

# Medicare vs PIP

Under the new law, as of July 2, 2020 Senior Citizens will have the option to opt-out from no-fault allowable expense PIP benefits if they meet the following conditions:

- 1) the person is covered under Part A and B of Medicare
- 2) the person's spouse and any resident has Medicare "qualified health coverage," or has no-fault PIP coverage under a separate policy.

Seniors who select this option can NOT receive coverage through the Michigan Assigned Claims Plan (MACP) when injured as an occupant of a motor vehicle, but are likely entitled to the MACP (where benefits are capped at \$250,000 and not as inclusive as No-Fault) when injured as a non-occupant of a motor vehicle and there is no other insurer in the line of priority from which to recover PIP benefits.

Prior to opting out, we recommend you review the following chart to understand what benefits are not available under Medicare, but may be needed should you be severely injured in an auto accident. Please see below for the differences:

## AUTO NO-FAULT LIFETIME PIP COVERAGE VS MEDICARE

COVERAGE	AUTO-NO FAULT	MEDICARE
Post-Acute Care/Sub-acute Rehabilitation	Yes -100% as long as needed	Limited-100 days at 80%
Long-term Care/Custodial Care	Yes - 24/7 if needed	Not covered
Residential Treatment Programs	Yes	Not covered
Case Management Services	Yes	Not covered
Attendant Care (assistance w/care and supervision)	Yes	Limited home health aide 2x3/wk for 4/hr during recovery
Guardianship or Conservators	Yes	Not covered
Transportation Services (medical)	Yes	Not covered
Replacement Services (in home assistance)	Yes-Up to 3 years \$20/day	Not covered
Physical,speech other Outpatient Therapy (may need therapy for months or years)	Yes	Limited covers 80%
Occupational Therapy	Yes	Limited covers 80%
Durable Medical Equipment	Yes	Limited covers 80%
Massage Therapy	Yes	Not covered
Home Modifications for accessibility	Yes	Limited
Vehicle Modification	Yes	Not covered
Alternative Pain Management	Yes	Not covered
Specialty Assistive Devices	Yes	Limited
Wage Loss - if senior is still working	Yes-Up to 3 years	Not covered

**OTHER CONSIDERATIONS:**

- Not only may care options be limited since not all specialists participate with Medicare, but if a Senior Citizen has a previous medical condition, the length of time needed to heal can be lengthened.
- **Important to note: if a Senior Citizen receives a settlement from an accident claim, Medicare is entitled to recover the cost of any medical expenses paid to the claimant.**

## Who Pays No-Fault Benefits

Michigan No-Fault law's order of priority determines which insurance company is responsible for benefit payments. The order of priority differs depending upon the type of vehicle involved and whether the injured person is a driver, passenger or pedestrian. The Assigned Claims Plan, administered by the State of Michigan, is always the insurer of last resort.

### Driver or Passenger Order of Priority

1st priority is your own insurance policy, if none then...

- 2nd priority is the insurance company of a spouse or resident relative (i.e. parent or sibling), if none then...
- 3rd priority is the Assigned Claims Plan.

### Pedestrian Order of Priority

1st priority is your own insurance, if none then...

- 2nd priority is the insurance company of a spouse or resident relative (i.e. parent or sibling), if none then...
- 3rd priority is the Assigned Claims Plan.

### Motorcycle Order of Priority

A different order for receiving benefits exists if you are in a Michigan motorcycle accident. Motorcycles are not considered "motor vehicles" under Michigan law. In a motorcycle/auto collision the priority would be as follows:

1st priority is the insurer of the motor vehicle owner involved in the accident, if none or if the motor vehicle owner opted out of the PIP medical coverage then...

- 2nd priority is the insurer of the motor vehicle operator involved in the accident, if none or if the motor vehicle operator opted out of the PIP medical coverage then...
- 3rd priority is the motor vehicle insurer of the motorcycle operator involved in the accident, if none or if the motorcycle operator opted out of the PIP medical coverage then...
- 4th priority is the motor vehicle insurer of the motorcycle owner involved in the accident if none or if the motorcycle owner opted out of the PIP coverage, then...
- 5th priority is the Assigned Claims Plan.

## The Six PIP Medical Coverage Options

### Option 1 – Unlimited Coverage

This option provides the most coverage. It will pay for all allowable expenses for you and your care, recovery, and rehabilitation.

### Option 2 – Limited Coverage of \$500,000

If you choose one of these coverage limits, \$500,000 is the most your auto insurance company will pay per person per accident for an injured person's expenses under PIP medical coverage.

### Option 3 – Limited Coverage of \$250,000

If you choose one of these coverage limits, \$250,000 is the most your auto insurance company will pay per person per accident for an injured person's expenses under PIP medical coverage.

### Option 4 – Limited Coverage of \$250,000 with Exclusions

Some or all persons excluded from coverage. This option is only available if you choose the \$250,000 PIP medical coverage limit. A named insured or resident relative who wishes to exclude PIP medical coverage must have qualified medical coverage that is not Medicare (e.g. health coverage that covers motor vehicle accident injuries). Anyone who is excluded will have no PIP medical coverage.

### Option 5 – Limited Coverage of \$50,000

If you choose this limit, \$50,000 is the most your auto insurance company will pay per person per accident for an injured person's expenses under PIP medical coverage. You may select this option if the applicant or named insured is enrolled in Medicaid AND any spouse and all resident relatives have qualified health coverage, Medicaid enrollment, or coverage under another auto policy with PIP medical coverage.

### Option 6 – No PIP Medical Coverage

You may select this option if the applicant or named insured has coverage under both Medicare Parts A and B, AND any spouse and all resident relatives covered by the policy have qualified health coverage or are covered under another auto policy with PIP medical coverage.

<sup>1</sup>MCL 500.3107(1)(a)  
<sup>2</sup>MCL 500.3107(1)(b)

<sup>3</sup>MCL 500.3107(1)(a)  
<sup>4</sup>MCL 500.3107(1)(c)

<sup>5</sup>MCL 500.3135  
<sup>6</sup>MCL 500.3135(5)

# The Four Specific No-Fault Benefits

The Michigan No-Fault law includes four categories of benefits available to accident victims and their caregivers.

## 1 Work Loss\*

Work loss benefits are payable for up to three years to cover “loss of income from work an injured person would have performed...if he or she had not been injured.”<sup>2</sup> These benefits are payable at a rate of 85% of gross pay. Overtime is included in the calculation of this benefit. Accident victims who were “temporarily unemployed” at the time of the accident may receive work loss benefits.

## 2 Allowable Expenses

The Michigan No-Fault law defines these benefits as “all reasonable charges incurred for reasonably necessary products, services and accommodations for an injured person’s care, recovery or rehabilitation.”<sup>3</sup> Auto insurance companies are required to pay these benefits up to the value of the coverage cap selected by the insured. This category includes:

- Accident related medical expenses
- In-home patient care
- Attendant care
- Transportation
- Mileage reimbursement to/from medical appointments
- Home accommodations
- Case management services
- Vocational rehabilitation
- Physical therapy
- Guardian/conservatorship expenses

## 3 Replacement Services Reimbursement\*

This benefit covers reimbursement for expenses incurred by an injured person to obtain reasonably necessary services that the injured person would have performed themselves had they not been injured.<sup>4</sup> This benefit (\$20/day) covers household services such as housekeeping, meal preparation, snow removal, and yard work.

## 4 Survivor’s Loss Benefits\*

In the event of a death caused by a motor vehicle accident, the No-Fault law requires payment of survivor’s loss benefits to the dependents of the person who died. Maximum monthly benefit payment limits are set by law. Benefits include the economic value previously provided by the deceased, replacement services and funeral/burial expenses.

\* PIP medical coverage caps do not apply to these items.