



AUTO REFORM LAW FAQs

What's Happening?

The Michigan auto insurance reform law, which goes into effect on July 1, 2020, allows drivers the option of opting out of personal injury protection (PIP) or purchasing \$250,000, \$500,000 or unlimited coverage. Drivers may only opt-out of PIP coverage if their health insurance covers auto injuries—meaning they have Qualified Health Coverage (QHC).

While this law may offer an option to lower auto insurance premiums, members should be aware that it comes at the cost of reduced health coverage for catastrophic automobile accidents.

Members will need to do a comprehensive review of the coverage offered through their health plan when renewing/purchasing auto coverage to make sure they are completely covered.

General information

What is Qualified Health Coverage?

Under the new law, “qualified health coverage” is defined as any Medicare or commercial plan (i.e. individual, employer-sponsored) that does NOT exclude auto injuries from its coverage and has an individual deductible of \$6,000 or less.

In general, if the member is under an individual or employer-sponsored health plan that covers auto injuries and has an individual deductible of \$6,000 or less, they have QHC and can opt out of PIP.

What's required of health plans?

The Michigan Department of Insurance and Financial Services requires health plans to develop a document that indicates whether a person's coverage is considered “qualified health coverage” for purposes of no-fault insurance under MLC 500.3107d(7)(b)(i). To be compliant, the letter must include:

- Full names and dates of birth of all individuals covered under the plan; and
- A statement qualifying the coverage as qualified (QHC) or that coverage:
 - Does not exclude coverage for motor vehicle accidents; and
 - Has an annual deductible of \$6,000.00 or less per covered individual

Member information

What does the member need in order to waive PIP?

If the member wants to waive PIP, they will need to provide to their auto insurance company documentation that states they have qualified health coverage (QHC). Your direct health insurance carrier can provide this documentation.

How will the member access this qualified health coverage documentation?

A member can call or email their health insurance carrier's customer service team to request QHC documentation.

If a member does not want to change their auto coverage, they don't need any documentation from their carrier.

Likewise, if a member does not have Qualified Health Coverage, their carrier will not provide them with documentation.

Where can a member go for more information?

- For more information and educational resources surrounding the new auto insurance law, visit DIFS' website at michigan.gov/autoinsurance.
- Consumers with questions can also now call a dedicated hotline (833-ASK-DIFS or 833-275-3437) (TTY 711) or email autoinsurance@michigan.gov.