

Refining the Use of Medicare as Basis for Auto No-Fault Fee Schedule



Supported by Coalition Protecting Auto No-Fault (CPAN), Michigan Association for Justice (MAJ), Michigan Brain Injury Provider Council (MBIPC), Michigan HomeCare and Hospice Association (MHHA), Home Care Association of America (HCAOA), We Can't Wait (WCW) Facebook Group

The MHA works diligently with our members to ensure hospitals have the information and resources needed to care for Michigan citizens injured in automobile accidents. The financial difficulties of post-acute care providers due to the auto no-fault law changes are having an increasingly detrimental impact on hospitals. MHA have identified a number of patients who did not require hospitalization have been dropped off at hospitals because of a lack of long term post-acute care providers to care for them in the home or at an appropriate facility. And it has become nearly impossible to transfer patients to post-acute settings as the number of providers and staff have diminished precipitously. Both circumstances threaten the well-being of patients who suffer the loss of their health because of inactivity and put unsustainable pressure on hospitals that lack the beds or the staff to care for patients who shouldn't be in the hospital.

In addition to patient care and placement difficulties, hospitals are experiencing a lack of consistency in reimbursements across auto payers. Claims processing is significantly delayed, and payers are wildly inconsistent in reimbursement rates due to confusion over Medicare rates. **The definitions in the amended act have proven to be insufficient, and additional clarity is necessary to ensure provider reimbursement rates accurately and predictably reflect the intent of the amended law.** In addition, the stringent application of the statute significantly impedes providers and payers' ability to negotiate alternate reimbursement rates to create efficiencies in billing and better access for patient care.

To address the outlined impediments our members have encountered, we propose the following changes:

- **Eliminate the Various Tiers for Reimbursement and Align with National Median Healthcare Reimbursement.** The various reimbursement tiers outlined in the original legislation were not based on studies or research comparing typical reimbursement rates to those experienced with Medicare. Since that time, the **Rand Corporation and other entities have studied provider reimbursement and found that nationally, the median reimbursement commercial insurance pays for hospital services to be between 248% and 250% of Medicare, depending on study year. The reimbursement tiers should therefore be eliminated, and a sole tier created to reimburse all providers at 250% of Medicare to ensure they can adequately cover the costs of providing care for individuals injured in auto related accidents.**
- **Clarify the Definition of "Medicare".** The current law is woefully inadequate in defining Medicare reimbursement rates. The statute does not consider the complexities and various federally designated reimbursement structures for Michigan hospitals in the Medicare program. The proposed change clarifies and clearly delineates to both providers and payers the expectation of what should be included in Medicare for the purposes of reimbursement. This definition has been applied in the utilization review process but must be codified to reduce the need for bureaucratic activity and ensure clarity moving forward.