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INSURANCE CONSUMER ADVOCATE

March 1, 2012

The Office of Insurance Consumer Advocate has continued to review and analyze data received for the Report on Florida Motor Vehicle No-Fault Insurance as submitted December 2011 as well as additional data requested of the insurance industry, most of which was supplied by the industry as late as last Friday, February 24. In response to requests from legislative leaders for additional information as it became available, attached is information that may be of assistance to you during deliberations on current PIP reforms pending in the Legislature.

More specifically, data provided last Friday from the Personal Insurance Federation of Florida (PIFF) helps identify the top providers billing for the modalities associated with soft tissue treatments, which is important to discussions regarding utilization reform. While these members of the industry are a representative sampling of the auto insurance marketplace in Florida, this information has not yet been audited but has been reviewed to ascertain the ownership or management of these top billers as reported by the member companies of PIFF.

If you have any questions about the enclosed data in terms of our process or the results, please do not hesitate to contact me.

With regards,

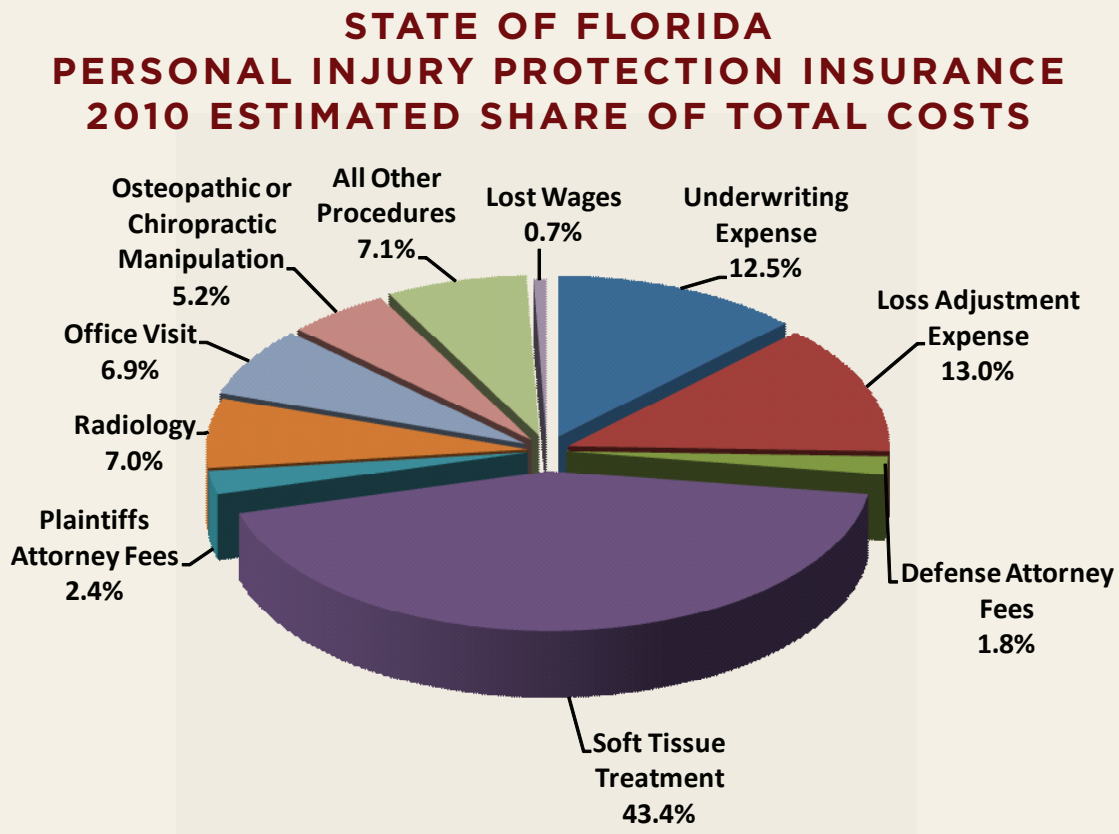
A handwritten signature in blue ink, appearing to read "R. Smith Westcott".

Robin Smith Westcott, Esq.

Attachment

After completion of the Report on Florida Motor Vehicle No-Fault Insurance published in December 2011, the Office of the Insurance Consumer Advocate continued to analyze data collected for the Report, most prominently Mitchell International, Inc. (Mitchell) data, and recently obtained additional data from insurers to further refine information regarding utilization in PIP. This data supplements the data that was reported on p. 13, et. seq., entitled, Treatment and Providers.

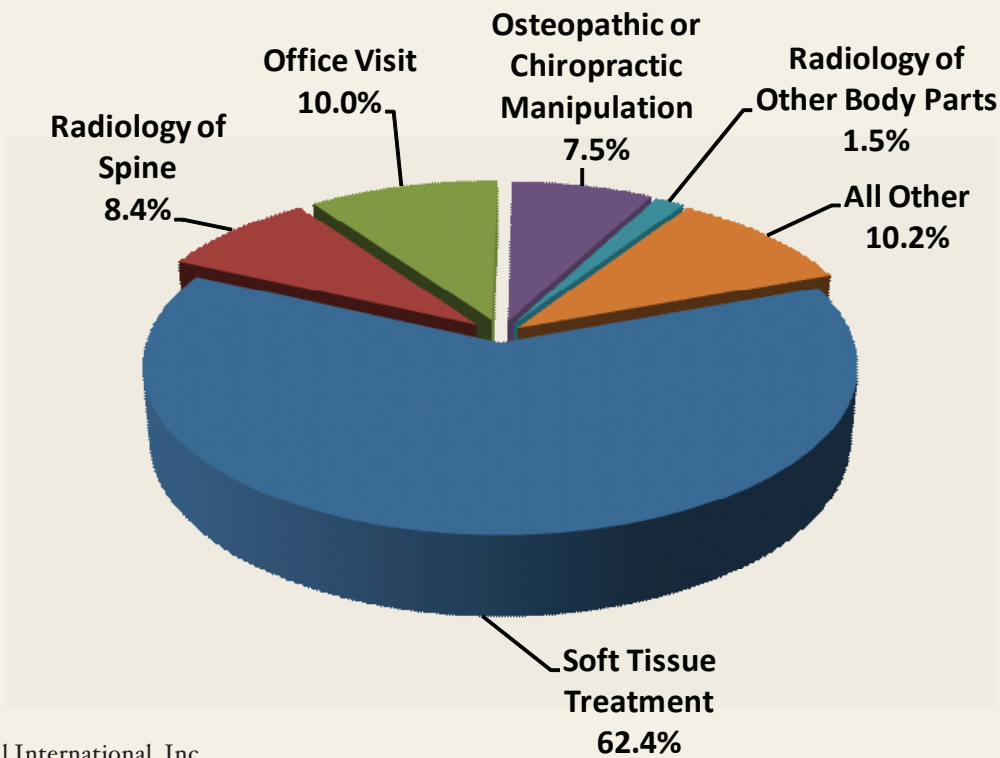
The initial data collected for the Report contained information from several sources regarding PIP loss costs. The following chart supplements this information by estimating the percentage of total PIP costs for 2010 and identifying specific medical costs by treatment types.



Sources: 1) NAIC I Site Database, 2010 State Page data, 2) Appendix L of “Report of Florida No-Fault Insurance, Personal Injury Protection”, Office of the Insurance Consumer Advocate, December, 2011, 3) Farmers Insurance Company presentation to House Banking and Insurance Subcommittee of November 16, 2011, 4) Best’s Aggregates and Averages, 2011. 5) Mitchell International, Inc.

The chart indicates that a large percentage of the treatment rendered in the PIP system is for Soft Tissue Treatment. These treatments are associated with the modalities in the 97XXX CPT codes<sup>1</sup>. More than 43 percent of the estimated total loss costs were paid for these types of treatments. The following chart further isolates the medical loss costs to show that for all types of medical treatments those same modalities associated with Soft Tissue Treatment account for 62.4 percent of medical loss costs.

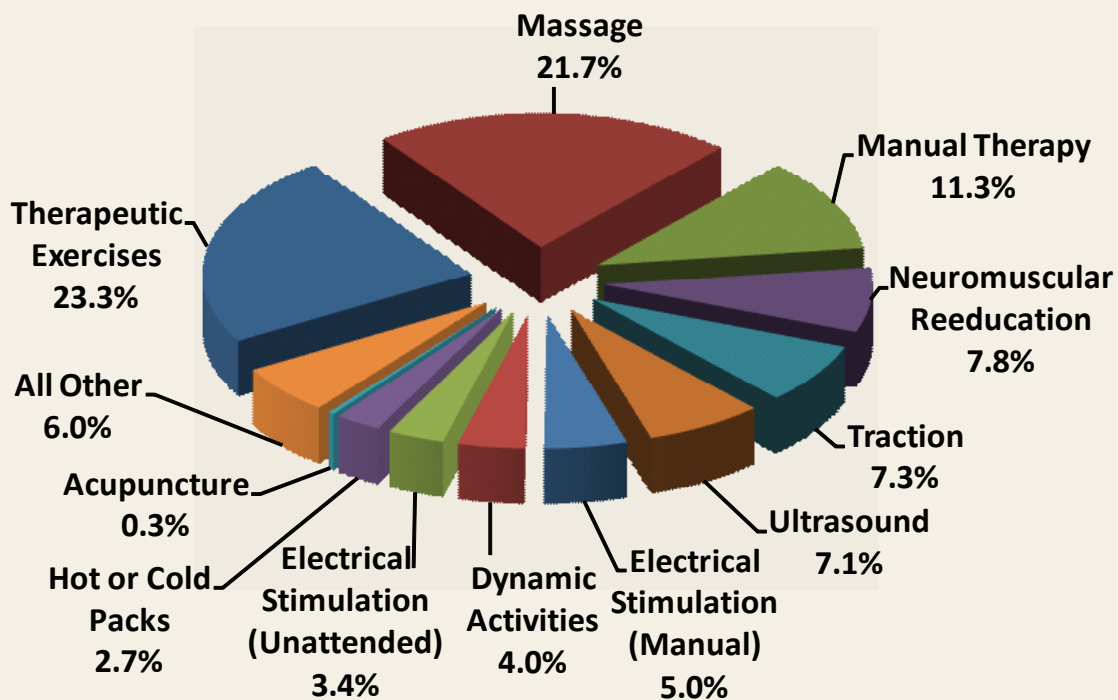
**STATE OF FLORIDA  
PERSONAL INJURY PROTECTION INSURANCE  
2010 SHARE OF TREATMENT COSTS  
BY PROCEDURE CODE GROUP**



Source: Mitchell International, Inc.

Once the Soft Tissue Treatment Cost was identified as a primary cost driver in PIP, the data was further reviewed to identify which treatments in the 97XXX modalities are most common. The following chart illustrates the percentage share of specific types of Soft Tissue Treatments.

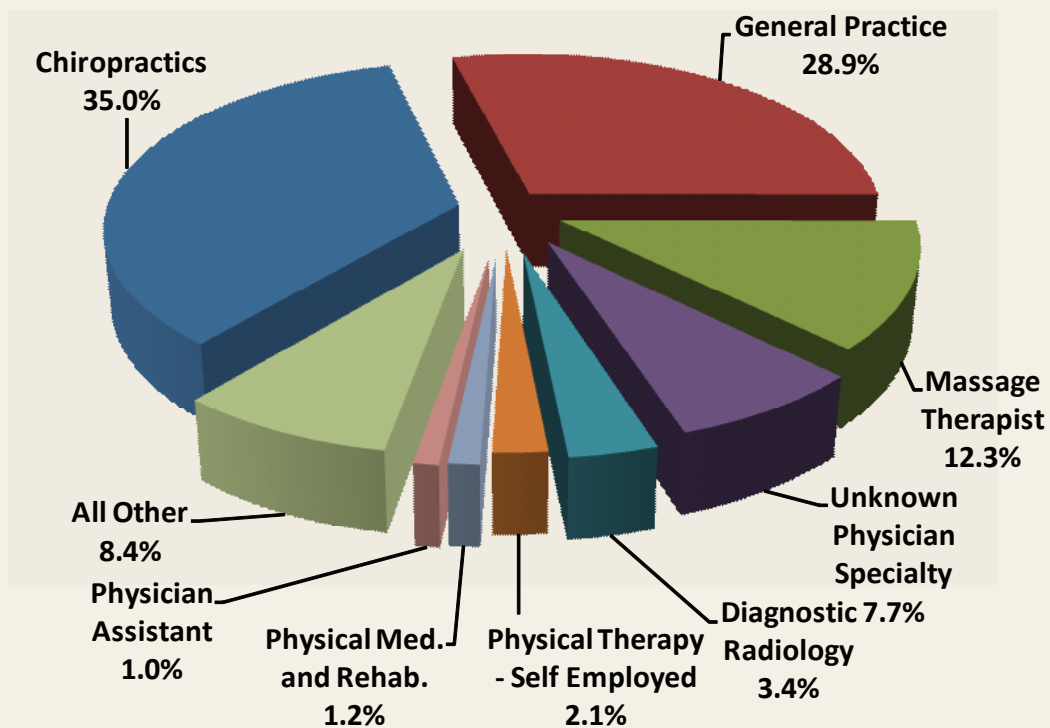
### STATE OF FLORIDA PERSONAL INJURY PROTECTION INSURANCE 2010 ESTIMATED SHARE OF SOFT TISSUE TREATMENT COSTS



Source: Mitchell International, Inc.

The Mitchell data included prefixes to the medical codes that indicate the specialty or type of provider that billed for all medical treatment cost. The following chart indicates the specialty billing in the PIP system.

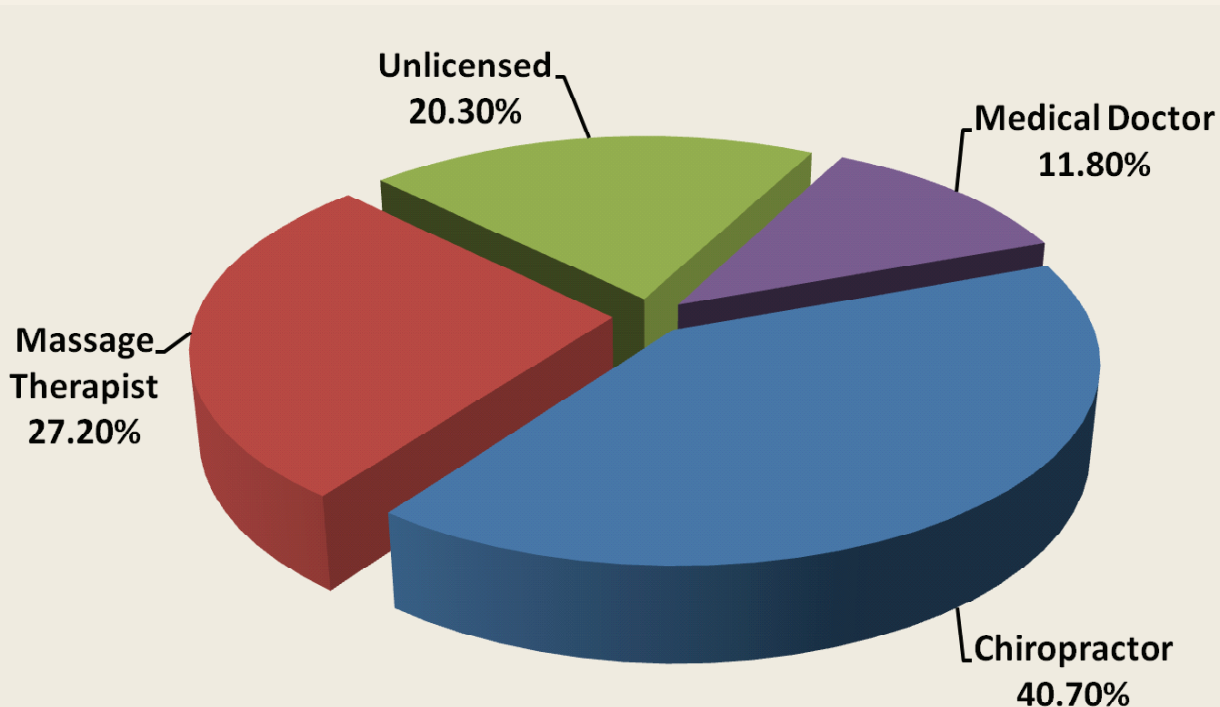
### STATE OF FLORIDA PERSONAL INJURY PROTECTION INSURANCE 2010 SHARE OF TREATMENT COSTS BY PROVIDER SPECIALTY



Source: Mitchell International, Inc.

While we are able to identify the type of provider for all losses based upon the prefixes of the medical codes, the data submitted by Mitchell did not, however, contain the TEIN or identifying information for specific providers. This made it impossible to drill down to see individual providers billing in the PIP system. As a result, information was requested from insurance companies to identify the top 50 providers paid for Soft Tissue Treatments. The request was limited to the Soft Tissue Treatments based on the indication from the Mitchell data that such treatments were the leading cost drivers, and to make the data set manageable due to the amount of time to collect and review. Members of the Personal Insurance Federation of Florida (PIFF) submitted data to the Office of the Insurance Consumer Advocate last week that reflected the top 50 providers billing for Soft Tissue Treatments during the 2011 calendar year. This information has not been audited. The Office of the Insurance Consumer Advocate took the raw data as submitted by the industry and matched each of the top billing providers and compared it to the Secretary of State, Division of Corporations database and the Department of Health licensee database to ascertain the status of these individual billing entities. The following chart shows the distribution of ownership or management for the top 25 billing entities.

**STATE OF FLORIDA  
PERSONAL INJURY PROTECTION INSURANCE  
SHARE OF SOFT TISSUE LOSSES  
BY OWNERSHIP OR MANAGEMENT OF PROVIDER**



Source: Members of the Personal Insurance Federation of Florida

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It is clear from the further review that a significant cost drivers in the PIP system is treatment offered for soft tissue injury. More than half of the medical loss costs are for the CPT 97XXX modalities. This data indicates that effective reform will need to address utilization of this cost driver. It was stated in the original Report that No-Fault had valuable public policy implications by acting as a barrier to litigation and was designed to lower the claims that escalate into other coverages. However, the reverse has happened in Florida. Rate increases for bodily injury and uninsured motorist coverages have increased in Florida since 2009<sup>ii</sup>. As a result, Florida now ranks third in the nation for the combined average premiums for personal injury protection, bodily injury liability, property damage and uninsured motorist liability coverage. This broken system now begins to fuel the cost for all auto coverage in this state.



- 97001 Physical therapy evaluation
- 97002 Physical therapy re-evaluation
- 97003 Occupational therapy evaluation
- 97004 Occupational therapy re-evaluation
- 97010 Application of a modality to 1 or more areas; hot or cold packs
- 97012 Application of a modality to 1 or more areas; traction, mechanical
- 97014 Application of a modality to 1 or more areas; electrical stimulation (unattended)
- 97016 Application of a modality to 1 or more areas; vasopneumatic devices
- 97018 Application of a modality to 1 or more areas; paraffin bath
- 97022 Application of a modality to 1 or more areas; whirlpool
- 97024 Application of a modality to 1 or more areas; diathermy (eg, microwave)
- 97026 Application of a modality to 1 or more areas; infrared
- 97028 Application of a modality to 1 or more areas; ultraviolet
- 97032 Application of a modality to 1 or more areas; electrical stimulation (manual), each 15 minutes
- 97033 Application of a modality to one or more areas; iontophoresis, each 15 minutes
- 97034 Application of a modality to one or more areas; contrast baths, each 15 minutes
- 97035 Application of a modality to one or more areas; ultrasound, each 15 minutes
- 97036 Application of a modality to one or more areas; Hubbard tank, each 15 minutes
- 97039 Unlisted modality (specify type and time if constant attendance)
- 97110 Therapeutic procedure, 1 or more areas, each 15 minutes; therapeutic exercises to develop strength and endurance, range of motion and flexibility
- 97112 Therapeutic procedure, one or more areas, each 15 minutes; neuromuscular reeducation of movement, balance, coordination, kinesthetic sense, posture, and/or proprioception for sitting and/or standing activities
- 97116 Therapeutic procedure, one or more areas, each 15 minutes; gait training (includes stair climbing)
- 97124 Therapeutic procedure, one or more areas, each 15 minutes; massage, including effleurage, petrissage and/or tapotement (stroking, compression, percussion)
- 97139 Unlisted therapeutic procedure (specify)
- 97140 Manual therapy techniques (eg, mobilization/ manipulation, manual lymphatic drainage, manual traction), 1 or more regions, each 15 minutes
- 97150 Therapeutic procedure(s), group (2 or more individuals)
- 97530 Therapeutic activities, direct (one-on-one) patient contact by the provider (use of dynamic activities to improve functional performance), each 15 minutes
- 97532 Development of cognitive skills to improve attention, memory, problem solving, (includes compensatory training), direct (one-on-one) patient contact by the provider, each 15 minutes
- 97535 Self-care/home management training (eg, activities of daily living (ADL) and compensatory training, meal preparation, safety procedures, and instructions in use of assistive technology devices/adaptive equipment) direct one-on-one contact by provider, each 15 minutes
- 97750 Physical performance test or measurement (eg, musculoskeletal, functional capacity), with written report, each 15 minutes
- 97760 Orthotic(s) management and training (including assessment and fitting when not otherwise reported), upper extremity(s), lower extremity(s) and/or trunk, each 15 minutes
- 97762 Check-out for orthotic/prosthetic use, established patient, each 15 minutes
- 97799 Unlisted physical medicine/rehabilitation service or procedure
- 97802 Medical nutrition therapy; initial assessment and intervention, individual, face-to-face with the patient, each 15 minutes
- 97810 Acupuncture, 1 or more needles; without electrical stimulation, initial 15 minutes of personal one-on-one contact with the patient
- 97811 Acupuncture, 1 or more needles; without electrical stimulation, each additional 15 minutes of personal one-on-one contact with the patient, with re-insertion of needle(s) (list separately in addition to code for primary procedure)
- 97813 Acupuncture, 1 or more needles; with electrical stimulation, initial 15 minutes of personal one-on-one contact with the patient
- 97814 Acupuncture, 1 or more needles; with electrical stimulation, each additional 15 minutes of personal one-on-one contact with the patient, with re-insertion of needle(s) (list separately in addition to code for primary procedure)



ii The following chart has been updated from the chart presented in the original report at page 10.

### CUMULATIVE RATE CHANGES IMPLEMENTED SINCE JANUARY 1, 2009

Coverage	STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY	GEICO GENERAL INSURANCE COMPANY	PROGRESSIVE AMERICAN INSURANCE COMPANY	PROGRESSIVE SELECT INSURANCE COMPANY	ALLSTATE INSURANCE COMPANY
BI	40.0%	49.0%	33.2%	33.9%	46.3%
PD	40.0%	-0.9%	-3.9%	5.9%	29.6%
PIP	49.7%	87.6%	62.8%	50.2%	35.1%
UM	52.4%	-3.2%	50.2%	75.4%	-7.4%
MP	-3.8%	5.9%	7.9%	19.5%	23.1%
COLL	-15.9%	-22.1%	-20.7%	-14.8%	-24.7%
COMP	-7.2%	-18.0%	-28.2%	-21.7%	-26.3%
Total:	26.0%	19.6%	19.2%	19.2%	11.5%
Market Share:	19.9%	8.6%	5.2%	4.7%	4.5%

Based on data submitted to the Office of Insurance Regulation, Rate Collection System as of February 1, 2012 for implemented filings (pending or approved) with effective dates for new business on or after January 1, 2009.