

Personal Lines

Michigan auto reform qualified health coverage

The concept of “qualified health coverage” or QHC is new, so there may be many questions about how it will work. We will help to keep you updated as more information becomes available. To understand which Personal Injury Protection (PIP) Allowable Expense coverage options your customers may be eligible for, however, here are a few things to keep in mind:

- For the Unlimited, \$500K and \$250K PIP Allowable Expense coverage options, it does not matter whether the policyholder has QHC. Furthermore, any customer who wants to choose the \$50K PIP Allowable Expense coverage option must demonstrate that they have Medicaid health coverage.
- Only those customers who have QHC are eligible to elect not to maintain PIP Allowable Expense coverage (also referred to as the “Medicare Opt-Out” and “QHC Exclusion” options). Those customers who elect not to maintain PIP Allowable Expense coverage will be required to submit a document certifying that their health plan meets the QHC requirements before they can choose either of the “opt-out” options.

General guidelines about QHC:

- Customers who are enrolled in Medicare parts A and B are considered “qualified person[s]” and may elect not to maintain PIP Allowable Expense coverage with the “Medicare Opt-Out” option. However, for any resident family members who are NOT enrolled in Medicare, you’ll need to determine if they are covered under other QHC in order to advise them whether they qualify for the “Medicare Opt-Out” option.
- If your customer’s health plan has an annual per-individual deductible greater than \$6,000, the plan is NOT QHC and thus, the customer is not eligible to elect not to

maintain PIP Allowable Expense coverage based on the QHC Exclusion.

- If your customer’s health plan excludes coverage for auto accidents, the plan is NOT QHC. These types of health plans are not common, but they do exist.
- Medicaid is not QHC. If your customer only has Medicaid, they are not able to exclude PIP Allowable Expense coverage. (Those customers may, however, be eligible to choose the \$50K PIP Allowable Expense option).

Secondary-basis health plans

Some health plans provide coverage for auto accident injuries on a secondary basis. This is common with self-insured ERISA plans, federal employee plans and military plans. It is not yet clear whether these plans will be considered QHC. Until there is greater certainty in this area, you should be cautious when discussing the QHC Exclusion when your customer has a health plan that pays for auto accident injuries only on a secondary basis.

QHC exclusion recommendations

If your customer is not enrolled in Medicare, the only way to elect not to maintain PIP Allowable Expense coverage is the QHC Exclusion. We suggest that you only use the QHC Exclusion option for plans that pay primary for auto accidents. Further, we do not recommend using the QHC Exclusion for any plan that is on our list of known “non-coordinating” plans. While that list is not exhaustive, it provides some general guidance.

Citizens/Hanover cannot certify that any health plan is “qualified” or QHC.

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