

PIP Choice and its effects in Colorado

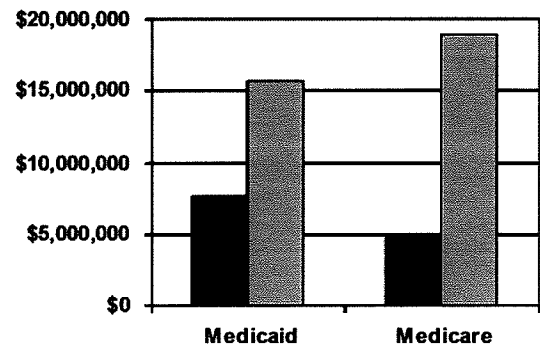
Colorado:

In 2003 the Colorado Legislature in an effort to lower the cost of auto insurance switched their auto insurance system from a No-Fault to a Tort driven system.

In 2008, Colorado looked at the effects of switching to a tort system here what they found:

- **The state trauma system lost at least \$90 Million in 2002 and \$175 Million in 2006!**¹ Michigan has doubled the population which would double the loss!
- **Each person in Colorado lost on average \$140,000 in annual benefits, including medical.** With the loss of coverage each Coloradoan saved an average of under \$200 annually on their insurance bills².
- **Leaves first responders in jeopardy.** In 2002 non-reimbursed charges were at 18%, in 2006 they rose to 37%. All of these charges were associated with motor vehicle accidents. Days to collect payment for services also rose from an average of 47 days in 2002 to 144 days in 2006.³
- **Costs of Health Care were shifted to the consumer and the health care providers, who actually spent more than had before.** With the increase of health insurance premiums, this cost would shift from the health insurer to the consumer. The amounts of self-pay (no-pay) and charity care increased from 13.6% in 2002 to 28.7% in 2006⁴
- **Shift to tax payers was enormous!** 205% Increase in Medicaid Costs associated with just care related to motor vehicle accidents.⁵ In Colorado with the elimination of PIP benefits, unless the vehicle operator had other insurance, Medicaid was exposed for increased medical expenses.⁶

Charges for services for Motor Vehicle Accident in Hospitals for Medicaid and Medicare for 2002 and 2006.



Courtesy of Trauma Care Preservation Coalition, Colorado

¹ State of Colorado, Office of the Governor. (2008). Auto insurance/trauma system study. Denver, CO: BBC Research & Consulting.

² Rocky Mountain Insurance Information Association, Initials. (n.d.). Colorado's transition from no-fault to tort auto insurance. Retrieved from <http://www.aptaco.org/CostAnalysis.pdf>

³ State of Colorado, Office of the Governor. (2008). Auto insurance/trauma system study. Denver, CO: BBC Research & Consulting.

⁴ State of Colorado, Office of the Governor. (2008). Auto insurance/trauma system study. Denver, CO: BBC Research & Consulting.

⁵ Trauma Care Preservation Coalition. "Colorado Fire Chief's Association." Issue Brief: Colorado's Trauma Care Funding Crisis. Colorado Fire Chief's Association, 01/2011. Web. 18 Jul 2011. <www.colofirechiefs.org/08Legislature/TCPC_Issue_Brief.pdf>.

Michigan:

- *With the increased charity and self-pay care being delivered the financial burden on health care providers grows.*
- *Currently the majority of trauma in Michigan is through automobile accidents, moving away from our current system would **hurt Michigan largest job provider.***
- *Michigan's catastrophic claims fund **could not cover** the need if Michigan was to move away from No-Fault.*
- *Michigan residents would be further strained to cover the cost of Medical Care that they need.*
- *Costs of health insurance premiums would have to rise, placing a larger burden in Michigan's job creators. This was shown to happen in Colorado, if there is a larger burden to cover the costs of care the other avenues are private insurance and if that is not an option, the tax payer s of Michigan.*

Conclusion:

Michigan's auto no-fault works! It offers the security of knowing when someone is in their biggest time of need, the care they are going to receive will be there without the hassle of being concerned about payment. Moving Michigan towards a tiered PIP system only shuts the door to those in their greatest time of need for the opportunity for a few extra dollars in your pocket.

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⁶ *State of Colorado, Office of the Governor. (2008). Auto insurance/trauma system study. Denver, CO: BBC Research & Consulting.*