

Michigan auto reform law—FAQs

What's happening?

The Michigan auto insurance reform law, which goes into effect on Jul. 1, 2020, allows drivers the option of opting out of personal injury protection (PIP) or purchasing \$250,000, \$500,000 or unlimited coverage. Drivers may only opt-out of PIP coverage if their health insurance covers auto injuries—meaning they have Qualified Health Coverage (QHC).

While this law may offer an option to lower auto insurance premiums, members should be aware that it comes at the cost of reduced health coverage for catastrophic automobile accidents.

Members will need to do a comprehensive review of the coverage offered through their health plan when renewing/purchasing auto coverage to make sure they are completely covered.

Member information

What does the member need in order to waive PIP?

If the member wants to waive PIP, they will need to provide to their auto insurance company documentation that states they have qualified health coverage (QHC). Medicare Advantage providers can provide this documentation.

How will the member access this qualified health coverage documentation?

A member can call or email their Medicare Advantage provider's customer service team to request QHC documentation.

If a member does not want to change their auto coverage, they don't need any documentation.

Likewise, if a member does not have Qualified Health Coverage, no documentation will be provided.

Where can a member go for more information?

For more information and educational resources surrounding the new auto insurance law, visit DIFS' website at michigan.gov/autoinsurance.

Consumers with questions can also now call a dedicated hotline (833.ASK.DIFS or 833.275.3437) (TTY 711) or email autoinsurance@michigan.gov.

Medicare information

How are Medicare plans impacted?

Under the new law, a Medicare beneficiary can opt-out of PIP medical benefits under certain circumstances. All the following conditions must be met:

- They can demonstrate that they are enrolled in Medicare Parts A and B, such as a Medicare Advantage plan.
- They can prove that their spouse has Qualified Health Coverage (QHC) or automobile insurance that includes PIP medical benefits.
- They can prove that any other relatives residing in the same household has Qualified Health Coverage (QHC) or automobile insurance that includes PIP medical benefits.

Your Medicare Advantage plan is secondary to all liability coverage, including auto, per federal law. Covered benefits are subject to Medicare rules. Medicare members will be required to pay their plan copays, if any. There are many items that are covered under an auto policy's Medicare coverage that Medicare does not cover, including, but not limited to:

- In-home attendant care
- Transportation to and from medical appointments
- Vehicle modifications
- Home modifications
- Replacement service
- Case management services
- Residential treatment programs
- Long-term comprehensive rehabilitation
- Electric wheelchairs
- Occupational therapy
- Executive functioning therapy for brain trauma

If Medicare pays for auto-related claims, Medicare can seek reimbursement for any settlement that a beneficiary receives for pain and suffering, thereby leaving less to compensate the beneficiary.