

Public Acts 21 and 22 of 2019 reform Michigan’s automobile no-fault insurance law.

May 19, 2020

Topic	Fact
Auto No-Fault Law Background Information	
<p>General information</p>	<ul style="list-style-type: none"> • The state of Michigan currently requires individuals to purchase unlimited personal injury protection, or PIP, through their auto insurer. • Public Acts 21 and 22 of 2019 reform Michigan’s automobile no-fault insurance law. • Starting July 1, 2020, under certain circumstances outlined in the new law, individuals may select different levels of PIP coverage as follows: <ul style="list-style-type: none"> - Opt out (\$0) - \$50,000 - \$250,000 - \$500,000 - Unlimited • Individuals can opt-out of PIP coverage if they have Medicare Part A & B or have qualified health coverage. • Individuals can select the \$50,000 PIP coverage level if the person is enrolled in Medicaid and if the person's spouse and any resident relative has qualified health coverage, Medicaid, or PIP benefits.
<p>What constitutes qualified health coverage?</p>	<p>Qualified health coverage means other accident or health insurance that:</p> <ul style="list-style-type: none"> • Does not exclude or limit coverage for injuries related to motor vehicle accident; AND • Has an annual deductible of \$6,000 or less per individual (this will change annually based on the medical component of the Consumer Price Index) • Or is Medicare Parts A & B.

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Auto No-Fault Law Background Information (con't)	
Does the annual deductible requirement apply to the in-network or out-of-network deductible?"	<ul style="list-style-type: none"> • The DIFS guidance does not specify if the deductible applies only to an in-network deductible. • Absent further guidance, it is our working assumption that the requirement applies to the in-network deductible. • Self-funded groups should consult with its own legal counsel to gain a full understanding of the law and its applicability.
How does the individual deductible apply to high deductible health plans?	<ul style="list-style-type: none"> • If the HDHP has an annual deductible of \$6000 or less it would meet the QHC requirements, even if it is an aggregate deductible and one member can meet the deductible for the whole plan. • Self-funded groups should consult with its own legal counsel to gain a full understanding of the law and its applicability.
Would annual visit limits be considered a limitation of coverage (e.g. 30 physical therapy visits per year)?	<ul style="list-style-type: none"> • If the visit limits apply broadly to the plan coverage, and are not specific to auto accident claims, it would not be considered a limit to auto accident coverage. • Self-funded groups should consult with its own legal counsel to gain a full understanding of the law and its applicability.
What would be considered a limitation of coverage?	<ul style="list-style-type: none"> • Self-funded groups should consult with its own legal counsel to gain a full understanding of the law and its applicability.
General Group Customer Impacts	
Will the new laws have any effect on group rates?	<ul style="list-style-type: none"> • No changes to self-funded or fully insured group rates are anticipated due to the auto insurance law at this time.
Fully Insured Group Customer Impacts	
How does this affect Blue Cross Blue Shield of Michigan or Blue Care Network fully insured individual and group coverage?	<ul style="list-style-type: none"> • 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.
Will Blue Cross be issuing notices of qualified health coverage to individual members and members of fully insured groups?	<ul style="list-style-type: none"> • Blue Cross and BCN intend to provide notices of qualified health coverage (upon request) to members with fully insured group and individual coverage. • Members can request QHC letters by calling customer service.

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Self-Funded Group Customer Impacts	
<p>What are the coordination of benefit options for self-funded groups?</p>	<ul style="list-style-type: none"> • 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 auto accident claims. • 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.
<p>What are the expected effects for self-funded groups?</p>	<ul style="list-style-type: none"> • We anticipate no impact for groups that pay primary or exclude auto-accident related claims when this law goes into effect. • Blue Cross will continue to process claims as we do today. • Groups that pay secondary after auto insurance would be responsible for auto accident-related claims once the member's PIP level is met by the auto insurer or if the member opts out of PIP coverage. • These groups may see an increase in auto accident-related claims, depending on the level of PIP their members choose.
<p>What if my self-funded group wants to change how they cover auto accidents?</p>	<ul style="list-style-type: none"> • Follow normal processes if a self-funded group wants to change how they cover auto accident related claims (primary, secondary or exclude). • Work with the appropriate internal areas to determine the most appropriate effective date for the group-wide change and the required riders or change request information. • Standard timeframes for group-wide changes still apply.
<p>Will my self-funded group be allowed to make off-cycle or off-renewal changes?</p>	<ul style="list-style-type: none"> • Self-funded groups will be allowed to make changes (within the existing options of primary, secondary or exclude coverage) on a date other than their renewal date. • Work with the appropriate internal areas to determine the most appropriate effective date for the group-wide change. • Standard timeframes for group-wide changes still apply.
<p>Will Blue Cross administer a plan that pays secondary after a certain dollar threshold of auto claims have occurred (e.g. \$250K)?</p>	<ul style="list-style-type: none"> • At this time there are no new offerings. • Blue Cross will monitor marketplace conditions for the need for changes as we continue to see how auto carriers and our customers respond to the new law • As they do today, self-funded groups will continue to have several options for covering auto accidents — pay primary, pay secondary or exclude coverage for auto accidents.

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Self-Funded Group Customer Impacts (con't)	
<p>Can a self-funded group mandate their employees to select a specified amount of PIP coverage?</p>	<ul style="list-style-type: none"> • Each group should consult with its own legal counsel to gain a full understanding of the law and its applicability. <p>Blue Cross will not advise group customers or members on mandatory PIP selections.</p>
<p>Will Blue Cross be issuing notices of qualified health coverage to members on behalf of self-funded groups?</p>	<ul style="list-style-type: none"> • Self-funded groups are responsible for providing letters of Qualified Health Coverage to their members. • Blue Cross will provide a toolkit to support self-funded groups. <p>The tool kit is being developed and will be distributed when finalized.</p>
Medicare Advantage Impacts	
<p>Would Medicare Advantage pay for Medicare-covered services related to an auto accident if an enrollee opts out of PIP medical coverage starting July 1?</p>	<ul style="list-style-type: none"> • According to DIFS, Medicare will pay for Medicare-covered services to enrollees in Medicare Parts A and B who opt out of PIP medical benefits, are injured in an automobile accident, and have no other available coverage. • Because Medicare Advantage follows Medicare payment rules, Medicare Advantage plans will pay auto accident claims for those enrollees under those same circumstances. • Medicare Advantage enrollees are required to be entitled to Part A and enrolled in Part B.
<p>Does it matter if a group is fully insured or self-funded for a Medicare Advantage plan to pay auto accident claims if an enrollee opts out of PIP?</p>	<ul style="list-style-type: none"> • When a MA member receives MA coverage from a group, BCBSM is required to follow Medicare payment rules regardless of the financial arrangement established with the group customer. • In either case, BCBSM is required to pay for Medicare-covered services related to an auto accident to enrollees in Medicare Parts A and B who opt out of PIP medical benefits, are injured in an automobile accident, and have no other available coverage.
<p>What types of services could Medicare Advantage members be responsible for if they opt out or limit their PIP coverage?</p>	<ul style="list-style-type: none"> • The member could be responsible for any services Medicare does not cover, such as transportation to and from medical appointments, vehicle modifications, long-term and custodial care, and household services. • Members should direct specific questions about PIP coverage to their auto insurer.
<p>What are the copays, coinsurance and deductibles for auto accident-related claims?</p>	<ul style="list-style-type: none"> • Normal copays, coinsurance and deductibles still apply and are the responsibility of the member.

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Medicare Advantage Impacts (con't)	
<p>Will Blue Cross be issuing notices of qualified health coverage to members with Medicare Advantage, Medigap/Medical Supplemental coverage?</p>	<ul style="list-style-type: none"> • Upon a member's request, Blue Cross and BCN will send notices of qualified health coverage to members with Medicare Advantage coverage for fully insured groups and individual coverage. • Upon a member's request Blue Cross and BCN will send notices of qualified health coverage for individual members with Medigap or Medicare Supplemental coverage because we require these members to have Medicare Parts A & B. • We are evaluating where we will be able to provide QHC letters for members of fully insured groups with Medigap, Medicare Supplemental or exact fill coverage, because some of these members may not have both Medicare Parts A and B (e.g., exact fill) • Self-funded groups are responsible for providing letters of Qualified Health Coverage to their members with Medicare Advantage, Medigap/Medicare Supplemental coverage.
<p>What does Medigap or Medicare Supplemental coverage provide for auto accident claims?</p>	<ul style="list-style-type: none"> • Some Medigap or Medicare Supplemental plans cover Medicare deductibles and copayments/coinsurance while others cover the copayment/coinsurance but not the deductibles. • The member could be responsible for any services Medicare does not cover, such as transportation to and from medical appointments, vehicle modifications, long-term and custodial care, and household services. • Members should direct specific questions about PIP coverage to their auto insurer.
Member Impacts	
<p>Why would a member want to purchase PIP after July 1, 2020?</p>	<ul style="list-style-type: none"> • PIP coverage pays for items that health insurance doesn't, such as attendant care, lost wages and vehicle or housing modifications.
<p>When would secondary coverage for claim payments begin?</p>	<ul style="list-style-type: none"> • This depends on the level of PIP coverage the member chooses. • 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.

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Member Impacts (con't)	
If a passenger in a car is injured in an auto accident would PIP apply? If so, what party would be liable?	<ul style="list-style-type: none"> • There are many different variations set out in the no-fault act, depending on the type of auto insurance a member has. • The member should be directing this question to their auto insurance carrier.
What if our member has an accident in another state?	<ul style="list-style-type: none"> • For Blue Cross members who are involved in an accident outside of Michigan, Blue Cross will continue to handle auto accidents as we do today. • Claims process according to group benefits and the laws in effect in the state where a member resides. • If a member is injured by an at-fault driver in an at-fault state, reimbursement is pursued from the at-fault driver's auto insurance carrier.
How does the new auto insurance law impact coverage of injuries due to a motorcycle accident?	<ul style="list-style-type: none"> • The new auto insurance law does not impact injuries due to a motorcycle accident.
Where can people turn for more detailed information on the changes affecting auto insurance?	<ul style="list-style-type: none"> • Members are encouraged to reach out to their auto insurance agent, auto insurance carrier and the Michigan Department of Insurance and Financial Services (DIFS) for more information.

The summary contained in this communication is provided for informational purposes only. It should not be considered legal advice or relied upon as such. Each group should consult its legal counsel and the underlying laws and regulations in order to gain a full understanding and applicability of the law.