



To: All Michigan residents participating in the Bronson Healthcare Group, Inc. Benefit Plan

From: Human Resources

Subject: Impact of Michigan No-Fault Reform on the Bronson Benefit Plan

Date: June 3rd, 2020

In June 2019, Michigan enacted changes to the laws governing automobile no-fault insurance policies issued in Michigan. As revised, individuals are no longer required to carry unlimited personal protection insurance (known as “PIP”) under a no-fault automobile insurance policy, beginning with policies that are issued or renewed after July 1, 2020. Instead, different levels of PIP coverage may be elected. Attached is a “Frequently Asked Questions” document regarding PIP under the new law. You should carefully review the FAQs document and keep the law’s changes in mind when renewing your no-fault policy after July 1, 2020.

Beginning with no-fault policies that are issued or renewed after July 1, 2020, you will only be required to maintain at least \$250,000 in PIP coverage under your no-fault policy. The PIP coverage pays your medical costs, and for other services and accommodations that are provided by a doctor and are necessary because of an automobile accident. The Bronson Benefit Plan is being amended to coordinate with the new law. Beginning July 1, 2020, for each participant in the Bronson Benefit Plan who is also a Michigan resident, the Bronson Benefit Plan **will not pay** (that is, will exclude) the first \$250,000 of a participant’s medical expenses due to an automobile accident. For expenses in excess of \$250,000, the Bronson Benefit Plan will consider those expenses on a secondary basis to PIP coverage, if any, under your no-fault policy.

Because of this \$250,000 exclusion, the Bronson Benefit Plan is not qualified health coverage under Michigan’s no-fault law. As a result, any participant in the Bronson Benefit Plan is legally required to carry at least \$250,000 of PIP coverage under the participant’s no-fault policy, unless the participant also has coverage from a different source that is qualified health coverage (such as Medicare). If a participant in the Bronson Benefit Plan doesn’t carry at least \$250,000 in PIP coverage under the participant’s no-fault policy, the participant will not have coverage for the first \$250,000 in medical expenses if the participant is injured an automobile accident.

While participants in the Bronson Benefit Plan must carry at least \$250,000 of PIP coverage, you have the choice of whether to carry \$500,000 of PIP coverage or unlimited PIP coverage. As explained in the attached FAQ document, PIP coverage is more comprehensive than the coverage provided under the Bronson Benefit Plan. Further, unlimited PIP coverage will last for the entire life of the insured. You should consider these factors when electing the level of PIP coverage under your no-fault policy.

You should keep a copy of this memo along with your summary plan description for the Bronson Benefit Plan for future reference. You may also want to share this memo with your no-fault insurance agent. If you have any questions about this memo or the FAQs document, please contact Human Resource Benefits (269) 341-6376.

FREQUENTLY ASKED QUESTIONS ABOUT MICHIGAN NO-FAULT REFORM

Michigan recently enacted significant changes to its no-fault automobile insurance laws that will take effect in July 2020. These FAQs focus on the changes to personal protection insurance (known as “PIP”) under no-fault policies issued or renewed after July 1, 2020 and how those changes impact your coverage under the Bronson Healthcare Group, Inc. Benefit Plan

What is PIP coverage?

Answer: PIP coverage pays for all reasonable charges incurred for reasonably necessary products, services and accommodations that are caused by an automobile accident, as long as those products, services or accommodations are prescribed by your doctor.

For example, PIP pays the same types of expenses typically paid under the Bronson Benefit Plan, such as:

- Hospitalization costs
- Surgery
- Prescription drugs
- X-rays and lab tests
- Rehabilitation costs, including physical, speech and occupational therapy
- Doctor visits
- Medical equipment, such as wheelchairs

In addition, PIP pays expenses that result from an automobile accident that are **not** covered under the Bronson Benefit Plan, such as:

- In-patient skilled nursing stays beyond the limits imposed by the Bronson Benefit Plan
- Physical, speech and occupational therapy beyond the limits imposed by the Bronson Benefit Plan (even past the point when further progress isn't likely)
- Attendant care and nursing services to help accident victims with the activities of daily living (performed at home or in a facility)
- Home modifications, such as ramps, wider doors or elevators
- Auto modifications to enable a disabled individual to enter and exit an automobile, and also to drive himself/herself around
- Medical mileage – transportation costs incurred to seek medical care and treatment

- Hearing aids (if the automobile accident caused the loss of hearing)
- Guide dog or service animal
- Acupuncture

Question 2: What are the current PIP coverage requirements?

Answer: Currently, Michigan drivers must carry unlimited PIP coverage. This means that if you are injured in an automobile accident, any medical expenses that you incur **for the rest of your life** relating to the accident are covered, regardless of when you incur the expense or the amount already covered by PIP. This is a very important benefit for individuals who are involved in a catastrophic automobile accident.

Question 3: How does no-fault reform change the PIP coverage requirements?

Answer: Instead of requiring unlimited PIP coverage, you will be able to choose different levels of PIP coverage. If you purchase a no-fault policy with lower PIP coverage, this will lower the premiums for your no-fault policy.

Question 4: What are the PIP coverage options under no-fault reform?

Answer: You will have 3 primary choices:

- continue unlimited PIP;
- elect \$500,000 in PIP coverage; or
- elect \$250,000 in PIP coverage.

In some situations, you may be able to elect \$50,000 of PIP coverage (if you are enrolled in Medicaid) or opt-out of PIP coverage entirely (if you are enrolled in Medicare or a health insurance policy that is “qualified health coverage,” as that term is defined under Michigan’s no-fault law). **The Bronson Benefit Plan is not qualified health coverage. As a result, you must elect at least \$250,000 in PIP coverage under your no-fault policy.**

Question 5: When do these new PIP coverage options take effect?

Answer: The new law applies to no-fault policies issued or renewed after July 1, 2020.

Question 6: How does the Bronson Benefit Plan currently coordinate with PIP coverage under a no-fault policy?

Answer: Currently, the Bronson Benefit Plan pays secondary to PIP coverage under a no-fault policy. This means that the Bronson Benefit Plan will pay for any expenses that are eligible under the Bronson Benefit Plan that are not paid by the PIP coverage under a no-fault policy.

Question 7: What is “coordinated” PIP coverage?

Answer: Currently, when you renew your Michigan no-fault insurance, your agent may ask if you want “coordinated” PIP coverage (which is available at a slightly reduced premium compared to “uncoordinated” PIP coverage). If you elect coordinated PIP coverage, you are representing that you have other coverage that will pay primary in the event of an automobile accident. **Since the Bronson Benefit Plan does not pay primary to no-fault policies in the event of an automobile accident, you should not purchase a no-fault policy with coordinated PIP coverage.**

Question 8: How will the Bronson Benefit Plan coordinate with PIP coverage once the changes under no-fault reform take effect?

Answer: Beginning in July 2020, the Bronson Benefit Plan excludes the first \$250,000 in medical expenses per participant that are caused by an automobile accident, if the participant is a resident of Michigan. After a participant has incurred expenses in excess of \$250,000, the Bronson Benefit Plan may pay for expenses that are not paid by PIP coverage, if the expense is an eligible expense under the Bronson Benefit Plan (i.e., the Bronson Benefit Plan will pay for eligible expenses on a secondary basis).

Question 9: Is Michigan’s current no-fault PIP coverage requirement unique?

Answer: Yes. Most other states only require a driver in that state to carry a minimal amount of medical coverage under their automobile insurance policy (such as \$10,000).

Question 10: Does Michigan’s no-fault law apply to motorcycles?

Answer: Generally no. If you buy a Michigan no-fault policy, it doesn’t include a motorcycle. You need to buy a separate policy. In Michigan, there is generally no required PIP coverage for motorcycle insurance policies. However, if you don’t wear a helmet, you must carry at least \$20,000 in medical coverage under your motorcycle insurance policy. (If you are riding a motorcycle and are involved in an accident with an automobile, PIP coverage may be available under another no-fault policy.)