



YOUR PRACTICE / BUSINESS

Nationwide Trend in Auto-Insurance Coverage Opens Door to Expand Your Practice (Pt. 1)

Michael Coates | DIGITAL EXCLUSIVE

WHAT YOU NEED TO KNOW

- Across the country, state legislatures are increasing the required minimum auto insurance coverage drivers must carry.
- This trend means insurance companies will end up paying out more in personal-injury (PI) cases.
- This solves some of the problems in PI and suggests you should be positioning yourself now to take advantage.

Thanks to a nationwide trend in minimum insurance coverage requirements, acupuncturists are even better positioned than before to expand the personal-injury segment of their practices.

Understanding this opportunity starts by looking at the current automobile insurance requirements. Here is what you need to know: Across the country, state legislatures are increasing the required minimum auto insurance coverage drivers must carry. In California, for instance, the requirements are set to more than double by 2025.

Minimum auto insurance coverage requirements (Calif.)	Now	2025
Bodily death or injury for one victim	\$15,000	\$30,000
Bodily death or injury for two victims	\$30,000	\$60,000
Property damage	\$5,000	\$15,000

New Jersey is planning to increase its requirements twice over the next three years.

Minimum auto insurance coverage requirements (N.J.)	Now	2023	2026
Bodily death or injury for one victim	\$15,000	\$25,000	\$35,000
Bodily death or injury for two victims	\$30,000	\$50,000	\$70,000

Property damage	\$5,000	\$25,000	\$25,000
-----------------	---------	----------	----------

In 2020, Arizona also increased its minimum insurance coverage. And more than a few people in states like Florida are working to eliminate the “no fault” clause so that insurance companies must pay out more in motor vehicle collisions.

(A listing of all minimum car insurance requirements by state can be found by scrolling midway through [this article](#).)

The downside of these changes is that many drivers’ auto insurance premiums will likely increase, particularly if they tend to carry the minimum requirements. And because post-pandemic drivers are returning to in-person work, average car insurance rates are already expected to increase by a giant 8.4% this year.

This will take the current average annual cost from \$1,780 to \$1,930. With a few exceptions - California, D.C., Hawaii, Vermont, and Wyoming - every state is expected to see a rate increase of at least 1%. And some states will make out even worse, such as Illinois (17.1% increase), Arizona (14.6%), Georgia (13.8%), and New Hampshire (13.6%).¹

The good news for acupuncturists, though, is that insurance companies will end up paying out more in personal-injury (PI) cases, which means you might just get less resistance from those pesky attorneys who challenge your medical bills.

Let’s look at the problems this solves in PI, and perhaps more importantly, what you should be doing to position yourself to take advantage.

The Problems in Personal Injury

The simple explanation is this: Very often, the proceeds from a personal-injury case just aren’t enough to go around. Let’s take California as an example. California’s current minimum requirement for property damage is \$5,000. Particularly in California, \$5,000 doesn’t go far. It might cover a person’s lattes and avocado toast for a year, but it won’t cover even relatively small damages on newer cars.

And in the case of injury, the current minimum of \$15,000 for one person very well might not cover the attorney’s fees (which generally run from 33-40%), plus medical bills, plus a little money for the victim’s pain and suffering.

Beyond that, the insurance companies do not want to pay a dime. They do their best to poke holes in the patient’s claims and the medical provider’s treatment.

Then add this problem to the mix: Attorneys are paid on contingency, meaning they do not get paid unless the case pays out, via a trial, arbitration or settlement. Very often, attorneys know that going to trial is going to be more hassle than it is worth, particularly when the insurance coverage is low.

After crunching the numbers, attorneys might decide that going to trial does not make sense from a monetary perspective, so they try to settle for less than policy limits to save themselves the hassle. After all, time is money!

Sure, their 30-40% isn’t as much dollar-wise, but they’ve saved themselves hours and hours of time, as well as perhaps expert fees and other costs. In the end, they are faring better. They can use the time they saved to take on a more promising case.

That said, when a case settles for less than policy limits, the patient also takes a monetary hit, and this puts attorneys in a pickle: They want their patient to be happy.

So, what happens? The attorney often comes after *you*, the acupuncturist. After all, if the attorney can bully or intimidate you into reducing your bill, the client will walk away with more money.

Basically, it's a domino effect. Everyone wants money, and the acupuncturist - who is a healer and harmonizer by nature - ends up with the smaller side of the wishbone. Some attorneys will use less-than-ethical tactics, including misleading the patient and misrepresenting the law when concerning your right to be paid.

For instance, if you already do PI, have you ever had an attorney threaten "interpleader"? If you know the law, interpleader will work in your favor (especially with respect to higher bills). And have you ever had an attorney claim that you must share an equal *pro rata* percentage like all other providers and only from one-third of the settlement pot? The truth is, in almost all 50 states, the patient still owes the balance of the medical bills, regardless of the case outcome.

You get the point: Personal injury could feel like it is more trouble than it is worth. If those are your thoughts, though, you would be wrong, big time - especially given the new trends in insurance coverage.

Ramp Up Your PI Segment—Today!

Here is something that might shock you: When you understand personal injury, PI should be the best paying segment of your practice - far better than insurance and cash. Let me explain.

Although attorneys might have you believe otherwise, acupuncturists who take PI cases on medical lien (lien) or a letter of protection (LOP) are not agreeing to a discount. Rather, taking patients on lien or LOP is akin to extending credit to a patient. The acupuncturist is agreeing to wait for the conclusion of a court case to be paid, but the acupuncturist is owed the full amount of the bill, no matter the outcome of the case.

That's right: Though a PI attorney is paid on contingency, the patient still owes all of your bill, *even if they lose at trial or have a lower-than-expected settlement.*

So, while you might offer a cash discount, and insurance adjusters will surely contest at least some of your treatment charges, patients in almost all 50 states *owe the full amount of a medical lien bill at your full retail rates, regardless of the outcome of the case.* (And if you practice in a "common fund" state, the patient likely still owes the balance of the outstanding amount unpaid after the PI case settlement is paid out.)

Editor's Note: Part 2 of this article (August) discusses how to best position yourself to accept personal-injury (PI) cases.

Reference

1. "State of Auto Insurance in 2023." ValuePenguin.com. [Read Here](#)

JULY 2023