

**STATE OF MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES**

Bulletin 2023-17-INS

In the matter of:

Qualified Health Coverage Under the No-Fault Act

**Issued and entered
this 22nd day of June 2023
by Anita G. Fox
Director**

This bulletin supersedes Bulletins 2020-01-INS, 2020-33-INS, 2020-47-INS, and 2021-25-INS, in order to consolidate DIFS guidance related to Qualified Health Coverage (QHC) under the no-fault act, MCL 500.3101 *et seq.*, as amended by Public Acts 21 and 22 of 2019.

PIP Medical Benefits: Selection of \$250,000 Option with Exclusions

Public Acts 21 and 22 of 2019 allow individuals who have QHC to make certain choices regarding the dollar limit for personal protection insurance (PIP) medical coverage under a no-fault auto policy. Individuals who choose a limit of \$250,000 for PIP medical benefits (as permitted under MCL 500.3107c(1)) are also entitled to exclude PIP medical coverage for any or all eligible household members who have QHC. See MCL 500.3109a(2).

An “effective selection” under MCL 500.3107c(1) is made when an applicant or named insured completes, signs, and returns to an insurer or agent a PIP Medical Coverage Selection Form, whether at the initial application or at renewal. If an applicant or named insured has not made an “effective selection,” the insurer must issue a policy with unlimited PIP benefits pursuant to MCL 500.3107c(4) and MCL 500.3107c(1)(d). If an applicant or named insured has made an “effective selection” under MCL 500.3107c(1)(b), but seeks an exclusion under MCL 500.3109a(2) for any or all eligible household members and then fails to provide the requisite proof of QHC for any or all household members to qualify for the exclusion, the insurer must issue a policy with \$250,000 in PIP medical benefits for any or all household members that fail to provide the requisite proof of QHC; and must offer the exclusion to any or all household members that provide proof of QHC.

QHC Deductible

Public Acts 21 and 22 of 2019 allow individuals who have QHC to make certain choices regarding their no-fault coverage. QHC is health or accident coverage that does not exclude or limit coverage for injuries related to motor vehicle accidents, and for which any annual deductible, per individual, for the coverage is equal to or less than the amount established annually by the Director of the Department of Insurance and Financial Services pursuant to MCL 500.3107d(7)(b). This includes any type of individual deductible, whether it is in-network or out-of-network. It also includes deductibles that are offset in any manner (e.g., by funds contributed to health reimbursement accounts). Updated deductible maximum amounts are effective July 1 of each year. Coverage documents issued to Michigan residents must reflect the deductible maximum in effect for the application policy period. The applicable deductible is the deductible that is in

effect as of the date of policy inception. For example, if a policy incepts on June 28, the previous year's deductible maximum would apply; if it incepts on July 1, the current year's deductible maximum applies.

QHC, Medicare, and Medicaid Documentation

MCL 500.3107c(1)(a) allows a person to select a limit of \$50,000 for PIP medical coverage when the applicant or named insured is enrolled in Medicaid, and the applicant's or named insured's spouse and any relative of either who resides in the same household has QHC, is enrolled in Medicaid, or has PIP medical coverage under another Michigan personal auto policy.

MCL 500.3107d allows a person to opt out of purchasing PIP medical coverage when the applicant or named insured has Medicare (Parts A and B or a Medicare Advantage Plan) and if the applicant's or named insured's spouse, and all relatives that reside in the same household, have QHC, or are covered by another Michigan personal auto PIP medical policy.

Drivers are reminded that, if they have opted out of or excluded PIP medical coverage and they lose their QHC during the term of their auto policy, they must contact their auto insurer within 30 days. If an accident occurs during the 30-day period and the driver has not procured other QHC or PIP medical coverage, the driver would be eligible for benefits under the Michigan Assigned Claims Plan. However, if the accident occurs after the 30-day period and the driver has not secured other QHC or PIP medical coverage, the driver is not entitled to claim PIP medical benefits from any policy or the Michigan Assigned Claims Plan.

QHC, Medicare, or Medicaid documentation must be collected not only when a person first applies for coverage, but also at every renewal when a person is relying on QHC, Medicare, or Medicaid to make a PIP medical coverage selection. Collecting documentation regarding QHC ensures that an insurer can verify and document eligibility for excluding or opting out of PIP medical coverage, and failure to do so may subject insurers, either directly or through their agents, to administrative action.

For Medicare or Medicaid, documentation can be in the form of a current Medicare or Medicaid card. For other types of health coverage (e.g., employer-based, commercial, or Marketplace coverage), the applicant or insured must provide a document from his or her health insurer or employer stating the names and dates of birth of all persons covered under the QHC, and a statement as to whether the coverage provided constitutes "qualified health coverage" as defined in MCL 500.3107d(7)(b).

QHC Notices

Health insurers and health plans must offer to policyholders upon request a document that indicates whether a person's coverage is QHC for purposes of no-fault insurance under MCL 500.3107d(7)(b)(i).

The Director will consider a document¹ that includes the following to be compliant:

- The full names and dates of birth of all individuals covered under the policy or plan; and
- A full statement: (a) as to whether the coverage provided constitutes "qualified health coverage" as defined in MCL 500.3107d(7)(b)(i), or (b) that the coverage:
 - Does not exclude coverage for motor vehicle accidents, and

¹ Because coordination of no-fault benefits is a separate consideration that does not affect a consumer's choice of no-fault benefits, health insurers and health plans should address coordination of benefits and the document regarding QHC in separate communications to avoid consumer confusion.

- Has an annual deductible equal to or less than the applicable deductible maximum per covered individual.

QHC and Veterans' Affairs, TRICARE, and CHAMPVA Enrollment

Enrollment in Veterans Administration (VA) benefits does not qualify as QHC because it excludes or limits coverage for injuries related to motor vehicle accidents.

VA is a health care provider and does not provide health insurance. As a provider, VA has limited authority to reimburse veterans for emergency care in a non-VA facility, even when veterans who are injured in a motor vehicle accident need emergency care in such a facility. As a result, not all enrolled veterans would be eligible for reimbursement for automobile injury related care provided by a non-VA facility. Because of this limitation on reimbursement for care related to motor vehicle accidents, VA enrollment does not qualify as QHC. This conclusion is unaltered by the fact that the VA issued an interim final rule regarding reimbursements for emergency treatment due to the limited scope of that rule.

Unlike the VA, TRICARE is insurance and qualifies as QHC because it does not exclude coverage for motor vehicle accidents and all TRICARE policies have a deductible of less than the applicable maximum. TRICARE covered individuals may visit www.tricare.mil/Plans/Eligibility/DEERS/milConnect/Proof for instructions on how they may obtain Department of Defense (DoD) documentation to demonstrate proof of TRICARE coverage for purposes of purchasing no-fault coverage. However, Michigan enrollees should be aware that the DoD has advised that, due to federal regulations and privacy laws, DoD documentation does not include enrollees' dates of birth. Accordingly, TRICARE enrollees may need to provide their auto insurers or agents with dates of birth for individuals to be excluded from PIP coverage separately from DoD documentation and should consider providing a copy of this bulletin to their auto insurer in case of questions. Auto insurers should rely on DoD documentation as proof of QHC.

Finally, like TRICARE enrollment, CHAMPVA enrollment is insurance and qualifies as QHC because CHAMPVA does not exclude or limit coverage for motor vehicle accidents and all CHAMPVA policies have a deductible of equal to or less than the applicable deductible maximum per individual. CHAMPVA-covered individuals may present their CHAMPVA identification cards as proof of QHC. Auto insurers should rely on such documentation as proof of QHC. For information pertaining to such cards and for CHAMPVA customer service information, CHAMPVA-covered individuals may visit <https://www.va.gov/health-care/family-caregiver-benefits/champva/>.

Veterans, military families, and their dependents are strongly encouraged to consider their insurance needs and budget and to consult with an auto insurance agent, an insurance company, or a financial advisor when selecting an auto insurance policy.

Any questions regarding the QHC Notices addressed in this Bulletin should be directed to:

Department of Insurance and Financial Services
Office of Insurance Rates and Forms
P.O. Box 30220
Lansing, Michigan 48909-7720
Toll Free: (877) 999-6442

All other questions regarding this Bulletin should be directed to:

Department of Insurance and Financial Services
Office of Research, Rules, and Appeals
P.O. Box 30220
Lansing, Michigan 48909-7720
Toll Free: (877) 999-6442

/s/

Anita G. Fox
Director