Phase II
Provider Survey Results from a Study Tracking Impact of Fee Changes in No-Fault Auto Insurance Reform

August 2022

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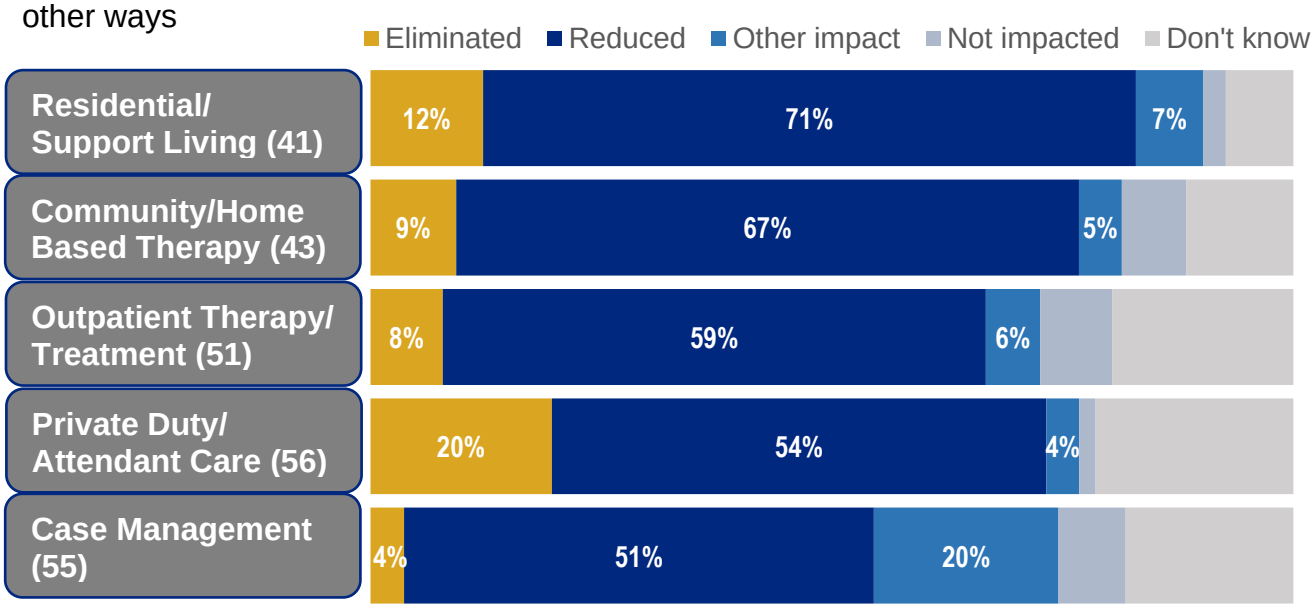
Executive Summary

The Brain Injury Association of Michigan (BIAMI) commissioned this independent study by the Michigan Public Health Institute (MPHI) to document the impact of the fee structure changes in the 2019 Michigan no-fault auto insurance reform law that took effect on July 1, 2021, on the availability of services for people with catastrophic injuries resulting from an auto crash. MPHI was chosen because of its expertise and depth of understanding of public health research. This report summarizes the results from the second survey of brain injury service providers, distributed between March 9 and May 15, 2022. The report on the first survey was released in January 2022.

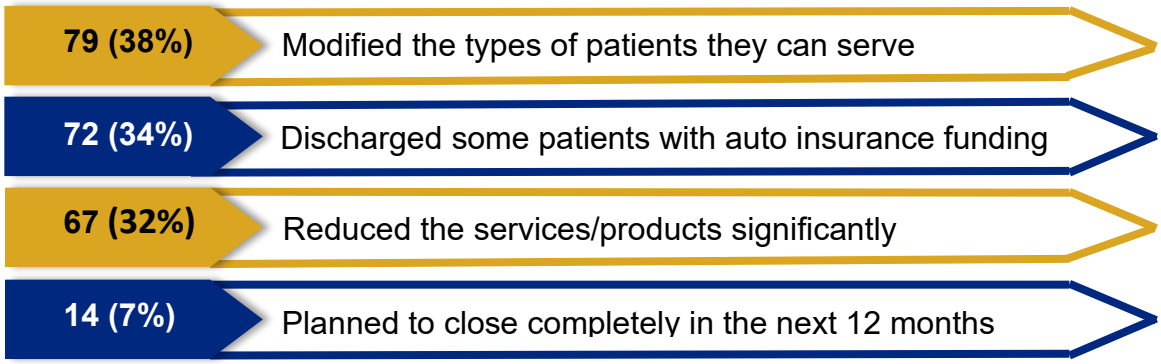
Results

General Impact

- 209 unique organizations participated in the second survey, including 166 organizations that also participated in the first survey
- The 73 organizations with data on amount of revenue loss reported a combined total of **$81,366,027** loss in revenue during the last 12-month period
- The 109 organizations with data on percentage of revenue loss reported an average of **41%** loss of revenue during the last 12-month period
- Out of 19,994 employees from the 154 organizations with employment data, **4,082 (29%) jobs were eliminated** since July 2021
- In terms of patients with auto insurance funding, the 144 organizations with patient count data reported serving a total of 15,596 patients before July 2021 and 8,739 currently, that is a total of **6,857 discharges** and an average of **42% reduction in their capacity of serving patients with auto insurance funding since July 2021**
- Among the top five services most frequently provided, **73-90%** of organizations reported that these services have been either eliminated, reduced, or impacted in other ways



- Among the 209 organizations, there have been **10 business closures** due to the changes and **expected 14 more closures** in the next 12 months.



Impact of Fee Caps and Reimbursement

- 119 (57%) organizations reported being impacted by the 55% fee cap, while 52 (25%) reported being impacted by the 200% Medicare cap
- Of the 99 organizations impacted by the 55% cap and with data on profit margin, **67 (68%)** reported **no more than 20% annual profit margin** prior to July 2021
- Of the 48 organizations impacted by the 200% cap and with data on Medicare reimbursement rates, **24 (50%)** reported that **none of their Medicare payable claims have been paid at 200%** Medicare rates since July 2021
- Of the 140 organizations with data on overall reimbursement, **7 (5%)** reported that they **had not received any reimbursement** since July 2021
- The 84 organizations with data on denied services reported an average of **28% of their patients had been denied services** since July 2021, due to insurance company utilization review process

Utilization Review Process with DIFS

- 49 organizations have filed appeals with DIFS through utilization review process on denied services since July 2021. Of those **36 (73%) have not gotten any services reinstated**

- 48 organizations have filed a total of 1,284 complaints to DIFS since July 2021, **176 (14%) have been resolved** in their favor

About this Study

Limitations

The target population of this survey are providers representing the organizations that provided services and care to auto crash survivors. MPHI does not have a mailing list of the target population. The first survey was distributed as a public link, sent to BIAMI's networks and their members by BIAMI and partners. The respondent list from the first survey was invited to participate in the second survey, and the second survey was also distributed through a public link. There is no way to know whether the survey invitations reached all target providers, and whether the respondents are representative of the target population.

MPHI Research Team

MPHI is a public-private partner with a variety of public health, government, and community organizations and is committed to conducting public health work based on strong scientific evidence and the needs of Michigan residents. This study is conducted by a team from MPHI's Center for Data Management and Translational Research (CDMTR), including Dr. Clare Tanner, director; Dr. Shaohui Zhai, Statistician; Dr. Issidoros Sarinopoulos, Senior Research Scientist; and Kayla Kubehl, Research Assistant.

Methodology

Survey Development

The Auto Crash Service Providers Surveys were collaboratively developed by MPHI and BIAMI. The surveys contained questions about their employer organizations, also collected individual names and contact information in order to recontact them for the subsequent surveys. MPHI researchers trained in survey development finalized all questions to ensure readability, clarity, and lack of bias.

Survey Implementation

The survey was implemented in REDCap (Research Electronic Data Capture) by MPHI. REDCap is a secure web application for building and managing online surveys and databases. While REDCap can be used to collect virtually any type of data in any environment (including compliance with 21 CFR Part 11, FISMA, HIPAA, and GDPR), it is specifically geared to support online and offline data capture for research studies and operations.

Survey Distribution

The second survey was distributed in two batches, one was by MPHI through email to the first survey respondents who provided contact emails, the other was by BIAMI and partners through a public link to their members and networks to recruit organizations that did not respond to the first survey. The survey was distributed between March 9 and May 15, 2022. At least three rounds of reminders were sent out during the distribution period.

Internal Review Board Approval

MPHI's Internal Review Board (IRB) operates following FDA regulations and is formally designated to review and monitor biomedical research involving human subjects with the authority to approve or disapprove research. This review is designed to ensure researchers protect the rights and welfare of research participants. The IRB review assures appropriate steps are taken to protect the rights and welfare of research participants. MPHI's IRB panel reviews research protocols and related materials to ensure protection of the rights and welfare of research participants.

The MPHI research team submitted a Human Participant Protections Application to the MPHI IRB, and the approval of the project was granted on September 27, 2021.

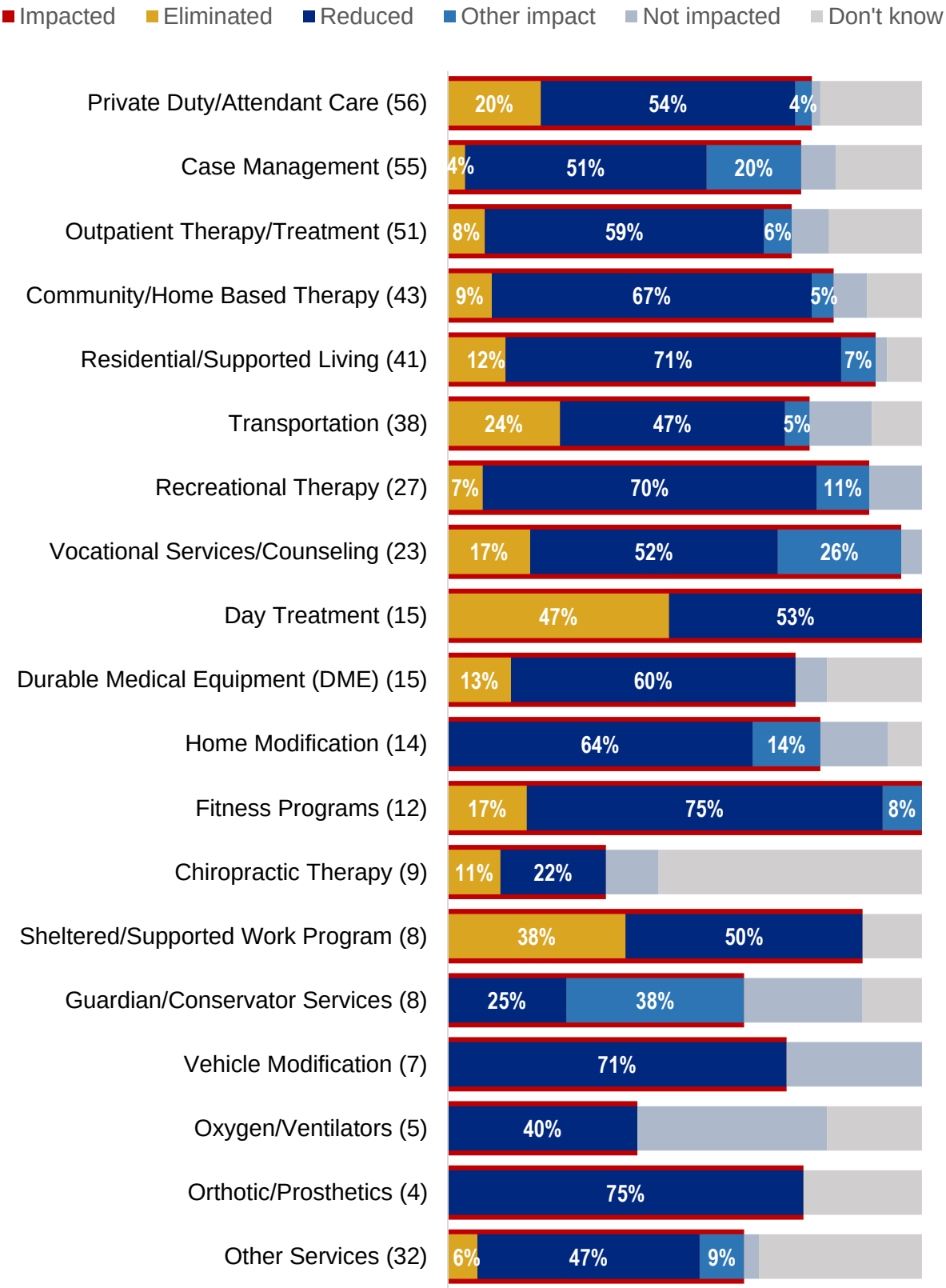
Provider Survey Results

Services Provided and Impacted

Respondents reported the services their organizations provided before July 2021, and how these services were impacted by the fee caps that took effect in July 2021. The chart on the next page presents the service categories and the percentages of the organizations reporting these services being eliminated, reduced, other impact, or no impact.

- The number of organizations that provided the listed services ranged from 4 (Orthotic/Prosthetics) to 56 (Private Duty/Attendant Care).
- Every type of service has been impacted – with a majority of organizations across all service categories except three (*Orthotic/Prosthetics, Chiropractic Therapy, and Guardian/Conservator Services*) reporting having to eliminate or reduce services.
- The top 8 services provided by at least 20 organizations are, *Private Duty/Attendant Care, Case Management, Outpatient Therapy/Treatment, Community/Home Based Therapy, Residential/Supported Living, Transportation, Recreational Therapy, and Vocational Services/Counseling Services.*
- Among these commonly provided 8 services, those most impacted are:
  - *Residential/Supported Living:* 83% organizations reported eliminating or reducing services
  - *Recreational Therapy:* 77% organizations reported eliminating or reducing services
  - *Community/Home Based Therapy:* 76% organizations report eliminating or reducing services
- It is also worth noting that 24% of *Transportation* and 20% of *Private Duty/Attendant Care services* organizations reported eliminating those services entirely.
- 32 organizations reported providing other services not in the answer options, including general healthcare, medical technology, neuropsychology, driver rehabilitation, and various therapy services. 62% of the organizations reported these services being either eliminated, reduced, or impacted in other ways.
- Other impacts reported include, decreased or delayed reimbursement, reduced salary and benefits, and reduced staff.

Services provided and how they were impacted (n=209)

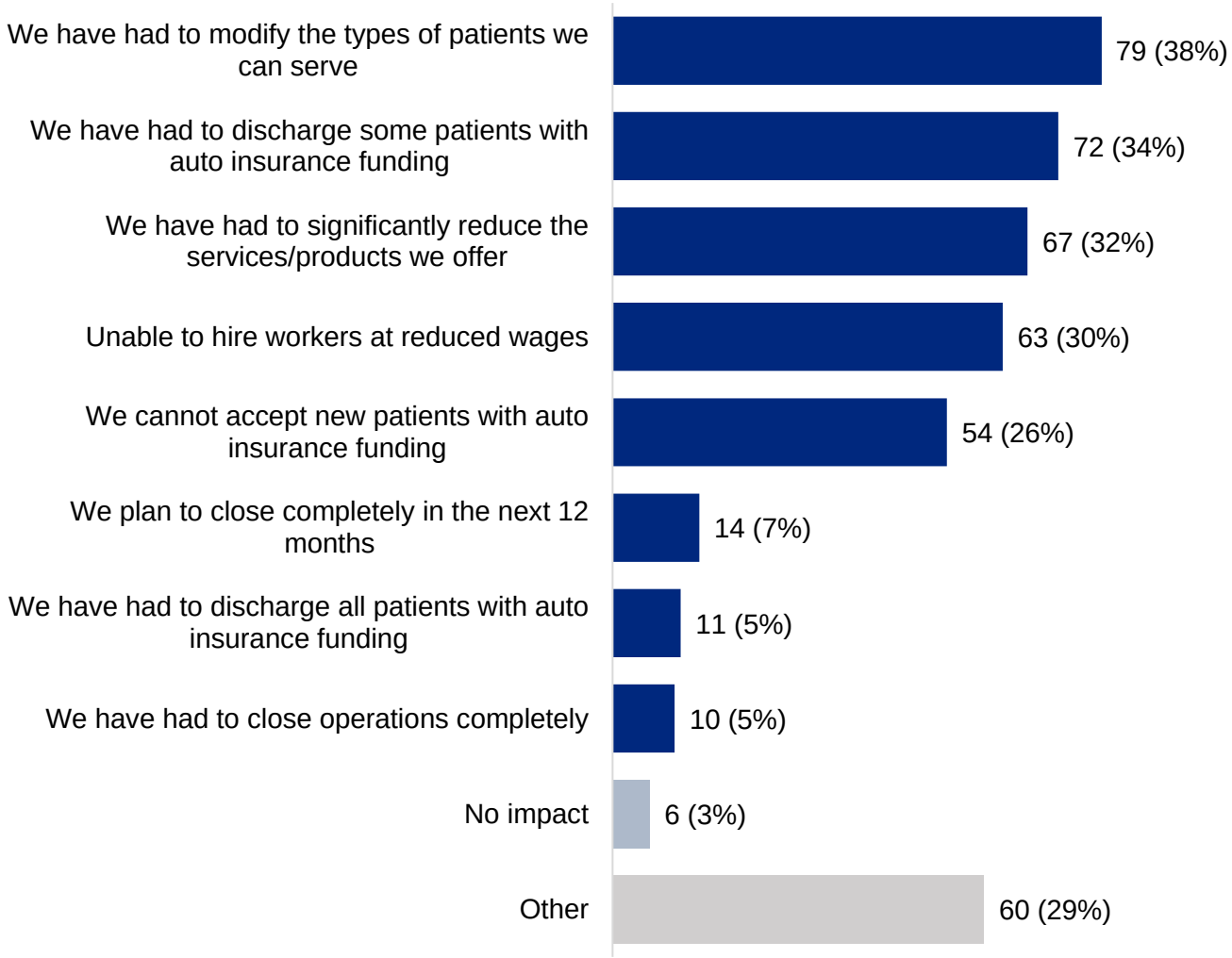


Impact on business operations

Providers were asked about the impact on the general operations of their organizations.

- 79 (38%) organizations reported having to modify the types of patients they serve, such as by looking at the insurance/PIP coverage to determine if they will serve a new patient.
- 10 (5%) had to close completely, and another 14 (7%) plan to close in the next 12 months.
- 60 (29%) reported other impacts, including difficulty getting reimbursement from insurance companies (partial payment, no payment, inconsistency in payment, more required documentations), having lost money, having to cut employees pay, and having to downsize the workforce.

Impact on organizational operations (n=209 organizations)

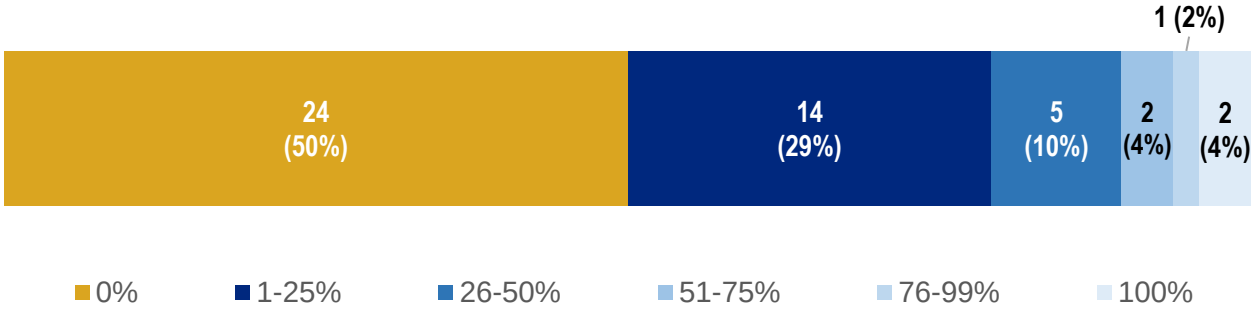


Impact of the 200% reimbursement cap for Medicare payable codes

52 (25%) of the 209 organizations reported that their businesses have been impacted by the 200% reimbursement cap for Medicare payable codes.

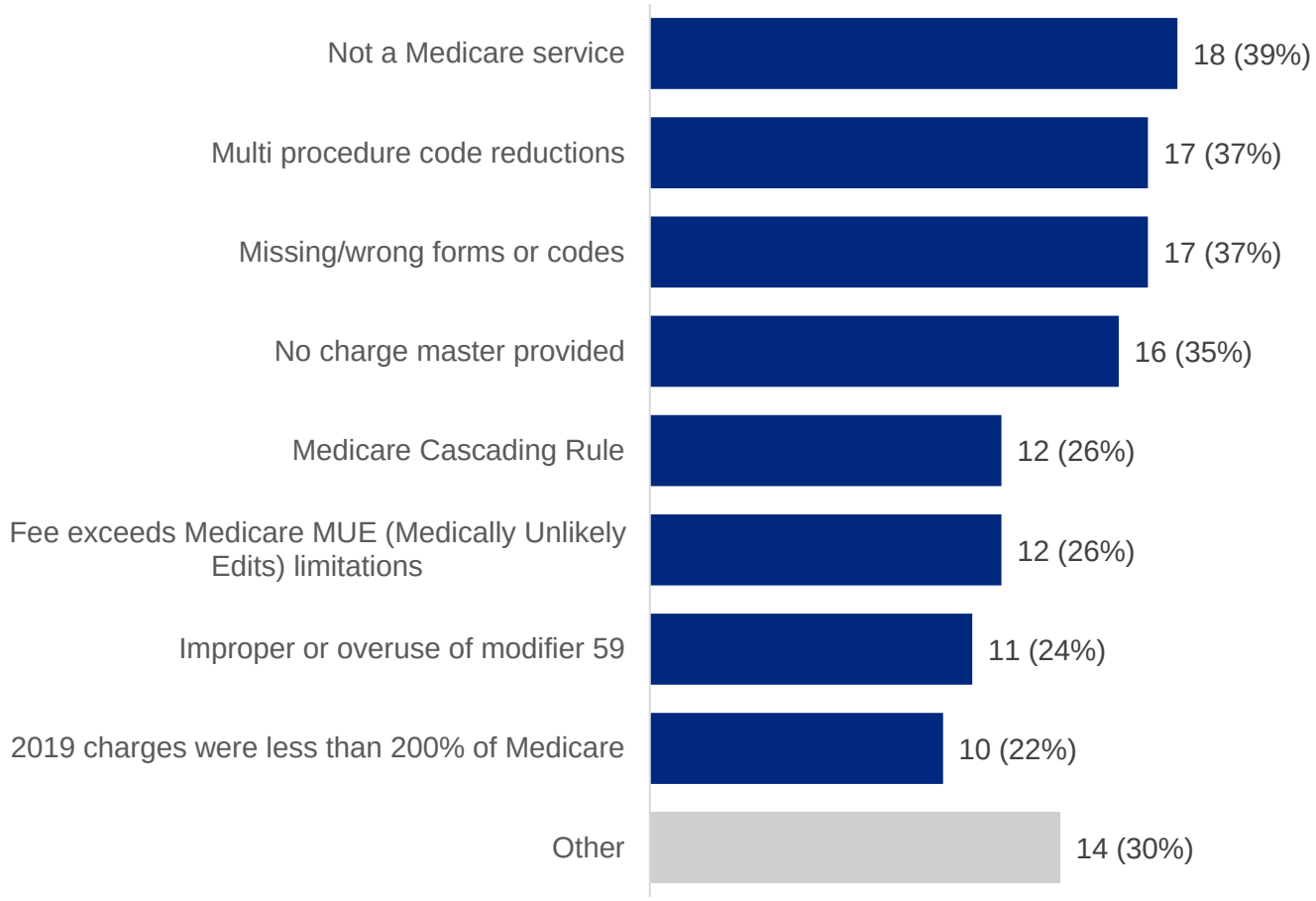
- 24 (50%) of the 48 organizations with data reported they were never reimbursed at 200% of Medicare payable rates; 2 (4%) organizations reported that all their Medicare payable claims were reimbursed at 200% of the Medicare rates.
- 37 (77%) of the 48 organizations with data reported that same Medicare payable codes were reimbursed at inconsistent rates most of the time; 3 (6%) organizations reported that same Medicare payable codes were reimbursed at the same rates consistently.
- When reimbursed at less than 200% Medicare rates, the top reasons were, *not a Medicare service*, *multi procedure code reductions*, *missing/wrong form or codes*, and *no charge master provided.*
- When reimbursed at less than 200% Medicare rates, 33 (73%) organizations have attempted to rebill. Of those, 11 (33%) reported never being able to recoup the remaining balance, and 15 (45%) reported being able to recoup the balance only up to one quarter of the time.

Percentage of claims funded by auto insurance have been paid at 200% Medicare rates (n=48 organizations)

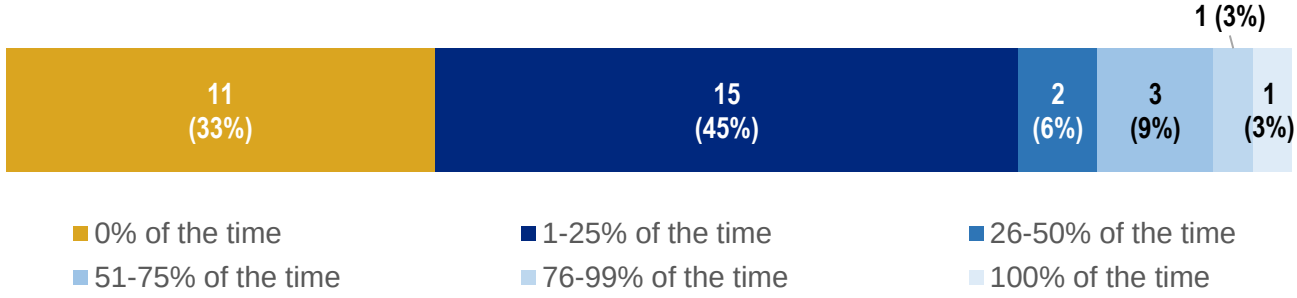


Frequency being reimbursed at inconsistent rate for the same Medicare payable codes (n=48 organizations)

Reasons for being reimbursed at less than 200% Medicare rates (n=46 organizations)



Percent of the time being able to recoup remaining balance when rebilled (n=33 organizations)

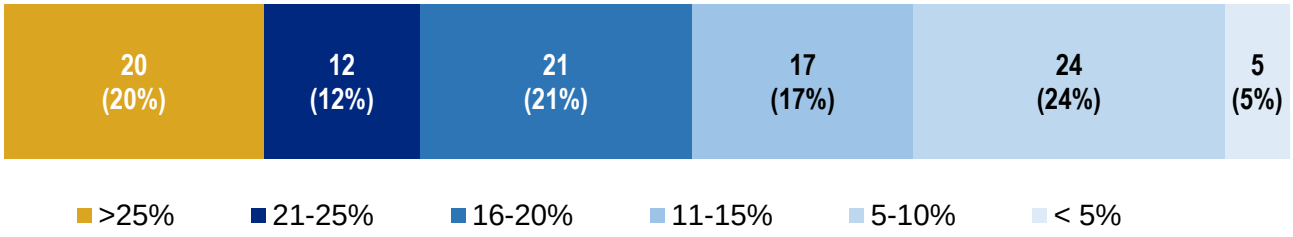


Impact of 55% of 2019 charges for non-payable Medicare codes

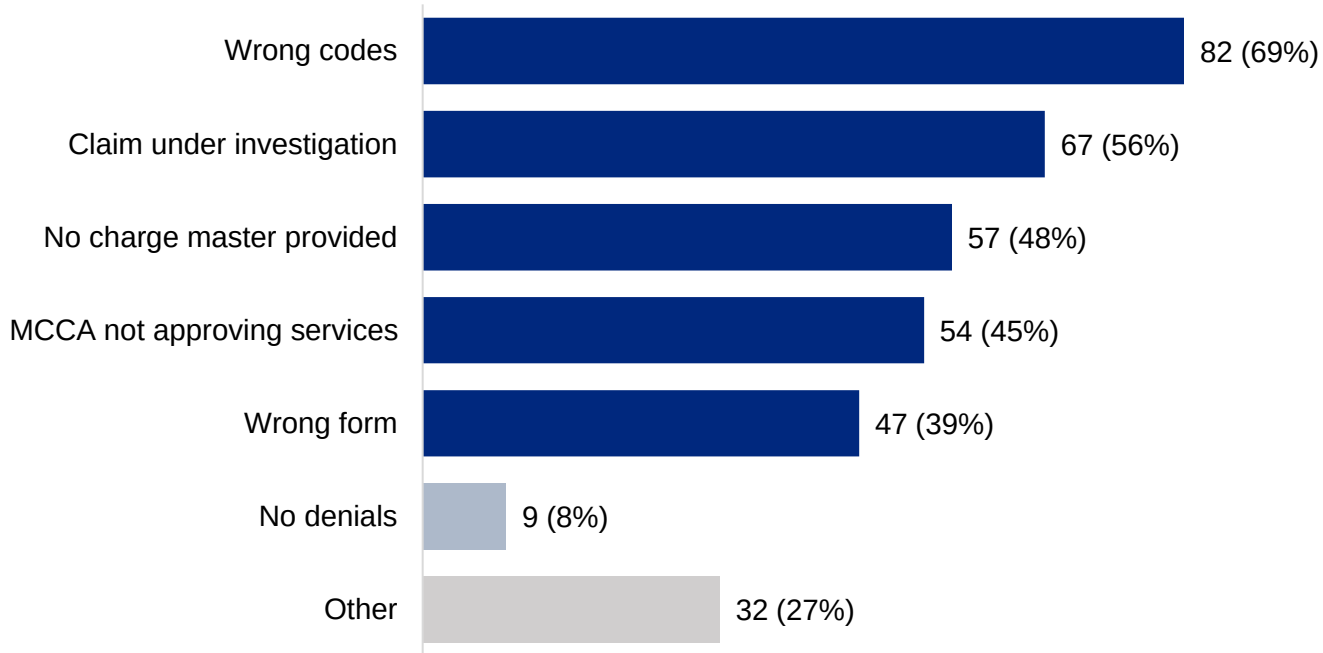
119 (57%) of the 209 organizations reported that their businesses have been impacted by the 55% reimbursement cap of 2019 charges for non-Medicare payable codes.

- 67 (68%) organizations reported having annual profit margin no more than 20% before July 2021 (n=99).
- Top two reasons for denial of claims *were wrong codes* and *claim under investigation.* Other reasons for denials include not enough documentation for services provided, services were medically unnecessary, and client had received the maximum amount.
- 9 (8%) organizations did not experience claims denied.

Average annual profit margin prior to July 1, 2021 (n=99 organizations)



Reasons for denial of claims (n=119 organizations)

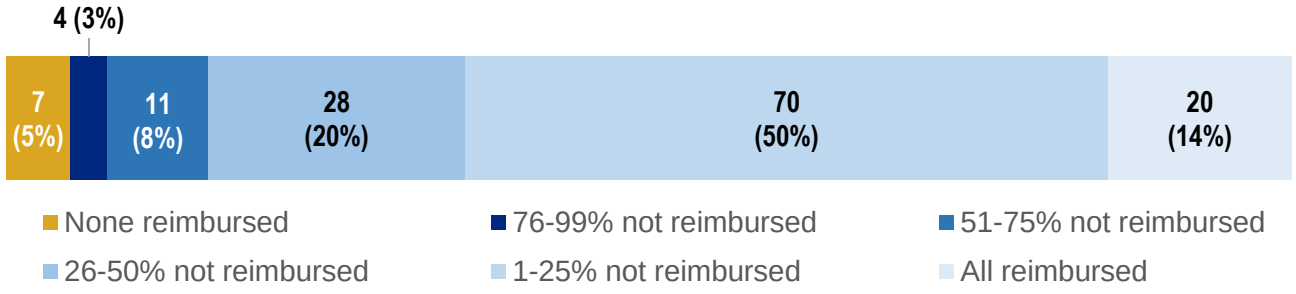


Reimbursement

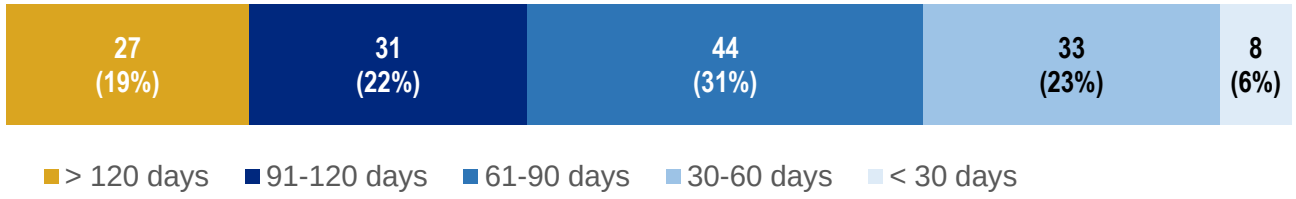
Respondents were asked about reimbursement for the services they provided to their auto insurance funded patients.

- 7 (5%) have not received any reimbursement at all since July 2021 (n=140).
- 27 (19%) organizations reported having to wait for more than 120 days before receiving any reimbursement (n=143).
- 84 organizations reported an average of 28% patients had been denied services since July 2021 due to insurance company utilization review process, 6 of them reported 100% of their patients have been denied services (n=84).

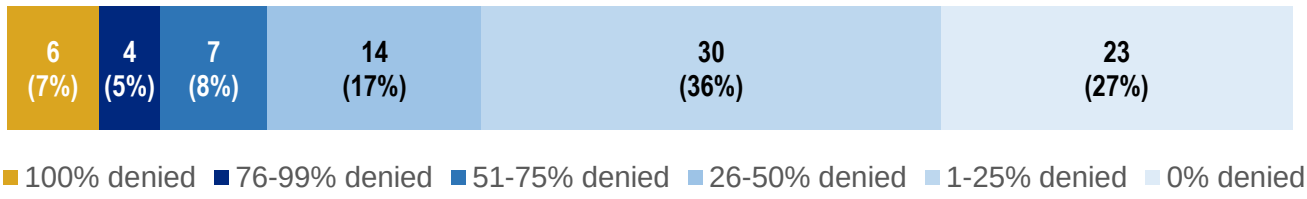
Proportion of claims that have not received any reimbursement since July 1, 2021 (n=140 organizations)



Days to wait to receive reimbursement (n=143 organizations)



Proportion of patients denied services since July 2021 (n=84 organizations)

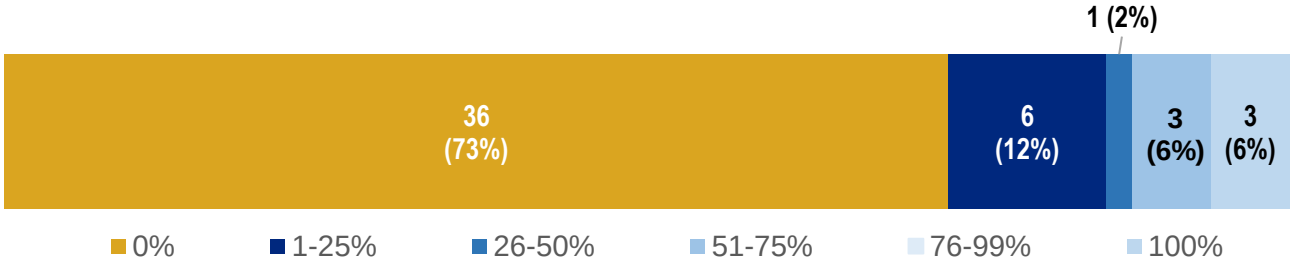


Working with DIFS and Insurance Adjusters

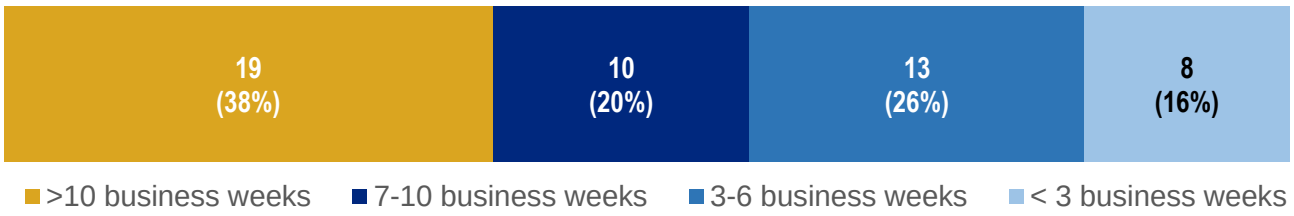
Under Michigan's auto insurance law, medical care provided to a person injured in an auto crash must meet requirements for medical appropriateness. Auto insurers must establish utilization review programs to make these determinations, which can be appealed by health care providers to the Michigan Department of Insurance and Financial Services (DIFS) Utilization Review section. Respondents were asked about their experiences with the DIFS Utilization Review process, filing a complaint to DIFS, and working with insurance adjusters.

- 54 organizations have filed appeals with DIFS through the Utilization Review Process on denied services since July 1, 2021. Among the 49 reported, 36 (73%) organizations reported that none of their appeals resulted in reinstatement of services for their patients.
- 29 (58%) organizations reported having to wait for more than 7 weeks to get a determination from DIFS (n=50).
- 48 organizations have filed a total of 1,284 complaints to DIFS since July 2021, 176 (14%) of the complaints were resolved in their favor.
- 92 (69%) organizations reported that their ability to productively discuss cases with insurance adjusters has gotten worse, compared to before July 2021 (n=134).
- 69 (51%) reported having heard from insurance adjusters that the MCCA is directing pre-approval of services and/or reimbursement (n=134).

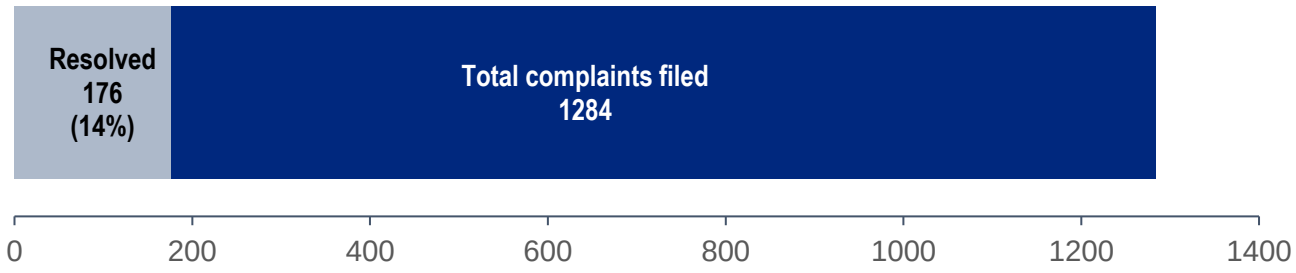
Proportion of appeals to DIFS Utilization Review resulted in reinstatement of services for patients (n=49 organizations)



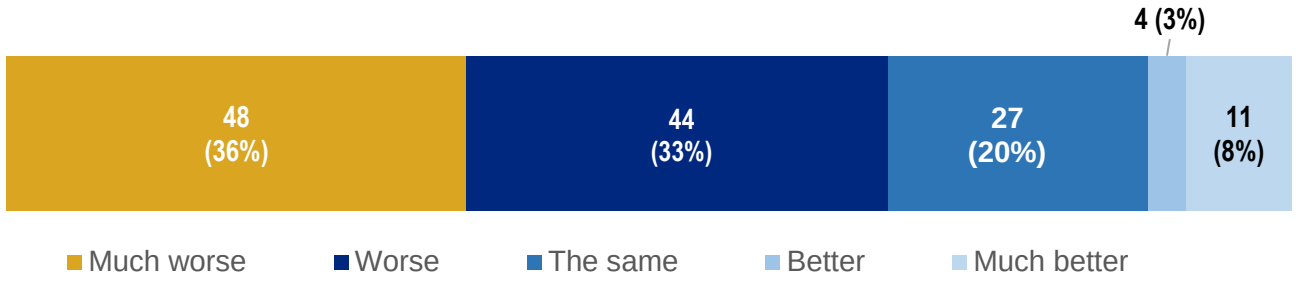
Weeks to get a determination from DIFS (n=50 organizations)



Total number of complaints filed to DIFS and resolved in provider's favor since July 2021 (n=48 organizations)



Organization's ability to productively discuss cases with insurance adjusters, compared to before July 2021. (n=134 organizations)



Respondents were asked if they have tried to contact their state representatives and/or senators about issues resulted from the fee caps. 107 (78%) of the 136 respondents who answered this question have tried. Of those, 67 (63%) had dialogues, 40 (37%) got no responses.

Provider perspectives

104 providers described in their own words what these changes meant to them. Responses fell within the following 15 themes, accompanied by selected quotes.

Financial loss Providers are at a financial loss since they are not being paid or reimbursed.	*"I had no income for six months I cannot hire and am working 100 + hours a week myself due to short staffing. I lost a client I had been caring for nine years. She employed 32 hours a day."*
Patient discharge or discontinued services Providers have needed to discharge patients, or the organizations will continue to lose money.	*"It has been an injustice to our clients as they have had to be discharged from services for needs that are no longer being covered leaving them and their families w/ minimal resources and emotional upheaval."*
Aide shortages Lack of reimbursement led to aide shortages and burnout among staff.	*"Finding caregivers is impossible, we are thankful that the handful we have haven't left us but will when we can no longer pay them."*
Difficulty to work with insurers Providers sense that insurance companies are putting up unnecessary barriers over and above the payment caps.	*"[Insurance company] makes us use US mail (during pandemic) there are at least 25 pages per patient bill per month, many get 'lost ' and unpaid, we end up having to retain an attorney to get paid at all."*
Transportation shortages Transportation has become problematic and reduced, which prevents clients from receiving needed therapies and care.	*"They will not pay for travel code T2003 even with the charge master. They will only pay for travel code S0215 and only pay mileage - not travel time and it is a fight and very difficult. Most of my clients are home bound and cannot drive"*
Code confusion	*"I would like to add in general there is much more billing issues where the billing companies coding invoices wrong, and I have to spend a lot more time calling insurance companies and billing companies to try to get paid and correct these issues."*

Inadequate insurance or DIFS help Providers are frustrated with the lack of help and communication with insurance companies or DIFS, including explanations regarding what services will be covered.	*"To date we've received 0 communication from any auto insurance carrier that we're waiting to be re-imbursed for services."*
Unable to accept no-fault auto patients	*"Since October 1, 2021, our organization has had to stop accepting auto insurance clients and it feels terrible to deny services to those individuals who truly need in-home care."*
More paperwork and longer wait Providers indicated they are spending more time completing paperwork and waiting for payments than they did prior to the changes.	*"It is more time-consuming and takes much longer."*
Stress Providers face increased stress in trying to work in the new system.	*"We are under stress and do not see consistency in reimbursements and fear that the insurance company will continue to target anyone that had a contract before the law change and leave them destitute."*
Out of businesses Providers have been unable to sustain the new changes and have had to close their companies altogether.	*"It forced us out of business, we could not find a way to absorb a 45% fee cut and provide services."*
Downsizing Providers indicated the changes led them to lay off staff or downsize their organizations to adjust for lack of reimbursement.	*"We have had to reduce staffing ratios, we cannot provide 1:1 service even though it is still needed, but the reimbursement is not enough to cover our costs for 1:1 staffing."*
Limited referrals The changes have caused some providers to have less referrals being submitted.	*"The fee schedule changes have impacted smaller providers by severely limiting referrals for services. We know of other providers in Northern Michigan that have not had new referrals in six months, and we have not had any new referrals in that time either."*

Fear for auto crash survivors' transition to nursing homes Providers indicated they did not feel auto crash survivors would transition well to living in nursing homes. Some even expressed survivors would die as a result.	*"The client has already/previously said she will run away, hitchhike somewhere, dies before she lives in a home."* *"Without the full no-fault reimbursement for ALL of my daughter's needs, she probably would have had to be in a nursing home, and I'm sure she would have been neglected & abused & would have lost her life very early on."*
Lack of company growth Providers indicated the changes stunted the growth of their companies.	*"I have to turn away care constantly, which affects my business growth, my therapists, my ability to hire and the quality of life of the patients."*

This project was funded by BIAMI.

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