MICHIGAN STATE MEDICAL SOCIETY

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MEMO TO: House Insurance Committee

FROM: Alan M. Mindlin, President

RE: House Bills 4742 and 4904

I am writing on behalf of the more than 14,000 physician members of the Michigan State Medical Society in opposition to House Bills 4742 and 4904. These bills seek to allow the most advantageous aspects of managed care to the insurance industry be implemented at the expense of victims and providers.

Managed care and preferred provider organization (PPO) principles are well established in the traditional health insurance marketplace. However, it is not clear how these principles will translate into the auto no-fault system. Managed care and PPO establish networks of providers whereby discounts on fees are provided in exchange for guaranteed patient volumes and other business considerations. In the absence of a contract, physicians are not obligated to the fee schedule of the insurer, and the insured is responsible for the any unpaid balance.

Since accident claims are often complex and frequently require a great deal of review to determine which insurance is in fact required to pay for a service, it is unlikely that the establishment of a network to solely handle auto accident claims is very feasible. Patients may not be aware that they need to see a physician who participates with their auto carrier. Additionally, auto insurers may not contract with all types of medical specialties thereby creating a scenario where patients are not able to see a physician or have to the pay out-of-pocket expenses associated with the care.

Physicians who choose to not participate with the auto no-fault insurers managed care network are not subject to any contractual discounts. The result will be the billing of the patient for the balance of the amount due. Therefore, it is the likely outcome of this legislation that the costs of this proposal will either be borne by the physician and other providers or unfortunately, the patient. This is not the promise of auto no-fault and this is not in the interest of the patients or the physicians of Michigan.