

## PERFORMANCE NOTE: AGENCY FORM

**BILL:** S.B. 103, Personal Injury Protection Arbitration, Sen. C. Bramble

Joint Rule 4-2-404 requires a Performance Review Note anytime the legislature significantly increases funding for:  New agency  New services or benefits  Serving a new or larger population

**DUE TO THE FISCAL ANALYST:**

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### CONTACT INFORMATION

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### HOW WILL THE PUBLIC BENEFIT?

**1** What is the purpose and the duties of the new program, agency, services, or population served? JR4-2-404(4)(c)(i)

The bill creates a personal injury protection arbitration program. The insurance commissioner must issue a request for proposal to contract with an organization that resolves personal injury protection disputes through arbitration. The insurance commissioner must establish rules for the arbitration procedure and process that the bill requires. Individuals that have disputes with insurance companies relating to the personal injury protection coverage will be able to use the arbitration program to resolve them.

**2** What services are provided by the funding increase? JR4-2-404(4)(c)(ii)

An insured individual, a person that has been injured in a motor vehicle accident, a provider that is an assignee of personal injury benefits or an auto insurer will be able to submit disputes relating to personal injury protection benefits to arbitration under the program.

**3** What are the expected outcomes of the new or expanded program and how will the public benefit? JR4-2-404(4)(c)(iii)

The outcomes are unclear as the total dollar amount for personal injury protection benefits is capped at \$3,000 by statute. The bill calls for simplified arbitration procedures that promote efficiency and cost savings through the use of electronic filing and administration. Currently, few if any personal injury cases are disputed so predicting the number of cases going to arbitration is problematic. Any benefit to the public will depend on the amount of the arbitration award less the costs of processing the dispute through the program. The costs of the program are paid by those that use it. Outcomes could include: number of cases submitted for arbitration; dollar value of awards; cost, excluding arbitration award, of each case; arbitration cases that result in awards to the insured person; and arbitration cases that result in no awards to the insured person.

**4** How will the bill be implemented and what resources are available to achieve the expected outcomes? JR4-2-404(4)(c)(iv)

The insurance department will have to develop a request for proposal under the oversight of the Division of Purchasing and publish it to registered vendors in the state's purchasing system and then evaluate responses and select a vendor and award a contract to the selected vendor. The Insurance Department is required to develop rules relating to the arbitration program. An approval process will need to be implemented of the pay of arbitration adjudicators that render services. The Insurance Department is required to oversee and administer the program. The department currently has no resources available for such a program and will have to rely on revenue generated by the program to cover its costs.

**5** How will the proposed agency activities cause the expected outcomes and public benefit in 3?

Utilization of the program will be driven by the success or lack of success of vendor that is selected to administer and execute the program. The department's role is a passive role.

## 2. PERFORMANCE MEASURES:

What measures will managers and policymakers use to know if the new or expanded program is providing the expected outcomes and public benefits? Provide one, two, and three year goals or targets, actual results and measures if available to serve as a baseline, and outcomes.

**Goal (public benefit):** Injured policyholders usage of the personal injury protection arbitration program

**Measure Title:** Cases submitted to arbitration vendor for resolution

**Description:** Total number of cases submitted for arbitration and total dollar value of the cases

Fiscal Year:	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Target or Benchmark:	0	0			
Baseline:	0	0			

**How will program managers collect this performance information and ensure its reliability?**

The request for proposal will require the selected arbitration vendor to collect that data needed to determine the number of cases that are submitted each year.

**Goal (public benefit):** Injured policyholders usage of the personal injury protection arbitration program

**Measure Title:** Arbitration cases that result in awards to the insured person

**Description:**

Fiscal Year:	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Target or Benchmark:	0	0			
Baseline:	0	0			

**How will program managers collect this performance information and ensure its reliability?**

The request for proposal will require the selected arbitration vendor to collect that data needed to determine the number of cases that are submitted each year.

**Goal (public benefit):** Injured policyholders usage of the personal injury protection arbitration program

**Measure Title:** Arbitration cases that result in no awards to the insured person

**Description:** The request for proposal will require the selected arbitration vendor to collect that data needed to determine the number of cases that are submitted each year.

Fiscal Year:	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Target or Benchmark:	0	0			
Baseline:	0	0			

**How will program managers collect this performance information and ensure its reliability?**