

Michigan Automobile No-Fault Insurance Law Spring Arbor University

You are probably aware that some important changes were made to auto insurance in Michigan in 2020. You may be excited about the possibility of paying a significantly lower premium. However, there are a few things you should keep in mind before speaking with your auto insurance agent about your policy renewal that occurs on or after July 1, 2020.

No-Fault PIP – Personal Injury Protection Limits

Personal injury protection coverage, commonly referred to as “PIP,” is part of your auto insurance, and covers medical expenses and lost wages, regardless of who is at fault for the accident. Currently, PIP coverage in Michigan is required to pay for unlimited lifetime medical benefits, which is part of the reason why auto insurance is so expensive in this state.

While unlimited PIP will remain an option under the new law, you can also elect a lower lifetime limit of \$250,000 or \$500,000 (or \$50,000 if enrolled in Medicaid). You may even be able to opt out of PIP coverage entirely. Obviously, your premium will be lower if you carry less PIP coverage.

If you elect a reduced amount of PIP, you may assume your employer-sponsored medical plan will cover all the medically recommended care for catastrophic injuries in an auto-related accident. **However, that is not the case.** For example, perhaps you are prescribed physical therapy to maintain some level of function, but there is no real expectation of full recovery. PIP coverage would still pay for physical therapy with the provider of your choice, without any limitation. But most employer-sponsored medical plans will cover only a specific number of therapy visits per year. In addition, the health plan may not cover such services at all if therapy is not expected to fundamentally improve the individual’s condition. Finally, if and when the injured person is no longer enrolled in the employer’s health plan, there will not be any medical benefits available under the employer’s plan.

PIP is more comprehensive than employer-sponsored health coverage, as it pays for lost wages and certain expenses of daily living that are never covered by a health plan. This includes home and vehicle modifications and attendant care (including to family members providing care in the individual’s home). PIP benefits may help to keep an injured person from having to enter a nursing home, which could drain the family’s financial assets. **When you elect unlimited PIP, you will pay a higher auto premium, but you will also have maximum protection in the event you are seriously injured in an auto accident.**

Which Plan Pays Medical Claims First?

When coverage is “coordinated” between your auto policy and your employer-sponsored health plan, the health plan pays first for auto-related medical claims. The auto insurer will require you to provide documentation proving that your health plan will pay first, in order to elect coordinated coverage.

If coverage between the auto policy and the health plan is “uncoordinated,” then the PIP coverage will pay claims first.

Spring Arbor University’s health plan will take a secondary stance regarding auto-related medical claims.

SECONDARY: This means Spring Arbor University’s health plan will pay for covered medical claims after PIP. In the absence of PIP, the plan will pay medical benefits per the terms of the policy. It may not cover

all medically-recommended services, with all providers, and it will not cover expenses related to assistance with the activities of daily living.

Please note: You have the option of waiving PIP completely if you are enrolled in Spring Arbor University's health plan that has an annual deductible of less than \$6,000 per covered person. If you do not have PIP, you may not have a source of income following an auto accident, in addition to coverage for services that are not a benefit under Spring Arbor University's health plan. **Your health plan, GuideStone, will provide you a letter confirming qualifying health coverage upon request. Please contact the Customer Solutions team at 1-844-467-4843 to request the letter.**

We hope you find this information useful but realize that you may still have questions and concerns regarding your auto insurance after July 1, 2020. We strongly encourage you to have a conversation soon with your auto agent, to help you with your decision-making.