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What Happened To House Bill 4612?

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Ongoing Development of No-Fault Reform Proposals
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The introduction of House Bill (HB) 4612, heavily supported by Michigan Gov. Rick Snyder, was well documented and highly debated in the first six months of 2013. On May 2, 2013, the state House Insurance Committee voted to move 4612 to the full House. However, the bill lost steam, and no vote was taken before the House broke for summer recess.

As many had speculated, HB 4612 has laid dormant since last spring, giving way to a new proposal, Senate Bill (SB) 818 that was introduced in February 2014. As many may recall, HB 4612 involved a series of proposed limitations to the current No-Fault Act, including but not limited to a $1 million dollar cap on Personal Injury Protection (PIP) benefits, redefinition of the *reasonably necessary* standard for allowable expense benefits and elimination of the Michigan Catastrophic Claims Association (MCCA).

In its early stages, SB 818 appears to be a watered down version of HB 4612, aimed more directly at the cost of medical treatment currently regulated by the "reasonable charge" component of MCL 500.3107(1)(a). The prominent proposed changes in SB 818 include, but are not limited to, a new definition of what constitutes a reasonable charge pursuant to MCL 500.3107(1)(a), a medical provider fee schedule, a $10 million dollar cap on PIP benefits and established maximums for in-home, family and/or household member provided attendant care.

Notably, the reasonable charge standard has become a hotly contested issue in the last decade, particularly after the Michigan Court of Appeals' decision, *Lakeland Neurocare Centers v State Farm*, 250 Mich App 35 (2002), which gave way to private no-fault actions by medical providers for services provided to individuals seeking care for auto-accident related injuries. The cost of medical services has continued to rise exponentially under the reasonable charge standard with an ongoing debate over whether the insurer's cost policing function may inquire into the actual cost to medical providers in providing services versus the comparable market cost charged by similarly situated medical providers.

Expect these issues to be at the forefront as proponents of SB 818 seek to remedy the shortcomings of HB 4612. Stay updated with Plunkett Cooney's *Legal Trend* for future developments on this issue.

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