Insurance Institute
of Michigan

TESTIMONY OF PETER A. KUHNMUENCH, EXECUTIVE DIRECTOR

INSURANCE INSTITUTE OF MICHIGAN

April 21, 2015

GOOD MORNING:

MY NAME IS PETER KUHNMUENCH AND I AM THE EXECUTIVE DIRECTOR OF THE INSURANCE INSTITUTE OF MICHIGAN.

THE INSURANCE INSTITUTE OF MICHIGAN IS THE STATE'S LARGEST PROPERTY/CASUALTY INSURANCE ASSOCIATION. IIM MEMBERS WRITE OVER 75 PERCENT OF THE PERSONAL AUTO MARKET IN MICHIGAN.

THE FRAUD AUTHORITY PILOT WILL PERMIT US TO DEMONSTRATE THE SAVINGS THAT WILL ACCRUE FROM THE PROSECUTION OF INSURANCE FRAUD WITHIN THE NO-FAULT SYSTEM WITH THE GOAL OF DIRECT CONSUMER SAVINGS.

ATTENDANT CARE REFORMS WILL ADDRESS SOME SPECIFIC ABUSES WHICH HAVE BEEN IDENTIFIED IN THE SYSTEM.

CONVERSION OF THE MICHIGAN CATASTROPHIC CLAIMS ASSOCIATION TO A NEW PUBLIC AUTHORITY OVERSEEN BY HEALTH CARE PROFESSIONALS AND CONSUMERS WILL BRING STABILITY AND CONSISTENCY TO CATASTROPHIC CARE. IT ALSO ADDRESSES TRANSPARENCY CONCERNS RAISED BY MEMBERS OF OPPONENTS TO NO-FAULT REFORM.

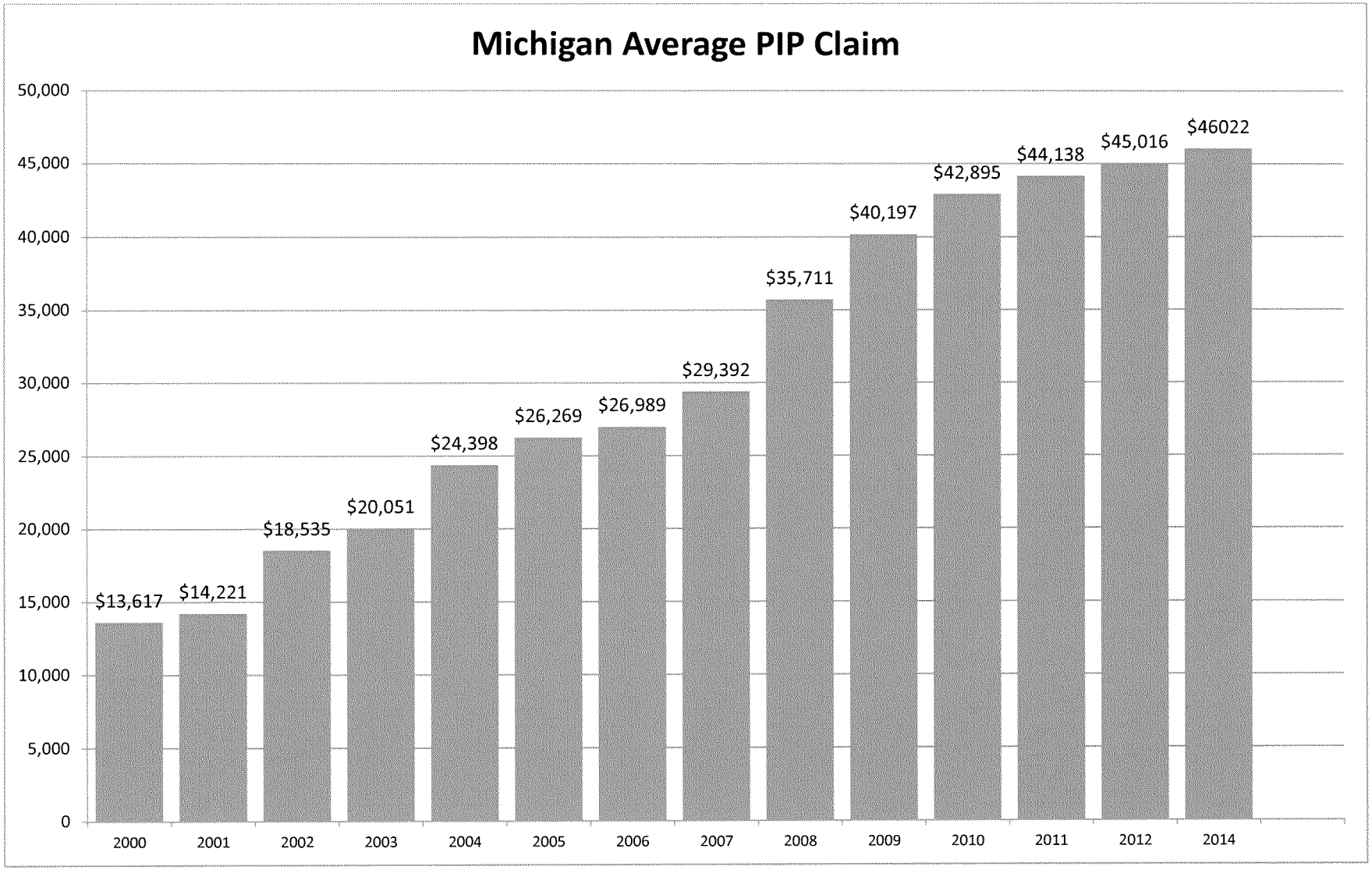
NO-FAULT REFORM HAS BEEN DISCUSSED FOR YEARS IN LANSING. DURING THOSE DISCUSSIONS, COSTS TO AUTO INSURANCE CONSUMERS CONTINUED TO RISE. THE INSURANCE

Medical Fee Comparisons

ProCode	Description	No-Fault Reimbursement			Medicare Reimbursement		W/Comp
		Detroit	Lansing	Grand Rapids	Detroit, MI	Rest of Michigan	
97110	Therapeutic exercises for strength (each 15 minutes); usually charged by Physical Therapist	79.38	56.17	57.97	30.66	29.03	41.57
98941	Chiropractic manipulative treatment; spinal, 3-4 regions	72.60	60.67	57.05	36.43	34.22	48.67
97140	Manual therapy (each 15 minutes) - physical therapy	60.80	43.02	44.41	28.91	27.37	38.03
97014	Electrical stimulation - physical therapy	56.05	34.84	34.92	13.20	12.35	19.27
97124	Massage (each 15 minutes) - physical therapy	52.36	37.05	38.24	25.07	23.67	32.96
99284	Emergency department visit; severe medical complexity	443.68	422.68	380.90	124.98	115.24	170.35
99283	Emergency department visit; moderate medical complexity	297.04	282.98	255.01	65.70	60.92	90.75
98940	Chiropractic manipulative treatment; spinal, 1-2 regions	56.47	47.19	44.37	25.94	24.61	34.98
99213	Office visit, established patient; typically 15 minutes	104.40	98.57	95.81	72.84	67.81	89.23
97012	Mechanical traction - physical therapy	56.94	35.39	35.47	15.99	15.06	20.79
97035	Ultrasound (each 15 minutes) - physical therapy	66.26	49.80	43.82	12.50	11.74	16.73
99214	Office visit, established patient; typically 25 minutes	151.90	142.85	138.85	107.90	100.61	133.85
97530	Therapeutic activities,improve functional performance (each 15 minutes); generally charged by Occupational Therapists	53.72	64.70	60.04	33.44	31.62	43.10
97112	Neuromuscular re-education (each 15 minutes) - physical therapy	77.69	54.97	56.74	32.05	30.33	42.08
72040	X-ray, spine, cervical; 2 or 3 views	161.96	124.57	128.38	41.59	38.29	54.76
72125	CT Scan - Neck	1,820.09	1,142.25	1,176.14	261.50	244.59	418.78
72141	MRI - Neck	3,258.68	2,045.08	2,105.76	483.98	452.40	769.63
72148	MRI - Low Back	3,278.55	2,057.55	2,118.60	484.31	452.56	765.57
72193	CT Scan - Pelvis	1,828.04	1,147.24	1,181.28	305.65	285.66	477.59
72050	X-Ray - Spine	227.55	175.02	180.37	55.89	51.79	77.06
29826	Surgery - Shoulder	2,806.13	2,201.71	3,041.06	730.70	654.87	939.98

Source data from Mitchell DecisionPoint(r). Data, analysis and graphics reprinted with permission from Mitchell International. All rights reserved. DecisionPoint reviews more than 13 million medical bills each year representing more than $11 billion in medical provider billed charges and has been assisting insurers to achieve superior measurable and sustainable indemnity and service results for more than 20 years. DecisionPoint customers include over 80 percent of the top 15 private passenger auto insurers in the United States.

Source: National Insurance Crime Bureau



Source: ISS Fast Track

Personal Injury Protection (PIP) coverage includes: all reasonable and necessary medical expenses, work loss benefits, replacement and survivor's loss benefits.