Auto Casualty

Michigan Auto No-Fault Reform: What You Need to Know About the Fee Schedule

January 6, 2020
3 MIN READ
Author profile image

Michele Hibbert

Senior Vice President, Regulatory Compliance Management

As Michigan continues its historic auto no-fault reform, one of the most critical aspects for insurance carriers to be aware of is the new fee schedule, which will go into effect in 2021. Below, we've outlined the high-level details to explain how the new Michigan auto fee schedule will work and what carriers need to know now based on our current understanding of the bill.

Effective Date

The Michigan auto fee schedule will go into effect on July 2, 2021. Carriers should be prepared to pay bills with treatment dates on or after July 2, 2021 according to the new fee schedule.

Michigan Auto Fee Schedule Structure

The new Michigan auto no-fault fee schedule is set up as a three-tier pricing structure. The three tiers, in priority order, are defined in the legislation as follows:

1. The amount payable to the person for the treatment or training under Medicare
2. Amount payable under the person's charge description master (person meaning provider, attendant etc.), in effect on January 1, 2019
3. The average amount the person charged for the treatment on January 1, 2019

When an insurance carrier receives a charge for medical treatment, they will first need to check if there is Medicare pricing available for that treatment. If so, they would apply the Medicare fee (pricing tier 1). If not, they would then check to see if the provider has a charge description master (pricing tier 2), which is basically a menu of services, that outlines the amount payable for that treatment. If that is not available, they would then default to the average amount the provider charged for that treatment on January 1, 2019 (pricing tier 3). Once a fee has been established using one of these three methods, it will then be multiplied by a defined percentage to determine the amount payable to the provider. The percentage is determined and will adjust based on the treatment date, the pricing method used or by the percentage of indigent volume.

Carve Outs, Exceptions and Other Changes

Insurance carriers should note that the Michigan auto fee schedule includes carve outs for indigent population, trauma hospitalization, emergency medical services (ambulance) transport and specific validations for freestanding rehabilitation facilities and neurological rehabilitation providers. These facilities either require specific validation and/or have their own multiplier. Additionally, the fee schedule imposes limits for family attendant care, which was the third most expensive payment category for the Michigan Catastrophic Claims Association in 2018. The new regulations state that an insurer will be required to pay a family member who acts as an attendant to an injured claimant for 56 hours per week at most. In the current Michigan insurance system, there is no cap on the amount of hours an attendant could charge an insurance carrier.

Next Steps

Today, there are still a variety of questions awaiting clarification from the Michigan Department of Insurance and Financial Services. Check back with us on mPower as we continue to learn more about the fee schedule and other aspects of the new regulations. To find out more about how Mitchell is addressing and creating solutions for the Michigan auto no-fault reform, read the article, Mitchell's Plan to Address Michigan SB1 No-Fault Legislation for Bill Review.



©2022 Enlyte Group, LLC.

mitchell | genex | coventry