



October 4, 2023

Re: Support for SB 530

Thank you, Chair Cavanagh, and distinguished Committee Members. First, thank you for your public service and representing the people of your respective communities and the state of Michigan.

I'd like to quickly introduce myself before sharing my perspective on this important piece of legislation that provides a reasonable solution to end the crisis in care for people catastrophically injured in a car crash. My name is Tom Judd. I am the Executive Director for the Michigan Brain Injury Provider Council, or MBIPC.

Since 1987 the Michigan Brain Injury Provider Council, a 501 (c)(6) trade association has served providers in professions related to brain injury rehabilitation. The Michigan Brain Injury Provider Council's purpose is to enhance the ability of its members to provide high quality, ethical rehabilitation, health care, and related services to people with a brain injury. This is accomplished through resource sharing and information exchange, professional development and education, promotions of beneficial legislation, advocacy for brain injury services, and support of the Brain Injury Association of Michigan.

I am proud to be here before you today representing our membership that reflects the post-acute continuum of care in the state of Michigan. For too long, our members have been slandered by the public relations and lobbying arm of the auto insurance industry, broadly labeling them as greedy and unethical medical professionals. The insurance industry has been allowed to make blanket statements about dedicated healthcare heroes who work every day to help people recover from traumatic injuries and life altering events. Our members help people get back to work, back to school, and back to their homes and communities; and when needed, they provide them with quality care and support to allow them to live a life of quality, dignity, and good health.

Our members' ability to perform these essential services was ripped away with the passage of Public Acts 21 and 22 of 2019. The reimbursement system set forth in subsection 3157 significantly reduced rates for essential services such as in-home nursing and aide care, residential and supported living programs, vocational rehabilitation, and other vital services. The arbitrary reduction of nearly 50% from an individual company's 2019 charge master, reduced reimbursement below the actual cost of care for most providers and created a true crisis for people with catastrophic injuries.

Prior to the implementation of the fee cap system, we warned the Legislature about the impact. And we were not alone. For instance, the University of Michigan's Poverty Solutions noted in a [December 2021 report](#) "*The method used to cap medical fees may be unnecessarily stringent and out of line with national peers, causing a crisis in access to care for victims of catastrophic accidents*".



Along with [hundreds of media stories](#) spotlighting the gut-wrenching impact and loss of care for people around the state, the impact was also documented through a study by Michigan Public Health Institute (MPHI). As of April 2022, [phase 2 of the study](#) noted that results of the fee cap system included:

- Nearly 7,000 discharges
- Over 4,000 healthcare jobs lost
- Over 30 businesses closing their operations\*  
*\*The total number of business closing operations includes results from [phase 1](#) and [phase 2](#) of the study, presuming the 21 respondents in phase one did not respond in phase 2.*

We know that this report is a sampling of the devastation which continues today and will continue without a legislative solution. Our advocacy over the last four years has been misrepresented by the insurance industry as an effort to “go back to the old system”. To be clear, we have never advocated for a complete removal of a fee schedule. Instead, we have consistently advocated for a reasonable solution that meets the intent of the law – a fee schedule that brings consistency, predictability and reliability to the system while allowing access to essential rehabilitation and care services.

We believe the solutions included in SB 530 accomplish these objectives and represent an honest effort to include reasonable reimbursement rates for essential services.

One last note, related to the system prior to 2019. The control of what was paid for post-acute services was always maintained by the insurance companies. Under the old law, insurers were required to reimburse charges only deemed reasonable and customary. They never had to pay a penny more – and they indeed never did. If they believed the charge to be excessive, they would deny payment, or slash the rate and send payment in at the level they determined to be reasonable. It would then be up to the provider to respond and negotiate the rate or seek relief through litigation. We could fill the hearing room with providers that could attest to this process.

The proposed fee schedule would minimize this unnecessary and inefficient process with implementation of specific codes, defined services, and associated rates. The rates were developed through a systematic and statistical process to meet the intent of the law. The rates reflect an honest effort and are based on the history of payments made – payments determined by the insurance companies as reasonable. Furthermore, the rates are compatible with what other funding sources pay for similar services in the state as well as around the country. Please refer to the handouts provided that compare examples from home care and residential services to other benchmarks and funding sources.

Again, thank you Chairperson Cavanagh for the opportunity to provide this testimony today. I am confident that you will hear from others directly impacted by the fee cap system – reinforcing how drastic the measures are and how vital it is to implement the reasonable solutions found in SB 530.



I welcome any questions now, and at any point throughout the process. Please consider us a resource dedicated to solutions.

Sincerely,

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