

Bulletin No. 2001-11-INS

Coordinating Health Coverage With No-Fault Automobile Insurance

Issued and entered November 6, 2001 by Frank M. Fitzgerald, Commissioner of Financial and Insurance Services

It has come to our attention that no-fault insurers may be making statements to policyholders that are inconsistent with coordination of care language in their no-fault policies. For example, no-fault insurers have reportedly informed policyholders that, if a service is not provided within their health maintenance organization or preferred provider organization network, a referral from the network physician is necessary, despite policy language that does not require a referral.

Other automobile insurers have reportedly made unequivocal statements to policyholders that if their health plan does not provide or pay for a particular health service, their automobile policy is not responsible for paying for it. Such a statement is incorrect, regardless of whether the no-fault policy is being coordinated with a traditional health insurance policy or a managed care plan such as an HMO or PPO.

Insurers are reminded that "misrepresenting pertinent facts or insurance policy provisions relating to coverages at issue violates the Uniform Trade Practices Act, MCL 500.2026(a). Insurers found to be in violation of this section are subject to the penalties found in MCL 500.2038.

MCL 500.3107(1), in pertinent part, reads as follows:

Personal protection insurance benefits are payable for the following:

(a) Allowable expenses consisting of all reasonable charges incurred for reasonably necessary products, services, and accommodations for an injured person's care, recovery, or rehabilitation...

MCL 500.3109a, in pertinent part, reads as follows:

An insurer providing personal protection insurance benefits shall offer, at appropriately reduced premium rates, deductibles and exclusions reasonably related to other health and accident coverage on the insured...

When policyholders choose to coordinate coverage, their health plan becomes primary. However, their no-fault insurer remains liable for all "reasonable charges incurred for reasonably necessary products, services, and accommodations for benefits not payable under the primary plan. Whether a no-fault insurer is required to provide benefits will usually depend on the nature of the medical condition, the nature of the care available from the HMO/PPO, and the nature of the care sought through the no-fault insurer and will be decided on a case by case basis.

Questions regarding these issues should be directed to the attention of:

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