

Stop PIP Fraud VOTE YES on HB 416 w/ HCS

Sponsored by Rep. Josh Bray

Kentucky's PIP System is Ripe for Abuse

- Medical providers can charge PIP auto insurers whatever they want for health care services.
- The statute currently presumes every medical bill is reasonable, giving insurers little ability to question the medical necessity or price of a PIP medical claim.
- Insurers are required to pay PIP claims in 30 days or face 12% interest. Medical providers have 2 years to submit bills leaving insurers to sort through 2 years worth of bills in 30 days...all that are presumed reasonable.

Why Kentucky's PIP System is BAD for Consumers

- The increasing cost of PIP medical expenses leads to higher claims and insurance premiums paid by all auto insurance policyholders in this compulsory insurance state, whether they had claims or not.
- Medical providers can overcharge until PIP benefits are exhausted. This can result in an auto accident victim in need of care but whose PIP has been used up, pushing costs onto health insurers, Medicaid, or Medicare.
- Exhaustion of PIP benefits by excessive charges or treatment also means that the injured person has fewer benefits available for replacement services and lost wages.

After meeting with stakeholders, the HCS to HB 416 makes the following changes to reform PIP:

1. Subjects some PIP claims for medical expenses to the Workers Comp Fee Schedule

- The Workers Comp fee schedule is used frequently by healthcare providers and is updated with their input. The fee schedule provides reimbursement levels in excess of Medicaid, Medicare, and health insurance.
- Why exempt hospitals? In rural communities, hospitals are the providers of last resort, and it is important that consumers have access to care in their communities. The risk of PIP fraud in hospitals is minimal.
- This provision was the original bill and in the HCS.

2. Requires providers, except for hospitals, to submit PIP bills within 180 days of treatment

- Addresses the issue of bundle billing by unscrupulous providers. The current PIP statutes place a 2 year limit on the time of submission of medical bills, so some providers accumulate bills over an extended period of time and then submit a bundle of bills. Since current statutes require auto insurers to make payment of claims within 30 days, and all bills are presumed reasonable, bundle billing increases the opportunity for fraud.
- This provision was changed from 45 days to 180 days in the HCS.

3. Prohibits balance billing consumers or impairing a consumer's credit

- When a fee schedule is put in place for medical expenses, consumers must be protected from providers trying to collect any unpaid medical expenses above the fee schedule directly from the consumer. HB 416 prevents providers from suing accident victims, engaging collection agencies, or impacting their credit scores.
- This provision was the original bill and in the HCS.

4. Increases PIP benefits to \$5000 for funeral expenses and \$500 for weekly wages.

- Increases benefits for funeral expenses from \$1000 to \$5000 and weekly wages from \$200 to \$500.
- These are new provisions in the HCS.

Why VOTE YES on HB 416 w/HCS to reform the PIP system?

- Applying the workers' comp fee schedule takes away the financial incentives to commit PIP fraud.
- Other states have repealed or reformed PIP. Passing **HB 416** will disincentivize criminals from locating here.
- **HB 416** will stretch PIP benefits, so consumers can access more treatment, lost wages, and services.
- **HB 416** prevents the cost of care from being pushed onto Medicaid, Medicare, or health insurance.
- **HB 416** helps auto accident victims by increasing maximum weekly wages and funeral expenses