

# 2020 Changes to Michigan No-Fault Auto Insurance

In Brief from



Public Acts 21 and 22 reform Michigan's automobile no-fault insurance law. The changes will be effective July 1, 2020. The state of Michigan currently requires individuals to purchase unlimited Personal Injury Protection or PIP from their auto insurer. PIP coverage has unlimited medical benefits for:

- Bodily injury to you, resident family members and in certain circumstances non-family/non-resident passengers of your vehicle
- Medical Expenses (reasonable and necessary)
- Funeral Expenses (*Subject to specific limits*)
- Work Loss Benefits (*Subject to specific limits*)
- Survivors Loss Benefits (*Subject to specific limits*)
- Replacement Services (*Subject to specific limits*)

It is generally the responsibility of the auto insurer to cover medical expenses inflicted by a vehicle accident. However, many health insurance plans are designed to be the primary payer when there is a coordination of benefits clause in the policy. Auto/motorcycle insurance carriers often provide significant savings to members who have medical coverage that is primary over the auto/motorcycle policy. These carriers typically require a letter or proof from their members' health insurance carrier stating how coverage is coordinated. Most health insurance companies in Michigan like Blue Cross Blue Shield of Michigan (BCBSM), Blue Care Network (BCN), McLaren Health Plan, Health Alliance Plan (HAP), and Priority Health are considered "primary" for covered health services in the case of an auto/motorcycle accident.

A notable exception is when the group coverage is provided by an employer which sponsors a self-funded health plan. Self-funded group health plans are mandated by federal law and not state law so they can determine if their plan will be primary or secondary to auto/motorcycle insurance or, possibly exclude auto accident-related claims.

Medicare coverage is coordinated with auto/motorcycle insurance. Auto/motorcycle insurance is primary when members are enrolled in Medicare and have been in an accident where no-fault or liability insurance is involved.

Effective July 1, 2020 individuals may select different PIP levels rather than the unlimited PIP. They can choose to continue unlimited coverage or, select \$500,000, \$250,000, or \$50,000 for a reduced rate. Some persons may be eligible to opt out.

It is important to note that health insurance programs do not cover many of the benefits found in PIP coverage listed above. For this reason, before dropping or reducing PIP when purchasing or renewing their auto insurance, individuals should carefully consider purchasing PIP coverage because it pays for items that health insurance does not, i.e., attendant care, lost wages, and vehicle or housing modifications. Members covered by a self-funded group health plan may want to purchase PIP coverage for the same reason.

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