

No fault insurance debate rages on

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Erica Coulston knows the value of Michigan's no fault insurance system better than most.

She was in a serious car accident 12 years ago and became a quadriplegic. Years of medical treatment and physical therapy have made her not only more independent, but more upbeat about the future.

"My attendant care costs \$200,000 to \$300,000 per year," she said. "I know (accident victims) on Medicare, Blue Cross, Medicaid, who get zero for attendant care. Their families must provide it and if they don't, they go into nursing homes."

Coulston is co-founder of Walk the Line to SCI Recovery and was honored as Oakland County "Elite 40 Under 40" winner in February.

Coulston was a panelist at a town hall meeting on no-fault auto insurance reform held Thursday at Greater Grace Temple in Detroit. The event was organized by state Rep. Phil Cavanagh, D-Redford Township.

"I wanted a serious discussion and we certainly had one," Cavanagh said. "This bill was so bad ... there was enough for everyone to find something in it to hate. I think we need reform. I have heard universally that people want no-fault to stay. If you put a fraud, waste and abuse commission in place, maybe it will lower costs."

Cavanagh called the town hall meeting because he is upset that Michigan drivers pay a \$186 fee to the Michigan Catastrophic Claims Association for every car. He wants the agency to explain why the fee keeps going up and is demanding that the MCCA be more open and accessible to public scrutiny.

"I will introduce a package of eight bills in September," Cavanagh said. "We need reform."

Gov. Rick Snyder has publicly backed a Republican plan to abolish the requirement that consumers purchase unlimited lifetime medical coverage in auto insurance. The proposal caps coverage for catastrophic accident victims at \$1 million.

Tom Shields, of the Coalition for Auto Insurance Reform, supported the plan Thursday.

"Unlimited medical coverage is hurting our Michigan companies," Shields said. "Medical costs are three times higher than our closest state."

Shields said the \$1 million cap would cover 99.8 percent of all claims in the state. He was also frustrated with different costs for treatments depending on who is paying for it – auto insurance companies, worker's compensation insurance or Medicare.

"A broken arm is a broken arm," he said. "It shouldn't cost more just because an auto insurance

company is paying the bill.”

Coulston talked about the plight of a friend she referred to only as Jeremy. She said he was in an accident in 2010 and didn't have the same benefit of Michigan's no-fault insurance with unlimited medical coverage. His insurance money ran out fast, his parents had to take him in and the exorbitant costs were ruining his family's finances.

Plaintiff attorney Ven Johnson the same fate would happen to accident victims in Michigan if the proposed changes become law.

“If Erica's accident had happened a day after this bill went into effect,” Johnson said, “they would find a doctor to say her treatment isn't necessary.”

The bill in question is still in committee in the Legislature and is losing support, even among some key Republicans in Oakland County.

Pete Kuhnemunech, executive director of the Insurance Institute of Michigan, explained why reform is necessary: “We are trying to address a growing problem before it becomes a major issue. Detroit's bankruptcy happened because people kept kicking the can down the road ... we can agree auto insurance rates are too high ... we can't close our eyes to it.”

He said 20 percent of motorists drive around without insurance because they can't afford it.

“No-fault is the right system, but we have to be responsible for how we pay for it and how we structure it. ... Let's sit down and try to negotiate. If we do nothing, no one will be able to afford the system we have today,” Kuhnemunech said.

After more than two hours of heated debate in which both sides rarely agreed, Melvin “Butch” Hollowell, NAACP general counsel, said one thing is certain.

“It's not like accidents won't still happen,” he said. “They will, but once the \$1 million cap is reached and the victim is broke, the costs will be switched over to the Medicare system.”