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New IRC Study Documents Role of Chiropractors in Minnesota's No-Fault Auto Insurance System

MALVERN, Pa.—Chiropractors now account for a greater share of total provider charges in Minnesota's no-fault insurance system than all other types of treating providers combined. According to a new study from the Insurance Research Council (IRC), 58 percent of all provider charges for treatment of no-fault insurance claimants in 2007 were from chiropractors. In a study conducted five years earlier, IRC found that 41 percent of all treatment charges were from chiropractors.

The recently released study, *Analysis of No-Fault Auto Insurance Claims in Minnesota*, is based on a detailed review of more than 500 personal injury protection (PIP) insurance claims closed with payment in 2007. The claims were among the 42,038 claims examined in the IRC's countrywide report, *Auto Injury Insurance Claims: Countrywide Patterns in Treatment, Cost, and Compensation*. Twenty-two automobile insurance companies representing 57 percent of the countrywide private passenger auto insurance market, and 61 percent of the Minnesota market, participated in the study.

The growing cost of chiropractic treatment in Minnesota's auto insurance system is attributable primarily to rapid growth in average charges per visit to chiropractor offices. Between 2002 and 2007, average chiropractor charges in Minnesota increased 30 percent, from \$122 to \$158 per visit. In addition, the percentage of PIP claimants receiving chiropractor treatment increased approximately 5 percent. Minnesota had the third highest utilization rate for chiropractors (42 percent) among 17 states with no-fault insurance claims. Only Washington and Florida had higher chiropractor utilization rates in 2007.

"These findings help explain why auto insurance costs are so much higher in Minnesota than in any of its neighboring states," said Elizabeth A. Sprinkel, senior vice president of the IRC. "Minnesota clearly is atypical when it comes to the utilization of chiropractic services by auto injury claimants."

Another significant growth area identified in the study involves MRI diagnostic tests. IRC found that the utilization rate for MRI tests in Minnesota grew by one-third, from 12 percent to 16 percent, between 2002 and 2007, and that the average charge per MRI grew 27 percent, from \$1,432 to \$1,812. The average charge in 2007 for an MRI in Minnesota was 23 percent higher than the countrywide average.

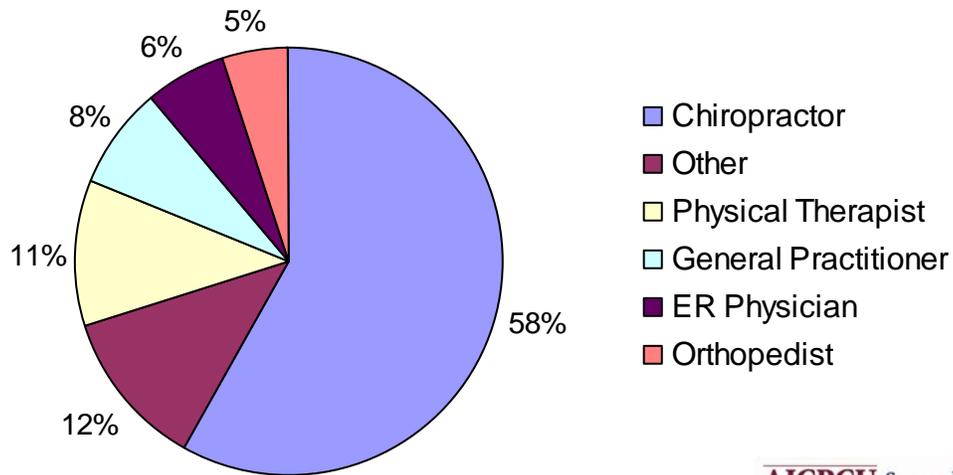
The study also examined the role of attorneys in the no-fault system and found that 24 percent of all 2007 PIP claimants in Minnesota were represented by attorneys. Average claimed losses were much higher for attorney-represented claimants than for other claimants. Even when controlling for the type of injury involved, the study found that average claimed losses were almost three times as high when an attorney was involved: \$13,686 compared to \$4,806. Attorney involvement also was found to be associated with much longer time to final payment. When an attorney was involved, 60 percent of no-fault claims in Minnesota were still open one year after the date of injury. When no attorney was involved, only 12 percent of claims were still open after one year.

For more detailed information on the study's methodology and findings, contact David Corum at (610) 644-2212, ext. 7506; or by e-mail at irc@cpcuiia.org. Or visit IRC's Web site at www.ircweb.org. Copies of the study are available at \$65 each in the U.S. (\$80 elsewhere) postpaid from the IRC, 718 Providence Road, Malvern, Pa. 19355. Phone: (610) 644-2212, ext. 7574; Fax: (610) 640-5388.

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Minnesota No-Fault Insurance Claims, 2007

Distribution of Treating Provider Charges by Type of Provider



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