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May 1, 2013

House Insurance Committee Members

Re: Oppose HB 4612

Dear Representative,

Origami Brain Injury Rehabilitation Center, a non-profit organization located in Lansing and affiliated with Michigan State University and Peckham, Inc., provides comprehensive post-acute rehabilitation for individuals who have sustained a traumatic brain injury. Our services generally start when the injured person is medically stable and discharged from the hospital; however, they still require intensive support and rehabilitation to regain function and return to a meaningful life. Since inception in 1997, Origami has served over 700 individuals.

As written, House Bill 4612 threatens to dismantle the continuum of serves available to injured people and the viability of organizations like Origami. Historically, funding for Origami service comes from a variety of sources with approximately 60% of (individual) patients' care covered by Auto No Fault accounting for 80% of Origami's revenue. The explanation of that difference is simple. It is more likely that injuries from an auto accident are MORE SEVERE than other mechanisms of injury, like falls, concussions, etc. The Michigan Auto No Fault system is designed for and has successfully provided immediate access to care to these severely injured individuals.

Impacts of 4612:

- **$1,000,000 CAP** - Origami is a 22-bed facility. As it stands today, 70% of those occupying a bed have exceeded $1,000,000 in medical benefits. A $1,000,000 cap decimates both short term and long term access to care with little to no alternative available. It has been mentioned by proponents that a $1,000,000 cap exceeds the next closest state (New York) by 20x and that will translate into cost savings. In fact, New York is **MORE EXPENSIVE** in both average overall premium and liability/PIP coverage.*
    - Not only does this cap cripple available resources, but it will result in jobs lost. Michigan Brain Injury Provider Council estimates at least 10,000 jobs in facilities like Origami alone would be lost.

- **Price Controls** – Attempting to fix charges of medical providers is a slippery legislative approach. Mechanisms already exist in a free market philosophy that insurers use to evaluate reasonableness of charges.

- **Language Changes for allowed expenses** –The language changes for complex catastrophic injuries from *"reasonably necessary"* to *"medically appropriate and medically necessary"* and requiring "meaningful and measurable lasting improvement" is a monumental shift as to what would be an allowable part of rehabilitation. In short, it likely eliminates long term care, maintaining current conditions, returns people to driving or back to work. All of these aspects

currently provide a positive socio-economic result beyond just 'surviving the accident' and cost savings as compared to the cost of re-hospitalizations and functional decline.

- **Closing of the MCCA** – The claims that the MCCA is unsustainable should be deeply looked into before a massive overhaul of $14,000,000,000 is acted on. To date, no evidence has been produced to support the "unsustainability". Certainly, providers and consumers have a stake in its longevity and would be quick to support reforms if proven and transparent.

- **HICA Tax** - Saddling drivers with the HICA tax shortfall is irresponsible and the least transparent portion of this bill. A hidden tax under the guise of auto insurance affordability is quite the mixed message.

- **Affordability & Uninsured** – The $125 per vehicle 'savings' for 1 year projected out of this bill is an unacceptable trade for potentially lifetime medical benefits. Proven data exists as to the correlation between unlicensed to uninsured drivers, not premium rates to uninsured drivers. According to AAA**, 20% of people involved in fatal accidents in Michigan are unlicensed. It is not surprising that 20% are also uninsured. A theoretical $125 'savings' will do nothing to improve the uninsured in Michigan and specifically Detroit.

Different forms of insurance are built for different purposes. Workers Compensation, for example, was built for soft tissue and orthopedic injuries typical of that kind of medical risk. Health insurance is primarily built for acute medical conditions. And in Michigan, we have No Fault Auto insurance built to manage catastrophic injuries. The attempt to compare these in the areas of rates, conditions, need, outcome, etc. is not a logical comparison. They also are built to complement each other. Drastically changing one of these in a bubble can have wide, unintended, and negative consequences.

I urge you to **OPPOSE HB 4612** and not pull the rug out from under injured drivers and an industry that relies on the promise of Michigan Auto No Fault.

Sincerely,

Eric Hannah
Co-Executive Director

*Source: Insurance Information Institute (using National Association of Insurance Commissioners data 2010)
http://www.iii.org/facts_statistics/auto-insurance.html

**Source: AAA Foundation for Traffic Safety 2008
https://www.aaafoundation.org/sites/default/files/UnlicensedToKillResearchUpdate.pdf