

# Why Your State Should Adopt The Michigan Auto No-Fault Model

## **1. Provide comprehensive care for injury victims**

The Michigan Auto No-Fault law covers “all reasonable charges incurred for any reasonably necessary products, services, and accommodations for an injured person’s care, recovery or rehabilitation.” This provides for medical benefits (PIP) for a person injured in a catastrophic automobile accident with no limits on dollar amounts or duration of care. Many of the allowable expenses under the law are not provided for in Medicaid programs, including extensive physical and occupational therapy, home modifications, and in-home attendant care (24/7). The law also provides for a wage loss benefit, replacement service benefit, and survivor’s loss benefit.

## **2. Protect citizens from bankruptcy**

The Michigan Auto No-Fault law insulates Michigan citizens from bankruptcy due to medical bills, which according to a Harvard Medical School study is the number one reason for bankruptcy in America.

## **3. Create thousands of jobs in your state**

In providing such comprehensive coverage, the Michigan Auto No-Fault law maintains employment for thousands of workers in a variety of fields associated with the care, recovery, and rehabilitation of accident victims. Hospitals, rehabilitation centers, and in-home healthcare agencies are a few of the places where jobs will be created. Of the 150 or so CARF accredited facilities nation-wide, Michigan is home to approximately 50%. These are top rehabilitation facilities that choose to make Michigan their home because Michigan has the resources available to keep things cutting edge.

## **4. Save your state billions in Medicaid and litigation costs**

The Michigan Auto No-Fault law was written in part to reduce the high amount of litigation that existed when Michigan was a tort state. The Michigan model prevents many citizens from relying on Medicaid for their coverage, as most medical bills are covered under the law. Providing coverage for auto accident victims through the MCCA rather than Medicaid saved Michigan hundreds of millions of dollars in 2011 alone.

## **5. The model is self sustaining and doesn’t raise premiums**

The Michigan Auto No-Fault law established the Michigan Catastrophic Claims Association (MCCA). The MCCA collects an assessment from drivers, which is pooled in the Catastrophic Claims Fund. In 2011, the MCCA assessment was \$145 per driver for the year, and the fund paid out approximately \$133 per driver. Auto insurance policy premiums in Michigan were only \$22.47 over the national average in 2011. As a comparison, Florida’s average policy is \$250 more than in Michigan, but personal injury protection limits are set at \$10,000.