

Position Paper from the Michigan Rehabilitation Association
Michigan's Helmet Law

Recently, Governor Snyder signed the new Michigan Helmet Law, SB 0291 allowing motorcyclists over the age of 21 to choose whether they wish to ride with a helmet or not. A component of the bill is a requirement that motorcyclists choosing to ride without appropriate protective gear carry an additional \$20,000.00 in medical insurance.

The Michigan Rehabilitation Association supports the right of Americans to make personal choices concerning various lifestyle issues and we support the rights of Michigan motorcyclists to ride. We take the position that with rights come certain responsibilities and, to that end, we respectfully propose revising the Michigan Helmet Law to reflect the added responsibilities that must be born by helmetless riders.

We propose that the minimum medical insurance carried by a helmetless motorcyclist be raised from \$20,000.00 to a minimum of \$500,000.00 medical coverage. A press release issued by Josh Hovey of Truscott Rossman (jhovey@TruscottRossman.com)states:

"Claims data show:

- One out of every 200 claims will exceed \$400,000 – with average costs of claims being \$1.4 million;
- There are currently 12,801 open claims that have reached or may reach the \$480,000 reimbursement threshold set by the Michigan Catastrophic Claims Association"

This press release was issued Tuesday, September 13, 2011. We also note that, in many cases, most motorcycle accidents would not be covered under any provision of the Michigan Catastrophic Claims Association; therefore, once the current \$20,000.00 medical coverage expires, it is very likely that, in all too many cases, the accident victim will have to revert to the only source of medical coverage available, which would be Medicaid. This would unreasonably and unfairly spread the burden of the motorcyclist's choice to all of the citizens of the United States.

\$20,000.00 is simply insufficient to cover the expenses of a catastrophic accident, such as a closed head injury, that would very likely occur in the event of an accident involving a helmetless rider and, in fact, that \$20,000.00 medical limit could actually be expired on the ambulance ride from the incident site to the emergency room.

We, the Michigan Rehabilitation Association (and our partners), state that it is patently unreasonable for the citizens of the United States to bear the costs of what we deem to be an irresponsible decision.

Again, we of the Michigan Rehabilitation Association support the right of people to make their own decisions, but we do not endorse bearing the costs of decisions which we feel are irresponsible.

The above changes in the helmet law that we propose would not affect motorcyclists that are wearing a proper D.O.T. approved helmet.

We respectfully ask that you join us in this initiative and look forward to making this a legislative proposal, revising Michigan's Helmet Law.

Respectfully submitted by the
Board of Directors of the
Michigan Rehabilitation Association

Attachment: Press Release of 9/13/11: Capping No-Fault Benefits Shifts Millions to Taxpayers

FOR IMMEDIATE RELEASE:
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Capping No-Fault Benefits Shifts Millions to Taxpayers

*New study estimates proposed auto insurance "reforms"
could cost state \$30 million per year*

LANSING – An insurance industry-proposed plan to cap personal injury protection (PIP) insurance coverage could add millions to Michigan's tax burden. A study released today estimates the proposed policy change could cost Michigan's Medicaid program at least \$30 million in the first year alone. State taxpayers are expected to close the gap.

Michigan currently requires all drivers to purchase personal injury protection insurance, which reimburses medical expenses and lost wages. State lawmakers are poised to act on Senate Bill 293, which would gut Michigan's model no-fault law by capping driver injury and rehabilitation benefits to as low as \$50,000. Insurance companies want to get out of providing lifetime PIP coverage, which is crucial for accident victims with traumatic brain injury and other catastrophic injuries. The insurance industry says premiums will be reduced if the legislation is passed, but industry leaders have refused to guarantee savings in the legislation.

"If you make cuts to Michigan's auto insurance system, the accident victims don't go away – and neither does the cost of care," said John Cornack, CEO of Eisenhower Rehabilitation Center in Ann Arbor and president of the Coalition Protecting No-Fault (CPAN). "It all just gets shifted from insurance companies and onto the backs of taxpayers. This legislation is a cost shift and a taxpayer shaft."

Data indicate more than 500 people every year will require long-term care as a result of suffering traumatic brain injuries in car accidents. Without adequate insurance coverage, the cost of care is shifted to other payers, including accident victims and their families, healthcare providers and taxpayer-funded public programs. If the PIP benefits are capped the total cost to the Michigan Medicaid budget could increase \$30 million in the first year, roughly \$61,000 per traumatic brain injury. Because an additional 500 people will suffer similar injuries each year, the costs to Medicaid could grow exponentially.

Traumatic brain injuries (TBIs) are only one type of catastrophic injury caused by motor vehicle accidents but they tend to require long-term care. The study contains estimated costs for TBIs that other payers would incur if the PIP requirement is capped. Claims data show:

- One out of 17 claims will exceed \$50,000;
- One out of every 200 claims will exceed \$400,000 – with average costs of claims being \$1.4 million;
- There are currently 12,801 open claims that have reached or may reach the \$480,000 reimbursement threshold set by the Michigan Catastrophic Claims Association

“Early healthcare support and intensive rehabilitation is vital to helping brain-injured accident victims regain their skills and become productive citizens,” said Lynn Brouwers, president of the Michigan Brain Injury Provider Council, which paid for the study. “Any cuts to auto injury benefits will leave a huge population of accident victims without adequate care and reliant on the state’s welfare system.”

The Public Sector Consultants report also contradicts the notion that Michigan’s lifetime PIP requirements are the main factor driving up the cost of auto insurance. The report finds that Michigan drivers spend only five percent more – or \$23 – than the national average for the liability portion of their auto insurance but receive more benefits than drivers in other states. However, the cost of collision insurance – which covers vehicle repair and replacement – is 30 percent higher in Michigan than the national average.

“Michigan’s personal injury protection requirement does an excellent job of enabling accident victims to obtain the immediate health services they need for a maximum recovery at a cost only slightly above the national average,” said Jane Powers, vice president of Public Sector Consultants. “There is no compelling reason to reduce coverage requirements for personal injury protection insurance at this time.”

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The Michigan Brain Injury Provider Council: The Michigan Brain Injury Provider Council is dedicated to enhancing the ability of its members to provide high quality, ethical rehabilitation, health care, and related services to people with a brain injury. Members include organizations or individual professionals that provide direct products and services to people with brain injuries and/or their families, including but not limited to: hospitals, acute and post acute programs, case management agencies, outpatient clinics, home care agencies, private practitioners, legal representatives, advocates and transportation providers.

The Coalition Protecting Auto No-Fault: The Coalition Protecting Auto No-Fault is a broad-based coalition of consumer advocate groups, lawyers, doctors, hospitals and other health care providers working together to keep Michigan's model no-fault insurance law intact. Learn more about CPAN by visiting www.CPAN.us.