

WISCONSIN INSURANCE ALLIANCE

44 EAST MIFFLIN STREET • SUITE 201

MADISON, WISCONSIN 53703

(608) 255-1749 FAX (608) 255-2178

wial@tds.net / www.wisinsal.org

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To: Assembly Insurance Committee

Date: February 22, 2006

From: Bernard T. McCartan, Associate General Counsel
American Family Mutual Insurance Company

On behalf of: Wisconsin Insurance Alliance

Subject: Opposition – Chiropractic Legislation AB 1039/SB 614

The Wisconsin Insurance Alliance respectfully opposes AB 1039/SB 614 in its entirety for the following reasons:

Section 3 of the bill would require that persons providing services to an injured party “on account of the injury” to be named on any payment or settlement draft if the provider obtained and sent to the settling insurer an assignment of the injured party’s rights. The scope of the required assignment is not clear. The provision fails to recognize important distinctions between the nature of first and third party claims. It will significantly complicate the settlement process for injured claimants in third party claims and may require them to engage in otherwise unnecessary litigation with their health care providers.

Section 7 of the bill requires that insurers under health care plans as defined in §628.36 must pay chiropractors directly for covered services. The definition of health care plan under §628.36, which includes all insurance contracts “providing coverage of health care expenses,” is an extremely broad one. It arguably includes not only traditional health insurance, but also medical expense coverage under commercial, workers compensation, homeowners and auto policies. It may also include uninsured motorist and underinsured motorist coverages under auto policies. In the case of medical expense coverages, many policies are low limit policies that insureds use for paying co-pays and deductibles when they sustain an injury covered by the medical expense coverage. Requiring direct payment to chiropractors, to the exclusion of every other health care provider, could quickly exhaust this coverage and deprive insureds of valuable backstop protection. In the case of UM and UIM coverages, the amounts payable are determined largely based on principles of tort law. They simply don’t fit into the concept of “health care plan” for these purposes.

Sections 8 through 12 of the bill do several things. They appear to create severe restrictions on who can be used for expert, independent evaluations of chiropractic services. They impose complicated and unprecedented reporting requirements on insurers requesting such examinations. Clearly the requirements and restrictions are designed to limit and discourage independent review of chiropractors’ services. No similar requirements or restrictions exist with respect to any other type of health care provider. There is no clear reason why chiropractors should be granted such privileged status.

For these reasons, the Wisconsin Insurance Alliance opposes the bill and respectfully requests that the Assembly Insurance Committee decline to advance it out of committee.