672](#), sponsored by Rep. Joseph Graves (R-Linden), was the only active bill mentioned as being included in the package. Graves participated in the news conference.

Based on comments made by both Republicans and Democrats in attendance, the proposals will include the following:

- Fee schedules for medical costs related to auto injuries and attendant care limits.
- Addressing the *Covenant v. State Farm* Michigan Supreme Court decision that Level 1 trauma centers may be omitted from the fee schedule requirement, but the details of that have yet to be determined.
- Stopping the use of non-driving related factors in determining auto insurance rates.
- Public availability of the Michigan Catastrophic Claims Association's ratemaking data.
- Creation of a state anti-fraud authority to monitor fraud and abuse.

Until those bills are introduced, the MHA does not currently have an official position for or against the legislation. However, the MHA Board of Trustees currently maintains a position against the use of government-mandated fee schedules for auto no-fault insurance.

On Sept. 26, Detroit Mayor Mike Duggan, Speaker of the House Tom Leonard (R-Dewitt), Rep. Lana Theis (R-Brighton) and several interest groups held a news conference at the Capitol to introduce [House Bill \(HB\) 5013](#), **a bill that would drastically change Michigan's auto no-fault law.** The introduction of HB 5013 comes on the heels of the auto no-fault proposal introduced Sept. 14,. An MHA analysis of HB 5013 revealed that the legislation does not adequately protect drivers or guarantee real savings. While the legislation imposes a government-mandated fee schedule on healthcare providers based on Medicare rates, it fails to deliver meaningful rate relief to Michigan drivers opting to keep their current level of auto insurance coverage. Rather, **the legislation calls for the creation of new auto insurance offerings that essentially provide fewer benefits and protections for less cost.** In a [statement about the proposal](#), MHA CEO Brian Peters called the bill a ["nonstarter."](#)

The MHA will once again be keeping members apprised of any action the state House or Senate may take on the issue this fall. **As part of that effort, the [first episode of a new podcast series](#) from the MHA called the **MiCare Champion Cast** features a discussion with [Laura Appel](#), senior vice president and chief innovation officer, as she explains the history of Michigan's auto no-fault system and past legislative reform efforts.**

The intent is to help educate members and the general public about the state's auto no-fault law and the legislative efforts to reform the current system. No-fault experts will be on hand to discuss the following topics and more.

- Why Michigan has a no-fault system in place
- The medical costs related to patient care for those injured in car accidents
- Tips for how consumers can tell whether a legislative bill will lead to meaningful rate reduction in auto insurance premiums

Check with the MHA website for dates and times.

[New Poll Reveals Michigan Voters Disapprove of Auto Insurers' Rate Setting Practices](#)

As the Michigan Legislature gears up to look at ways to lower the cost of auto insurance in Michigan, a poll released Sept. 13 found that Michigan voters disapprove of a practice commonly referred to as redlining, which is when insurers use factors other than those directly related to driving records to determine auto insurance rates.

Voters are especially angry that many auto insurance companies use a driver's education level, marital status, credit score and employment status to set auto insurance premiums. Among the key findings in the survey:

- An 81 percent to 15 percent overwhelming majority of voters said auto insurance costs in Michigan are too high.
- 92 percent of voters disapprove of using a person's educational level to set auto insurance rates.
- 84 percent disapprove of using marital status.
- 78 percent disapprove of using credit scores.
- 77 percent disapprove of using employment status.
- 62 percent disapprove of using where a person lives (ZIP code).

Using a person's driving record in determining auto insurance rates was the only factor that Michigan voters approved of. According to the survey, 91 percent of Michigan voters approved this practice.

The survey of 600 Michigan voters was conducted Aug. 27 to Sept. 1 on behalf of the MHA. The survey has an error margin of 4± percent.

[Hospital Testimony Provided in House Health Policy Committee](#)

The House Health Policy Committee heard testimony Sept. 20 on bills that are part of Gov. Rick Snyder's bipartisan bill package aimed at combatting Michigan's growing opioid epidemic. The MHA was a member of Snyder's **Michigan Prescription Drug and Opioid Abuse Taskforce**, which recommended the provisions contained in **Senate Bill (SB) 270**. The legislation would require prescribers to review patient medical records and history, create and maintain records of a patient's medical condition, and ensure a plan for follow-up care is in place before prescribing Schedule II-V controlled substances.

The committee also heard testimony on **MHA-supported SB 360**, which would allow pharmacies to dispense up to a 90-day supply of a prescription drug at one time. The MHA Legislative Policy Panel voted to support this bill because SB 360 would help to achieve better medical outcomes due to higher medication adherence.

A highlight of the hearing was Donald Bignotti, MD, chief clinical officer, Ascension Michigan, Warren, testifying in favor of **MHA-supported House Bill 4066** regarding Michigan joining the **Interstate Medical Licensure Compact**. The compact is a state-based legislative proposal that offers a new and expedited pathway to licensure for qualified physicians who wish to practice in multiple states, which would help increase patient access to care.

[U.S. Senate Tables Vote on ACA Repeal Due to Lack of Votes](#)

A last-ditch effort to repeal and replace the Affordable Care Act (ACA) was officially tabled Sept. 26 by Senate Majority Leader Mitch McConnell (R-KY). **The bill, known as the Graham-Cassidy-Heller-Johnson proposal, failed to garner the support necessary for passage under the rules of reconciliation, which expire Sept. 30.** Under reconciliation, only 51 votes were necessary for passage in the Senate, compared to 60 votes under normal voting procedures.

In a statement about the decision, **MHA CEO Brian Peters said he was relieved that the bill failed to garner the support necessary to hold a vote, but he also reiterated the MHA's willingness to work with elected officials on a thoughtful, responsible approach to fixing the ACA.**

A study by healthcare consulting firm Avalere estimated that Michigan would have lost nearly \$8 billion in federal funding between 2020 and 2026 under the measure, which would have led to the death of the Healthy Michigan Plan and impacted coverage for at least 1 million Michigan residents. By the time the proposal was fully in effect, **Michigan would have lost an estimated \$140 billion**, which is nearly three times the size of Michigan's total **fiscal year 2018 budget**.

While the issue is tabled for now, the MHA full expects the debate over how to repeal and replace the ACA to continue. For the latest updates, visit the **MHA's ACA Repeal & Replace webpage**.