

Michigan No-Fault Auto Insurance Reform

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June 8, 2020

Michigan's current auto insurance law provides you auto insurance that includes unlimited Personal Injury Protection (PIP) medical coverage to pay for your expenses if you are injured in an auto accident. The new auto insurance law allows Michigan drivers to choose from six levels of PIP medical coverage when a policy is issued or renewed after July 1, 2020. The following PIP coverage choices are available to all Michigan drivers: unlimited (current level), \$500,000 or \$250,000. Additional PIP coverage choices are available to Michigan drivers who meet certain criteria; these additional coverage choices are: limited \$250,000 with PIP exclusion(s), \$50,000 or PIP medical opt-out.

IMPORTANT: Most health plans do not pay any benefits for the treatment of injuries or illnesses received in or related to an auto accident. Therefore, the health plan is **not** considered "qualified health coverage" for purposes of no-fault reform.

What is the difference between my auto policy's PIP medical coverage and the medical coverage provided under most health plans?

As summarized below, an auto policy's PIP coverage covers substantially more auto accident-related items and services than a group health plan. Note: this summary assumes unlimited PIP coverage applies.

Auto Policy's Unlimited PIP Medical Coverage	Typical Health Plan Medical Coverage
Covers all reasonable and necessary auto accident-related medical expenses	Covers most medical expenses but does not cover auto accident-related claims incurred by Michigan residents
Covers attendant care	Does not cover attendant care
Covers rehabilitation, even past the point in which further progress is no longer likely	Covers medically necessary rehabilitation but does not cover auto accident-related rehabilitation for Michigan residents
Covers lost wages for up to three years after the date of the accident	Does not cover lost wages
Covers vehicle or housing modifications	Does not cover vehicle or housing modifications
Covers some funeral expense benefits and survivor's benefits that are paid to the dependents of a covered person if injuries from an auto accident result in their death	Does not cover funeral expenses and survivor's benefits
Provides unlimited medical coverage for a person's lifetime	Health plan coverage ends when the individual ceases to be eligible under the terms of the plan (e.g., cannot return to work)

What possible risks do I face if I decide to choose an auto policy option after July 1, 2020 that does not provide unlimited PIP medical coverage?

You could be responsible for paying all auto accident-related medical, rehabilitation or attendant care costs that are not covered under your auto policy. This means that once your auto policy has reached its PIP coverage limit (usually \$250,000 or \$500,000, depending on the policy option selected), you will likely be personally responsible for paying these expenses.

BOTTOM LINE: To protect yourself and your family from financial catastrophe in the event of an auto accident that causes serious injuries, you are urged to purchase unlimited PIP coverage on a primary/uncoordinated basis that will provide comprehensive, lifetime benefits for accident-related claims that may not be covered by your health plan.

What should I do if I have questions about my auto policy options?

You can contact Varnum's personal injury team – attorneys Peter Smit at 616/336-6508 or pasmit@varnumlaw.com, or Bonnie Sawusch at 269/553-3508 or bysawusch@varnumlaw.com. You are also encouraged to share the above-stated information with your auto insurance agent. Your agent will be able to help you select the right coverage options for your budget and your personal auto insurance needs. You can also visit www.michigan.gov/autoinsurance for more information about Michigan's new auto insurance law, including details about your auto policy choices after July 1, 2020.