

Michigan Auto Insurance Reform

PIP Medical Coverage & Healthcare Insurance



Warner Norcross + Judd LLP



OVERVIEW

- Changes to the Law
- How Does PIP Respond?
- Qualified Health Coverage
- Interaction with Employer-Sponsored Health Insurance
- Communicating to Employees



Law before July 2020:

- Unlimited PIP medical coverage.
- Insured group health plans in Michigan pay primary
- Self-insured group health plans:
 - ERISA preemption of state law
 - Could be secondary



PIP Coverage

“Reasonably Necessary” medical and related services for vehicle owners, their spouses, and resident relatives.

- Includes
 - In home attendant care
 - Home and vehicle modifications
 - Medical mileage to and from doctor appointments
 - Case management services
 - 85% of lost wages and up to \$20/ day for replacement services such as housework, meal prep, yard work for up to three years
 - Long term cognitive and speech therapy (typically limited by health plans)



Law beginning July 2020:

- PIP medical coverage options:
 - Unlimited
 - \$500,000
 - \$250,000
- Ability for individuals to opt out of PIP coverage with “qualified health coverage”

How does PIP respond?

- Order of Priority
 - Commercial Auto Policy
 - Personal Auto Policy



“Qualified Health Coverage” is:

- Medicare parts A or B; or
- Health coverage that:
 - does not exclude or limit coverage for injuries related to auto accidents; and
 - has an annual deductible of \$6,000 or less





Interaction with Employer-Sponsored Health Insurance

Options for fully-insured plans:

- Pays Primary

Options for self-insured plans:

- Exclude coverage for all injuries from auto accident.
- Partial exclusion of injuries from auto accident (but can TPA administrate?)

Two Types of Plans

Fully Insured Plans

- Employer pays primary on most auto-related medical claims
 - Personal time, work time, personal or company-owned vehicle

Self-Insured Plans

- Can be set-up to pay primary, secondary or exclude auto related claims
 - Secondary: responsible for auto accident-related claims once the member's PIP level is met by auto insurer.
 - Employer specifies employee responsibility. Could be gap between that figure and employees PIP limit on personal auto policy.





What Does My Healthcare Have to do with My Auto Insurance?

If PIP coverage is waived or limited on employee's auto policy, limiting several coverages that a health insurance plan does not cover.

Employee responsible for paying deductible before health insurance kicks in.

If employee is unable to return to work, they would eventually lose their employer-sponsored health insurance.

- COBRA 18-36 months.
 - *PIP needs to be replaced on personal auto policy within 30 days.

PIP Medical Opt Out Letters

- DIFS directed health insurers to develop document that indicates whether plan is “qualified health coverage”
- Letter should include:
 - Name and DOB of all covered individuals
 - Statement (a) as to whether coverage is considered “qualified health coverage, or (b) that the coverage does not exclude coverage for motor vehicle accidents and individual annual deductible is \$6,000 or less





Questions to Ask Health Insurance Provider

- Do I have Qualified Health Coverage?
 - May need to provide proof of eligibility.
- Does my plan restrict or limit auto injury coverage?
- How much coverage does my health insurance provide for injuries sustained in auto-related accidents?
- If I am catastrophically injured in a car accident, does my health plan cover attendant care?
 - Most health plans may not cover attendant care coverage.



Communicating to employees about changes

- Not qualified health coverage
 - Employees MUST have at least \$250K of PIP coverage
 - New employees may have to CHANGE PIP coverage
- Qualified health coverage
 - Emphasize PIP medical coverage broader than health plan coverage