

MICHIGAN NO-FAULT LAW CHANGE BUSINESS IMPACT

Survey Details

IBH Analytics conducted an industry survey to determine the impact of changes to Michigan's No-Fault Insurance laws that came into effect in July of 2020. IBH Analytics surveyed firms who serve those who have suffered injuries from vehicle accidents. The firms invited to participate in the survey were contacted via an email list provided and are all located in the State of Michigan. Firms self-reported their projected impacts once the laws come into full effect.

Impact to Services

A negative impact to services provided: 90% of firms estimate a reduction in services offered for TBI clients once the law is in full effect. 0% believe that they will be able to expand their services for TBI clients and only 10% believe that their services will stay the same once the law is enacted.

Exiting the business: 57% of firms stated they are either very likely or likely to exit the business of serving individuals who have experienced a vehicle accident. 29% of firms reported they were unlikely or very unlikely to exit the business of serving individuals who have experienced a vehicle accident 14% of firms that were indifferent to this question.

Fee schedule to sustain quality services: Almost all firms note they cannot sustain quality services at the fee schedule enacted to begin July 2021. The average pay cut an organization can withstand while continuing to provide quality services is 13.7% compared to enacted pay cut of 45%.

Impact to Revenue

Confidence in replacing no-fault revenue severely diminished: 72% of firms are not at all confident that they would be able to replace No-Fault revenue due to the law that has been enacted. 16% are only slightly confident in their ability to replace No-Fault revenue while 8% are moderately confident. Only 3% of firms are highly confident that they would be able to replace No-Fault revenue.

Change in annual revenue: 81% of firms estimate a decrease in annual revenue due to the law enacted. Approximately half of these estimate a decrease in revenue of 50% or more with 9% estimating a 100% decrease in revenue. 19% of all firms estimate no change or a positive change to the firm's annual revenue due to the newly enacted law.

REVENUE AND EMPLOYEE IMPACT

Across all organization settings the average number of full-time employees in 2021 is projected to decrease from 2019. The table to the right shows the average annual revenue percent change estimate by organization setting along with 2019 and projected 2021 average full-time employee counts.

With the number of full-time employees projected to decrease in 2021, industry layoffs are expected to occur.

Percent Change in Revenue by Organization Setting with Full-Time Employee Summaries				
Organization Setting	Number of Firms	Revenue Percent Change	2019 FTE	Projected 2021 FTE
Acute Care Hospital	5	-39%	308	254
Inpatient Rehabilitation Unit within an Acute Care Hospital	5	-45%	153	119
Specialty Care Hospital (Long Term Acute Care Hospital)	4	-39%	33	29
Free Standing Rehab Hospital	3	-48%	29	25
Subacute Rehabilitation Facility	6	-38%	749	314
TBI Residential Program (AFC licensed beds)	13	-45%	1,360	755
TBI Residential Program (Semi-independent or apartments)	12	-46%	1,002	510
Outpatient Rehabilitation (Hospital Based or affiliated)	4	-45%	127	97
Outpatient Rehabilitation (Non-Hospital Based – Private)	19	-45%	1,212	627
Vocational Programs/ Sheltered Workshops	9	-37%	1,042	496
Private Practice	20	-36%	388	329
Home Health Care	13	-31%	1,555	1,030

SUMMARY OF IMPACTS

72%

of firms are not at all confident that they will be able to replace the lost No-Fault revenue

OVER HALF

of firms are likely or very likely to exit the business of serving individuals who have experienced a vehicle accident

9 OF 10

firms estimate a reduction of services once the law is in full effect

13.7%

the average pay cut a firm can withstand while continuing to provide quality services

This survey was completed by IBH Analytics. The survey was a twenty-two question survey conducted online. The sample size was seventy-one firms. Not all firms answered each question. Areas of focus included: impact to services, revenue impact, and employee impact. Organization setting refers to the setting in which firms treat injuries from vehicle accidents. Firms could select more than one setting.