

Compliance News



Michigan New No-Fault Law -

On July 2, 2020, many changes to the existing no-fault auto insurance law will take effect, including giving Michigan drivers a choice in their level of PIP coverage. Under the new plan, drivers will be able to choose from up to six options for Personal Injury Protection coverage.

News you need to know:

Insured	Michigan Law – Primary wording outlines if full auto PIP medical coverage is chosen the auto will pay first and health insurance company pay second. When auto insurance policy contains a medical benefit coordination clause (sometimes called excess medical), the health insurance will pay first and the auto insurance will pay second. <i>In order for health insurance to pay, care should be received from in-network doctors unless they are emergent in nature.</i>
Self-Insured	Employers can decide whether they are primary, secondary or whether they will pay at all in the case of charges related to an auto accident.
Timing	Auto Insurance Policies issued or renewed on or after July 2, 2020 Michigan Catastrophic Claims Association will continue to be liable for policies issued or renewed before July 2, 2020

Estimated Savings for Drivers

\$50,000 Cap for Medicaid	15.75% to 19.8% estimated savings on overall cost of auto insurance
\$250,000 Cap	12.25% to 15.4% estimated savings on overall cost of auto insurance
\$500,000 Cap	7.0% to 8.8% estimated savings on overall cost of auto insurance
No Limit	3.5% to 4.4% estimated savings on overall cost of auto insurance
No Fault Medical Provider fee Schedule	Fee schedule based on Medicare (190% to 250%)

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Michigan No-Fault Coverage Options

Beginning for policies written or renewed after July 1, 2020 (July 2)

	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6
Description	Unlimited Coverage	Limited Coverage of \$500,000	Limited Coverage of \$250,000	Limited Coverage of \$250,000 (Exclude specific individuals)	Limited Coverage \$50,000	No PIP medical
Who Can Choose?	Anyone	Anyone	Anyone	Named insured and resident relative or spouse must have qualified health coverage that is not Medicare	Named insured is enrolled in Medicaid: and any spouse and all resident relatives have one of the following: 1) qualified health coverage; 2) Medicaid enrollment, or 3) coverage under another auto policy with PIP medical coverage.	Named insured must have coverage under both Medicare Parts A and B, and any spouse and all resident relatives have qualified health coverage or are covered under another auto policy with PIP medical coverage.
Description of Benefits	PIP medical will cover costs that may not be covered by health insurance, such as rehabilitation and attendant care.	Limited PIP medical may not be enough to cover medical expenses. If limit is reached, may need other health coverage, which may not cover all medical, rehabilitation or attendant care costs	Limited PIP medical may not be enough to cover medical expenses. If limit is reached, may need other health coverage, which may not cover all medical, rehabilitation or attendant care costs	Limited PIP medical may not be enough to cover medical expenses. If limit is reached, may need other health coverage, which may not cover all medical, rehabilitation or attendant care costs	Limited PIP medical may not be enough to cover medical expenses. If limit is reached, may need other health coverage, which may not cover all medical, rehabilitation or attendant care costs	No PIP Coverage
Excess attendant care coverage available?	No, included	Yes	Yes	Yes, not to excluded individuals	Yes	No
Can coverage be coordinated?	Yes	Yes	Yes	Yes	Yes	No

Please contact your Timberland representative with any questions