

Public Acts 21 and 22 of 2019

Public Acts 21 and 22 of 2019 reform Michigan's automobile no-fault insurance law. The changes will be effective July 1, 2020.

What's changing?

The state of Michigan currently requires individuals to purchase unlimited personal injury protection, or PIP, through their auto insurer. Starting July 1, 2020, under certain circumstances outlined in the new law, individuals may select different levels of PIP coverage as follows:

- Opt out (\$0)
- \$50,000
- \$250,000
- \$500,000
- Unlimited

How does this affect Blue Cross Blue Shield of Michigan or Blue Care Network fully insured individual and group coverage?

Blue Cross and BCN already pay primary on auto accident-related medical claims for our fully insured individual and group coverage.

Members may still want to purchase PIP coverage because it also pays for items that health insurance doesn't, such as attendant care, lost wages and vehicle or housing modifications.

What about self-funded groups?

- Self-funded groups will continue to have the same options they do today when it comes to covering auto accidents — pay primary, pay secondary or exclude. We anticipate no impact for groups that **pay primary** or **exclude** auto-accident related claims when this law goes into effect.
- Groups that **pay secondary** after auto insurance would be responsible for auto accident-related claims once the member's PIP level is met. These groups may see an increase in auto accident-related claims, depending on the level of PIP coverage their members choose, or if a member opts out of PIP coverage.

Members in self-funded groups may still want to purchase PIP coverage because it also pays for items that health insurance doesn't, such as attendant care, lost wages and vehicle or housing modifications.

How are BCBSM and BCN Medicare Advantage plan coverages impacted?

BCBSM and BCN Medicare Advantage plans will cover services as a result of an automobile accident under the same payment rules as original Medicare. Original Medicare pays secondary to automobile insurance.

If a Medicare Advantage enrollee opts out of PIP coverage, medical expenses as a result of an automobile accident will be covered. Other PIP benefits such as transportation to and from medical appointments, vehicle modifications, long-term and custodial care, and household services will not be covered.

Members should direct specific questions about PIP coverage to their auto insurer.

Qualified Health Coverage Documents

DIFS Bulletin 2020-01-INS advises health plans should develop a document that indicates whether a person's coverage is "qualified health coverage" or QHC for purposes of the new no-fault law.

The document must:

- List the full names and dates of birth of all individuals covered under the policy or plan
- State that the coverage:
 - ✓ Does not exclude or limit coverage for injuries related to motor vehicle accident; AND
 - ✓ Has an annual deductible of \$6,000 or less per covered individual
 - ✓ Or is Medicare Parts A & B

Self-funded groups should consult with their own legal counsel to gain a full understanding of the law and its applicability.

How will Blue Cross handle its fully insured groups?

As the insurer, Blue Cross and BCN will issue QHC letters to enrolled members for fully insured groups upon member request through customer service.

How will Blue Cross assist self-funded group customers who are the health plan sponsors?

Blue Cross will provide health plan sponsors with QHC letter templates that can be utilized to provide QHC documents for your employees.

There are letter templates for the following scenarios:

- Employee's health plan meets the requirements for qualified health coverage
- Employee's health plan does not meet the requirements for qualified health coverage
- Employee has Medicare Parts A and B

Frequently asked questions for customers

Self-funded groups should consult with their own legal counsel to gain a full understanding of the law, its applicability and guidance as to whether the groups health plans are considered Qualified Health Coverage.

How can health plan sponsors ensure their plan is qualified health coverage?

Self-funded groups should consult with their own legal counsel to gain a full understanding of the law and its applicability and guidance as to whether the groups health plans are considered Qualified Health Coverage.

Where can a self-funded group find more information about the new law?

The Department of Insurance and Financial Services or DIFS provides resources for information about the new law:

- DIFS website: www.michigan.gov/autoinsurance
- DIFS dedicated hotline 833-ASK-DIFS (275-3437) and email, autoinsurance@michigan.gov, where people can ask questions

Blue Cross and BCN will continue to communicate to our business and our customers as more information becomes available about the new auto insurance law. Our assessment is evolving and subject to change based on additional state or federal guidance. The summary contained in this communication is provided for informational purposes only and should not be construed as legal advice. Each group should consult its legal counsel and the underlying laws and regulations in order to gain a full understanding of the law and its applicability.