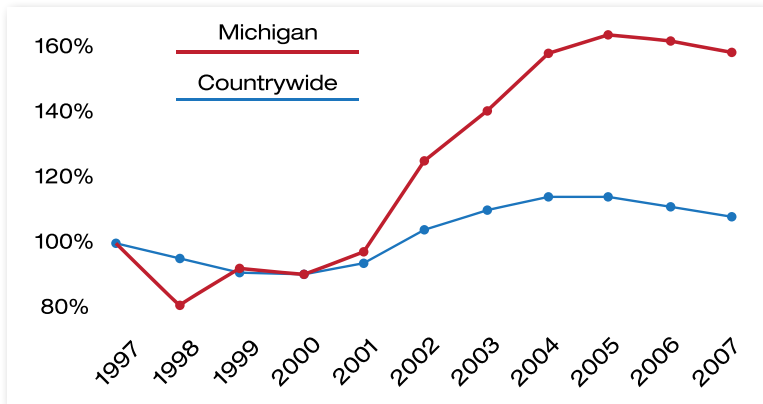




Medical Expenses are Driving Up the Cost of Auto Insurance

Michigan's no-fault auto insurance system is in desperate need of reform. Staggering increases in the cost of providing mandated unlimited, lifetime medical coverage as part of our auto insurance policies has pushed the cost of auto insurance 20 percent to 35 percent higher than in neighboring states – resulting in 1 out every 5 Michigan drivers going without insurance. Michigan is the only state in the nation that requires unlimited, lifetime benefits. New York, the state with the next highest level of coverage, only requires \$50,000 of coverage.

Unlimited lifetime benefits are useless for the 20% of Michigan drivers who can't afford to purchase the coverage.



Higher Costs

The blank check given to hospitals and other medical providers has been driving up the price of auto insurance for Michigan policyholders. During the last 10 years, the average Michigan auto insurance Personal Injury Protection (PIP) medical claim per vehicle rose more than 124 percent (8 percent per year), while nationally PIP claims rose only 25 percent (2 percent per year). The Michigan No-Fault law gives auto insurance companies no ability to reduce these costs. They must pay whatever hospitals decide is a reasonable charge.

Consumers Benefit with No-Fault Auto Insurance Reform Plan

In 49 other states, drivers have choices in the amount of medical coverage they purchase for their auto insurance policies. *Michigan drivers deserve the same opportunity.*

Set a Reasonable PIP Limit

As mentioned above, Michigan drivers are forced to buy unlimited, lifetime medical coverage. Even if they have private health insurance that pays for injuries in an auto accident, they are forced to purchase the coverage. In Florida, drivers only have to purchase \$10,000 of coverage; in Minnesota, drivers purchase \$20,000 of coverage; and Pennsylvania drivers only have to buy \$5,000 of coverage. Michigan legislators need to either give drivers a choice in the coverage they purchase, or establish a reasonable limit that is affordable.

Establish a Fair Fee Schedule

A medical fee schedule is one of the most common cost containment tools. Blue Cross Blue Shield and all private health insurance plans have them; so does the Michigan's Workers' Compensation system. By establishing a reasonable fee schedule for auto accident medical reimbursement, Michigan can ensure that what medical providers are getting paid is appropriate and can keep auto insurance rates down.

	Medicare	Workers Comp	No-Fault
X-Ray	\$42.00	\$65.00	\$162.00
ER Visit	\$125.00	\$170.00	\$444.00
CT Scan	\$262.00	\$419.00	\$1820.00
MRI	\$484.00	\$766.00	\$3279.00

No-Fault Reforms will Lower Costs

There have been numerous proposed changes to Michigan's no-fault system. All these proposals would offer consumers the highest auto insurance medical benefits in the country – but at a lower cost. Setting a reasonable no-fault limit and a medical fee schedule would ensure the future stability of the no-fault auto insurance system and will provide Michigan drivers with car insurance at a cost they can afford.