

RESOLUTION

Subject: Increasing Mandatory Minimum Personal Injury Protection (PIP) Coverage to Improve Access to Trauma and Rehabilitation Care in Kentucky

Submitted by: Northern Kentucky Medical Society

Referred to: Reference Committee

WHEREAS, Kentucky's mandatory minimum Personal Injury Protection (PIP) coverage of \$10,000 per person per accident was established in 1975 and has never been indexed for inflation or rising healthcare costs, yet the mean one-year treatment cost per major trauma patient in the U.S. is \$75,210 (2010 USD), meaning today's floor covers only about 13 percent of typical acute and post-acute care expenses^{1,2}; and

WHEREAS, PIP serves as a no-fault safety net, covering medical expenses up to \$10,000 and reimbursing lost wages at \$200 per week (or 85 percent of income if lower), but these benefits are typically exhausted after the index hospitalization in moderate-to-severe crashes, leaving injured low-income Kentuckians underinsured and facing significant financial barriers^{2,3}; and

WHEREAS, Kentucky's age-adjusted injury mortality rate is roughly 33 percent higher than the national average, and motor vehicle crashes remain a leading cause of traumatic injury that necessitates expensive rehabilitation and long-term support⁴; and

WHEREAS, increasing the PIP minimum to \$50,000 per person per accident would cover roughly two-thirds of the average first-year trauma care cost, ensuring timely access to both acute treatment and essential post-acute rehabilitation for economically vulnerable patients, thereby reducing downstream disability burdens and long-term societal costs¹; and

WHEREAS, concerns about potential insurance-premium increases have been mitigated in other no-fault states, most notably Michigan, where optional higher PIP tiers coexist with only 20–45 percent premium adjustments, and Minnesota, which sets a \$40,000 floor with modest premium impacts, showing that higher PIP floors can remain affordable^{5,6}; and

WHEREAS, stakeholder collaboration among insurers, healthcare providers, and consumer advocates is essential to design cost-effective implementation strategies, such as standardized billing protocols and public awareness campaigns, to support a smooth transition to higher PIP limits; and

WHEREAS, States like Michigan, Minnesota, and New York, which mandates a \$50,000 "basic economic loss" floor, demonstrate that higher minimums can effectively cover trauma and rehabilitation costs without prohibitive premium spikes, offering models Kentucky can emulate to ensure equitable access for low-income drivers^{5,6,7}; now, therefore, be it

RESOLVED, that the Kentucky General Assembly and Department of Insurance increase the mandatory minimum Personal Injury Protection (PIP) coverage to \$50,000 per person per accident, with an interim floor of \$25,000 per person per accident; and be it further

RESOLVED, that the Kentucky Department of Insurance conduct an annual study to monitor the impact of the increased Personal Injury Protection (PIP) minimum on insurance premiums, healthcare access, and patient outcomes.

References:

1. Weir S, Morris JA Jr, Pierce MC, et al. One-year treatment costs of trauma care in the USA. *Expert Rev Pharmacoecon Outcomes Res.* 2010;10(2):187–197. <https://pubmed.ncbi.nlm.nih.gov/20384565/>
2. Kentucky Department of Insurance, “Motor Vehicle Reparations Act (1975) – Personal Injury Protection (PIP),” https://insurance.ky.gov/PPC/newstatic_info.aspx?static_id=24
3. O’Connor Acciani & Levy, “Kentucky Personal Injury Protection (PIP) Benefits,” Apr 13, 2017. <https://www.oal-law.com/blog/kentucky-personal-injury-protection-pip-benefits/>
4. Kentucky Legislative Research Commission, “Kentucky’s Trauma System & Medicaid,” Julia F. Costich et al., July 21, 2021, pp. 4–5. <https://apps.legislature.ky.gov/CommitteeDocuments/137/13383/July%2021%202021%20Kentucky's%20Trauma%20System%20Presentation.pdf>
5. Michigan Department of Insurance and Financial Services, “Choosing PIP Medical Coverage,” <https://www.michigan.gov/autoinsurance/choosing-coverage/choosing-pip-med-coverage>
6. Minnesota Department of Commerce, “No-Fault Automobile Insurance – Personal Injury Protection,” Nov 2023. <https://mn.gov/commerce/stat/pip/>
7. FindLaw, “New York Consolidated Laws, Insurance Law § 5102 – Definitions (Basic Economic Loss up to \$50,000),” <https://codes.findlaw.com/ny/insurance-law/isc-sect-5102/>