

# Legislative Analysis

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## **MEDICARE RECIPIENTS MAY WAIVE NO-FAULT MEDICAL BENEFITS**

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**House Bill 5453**

**Sponsor: Rep. Joe Hune**

**Committee: Insurance**

**Complete to 2-5-08**

### **A SUMMARY OF HOUSE BILL 5453 AS INTRODUCED 11-8-07**

The bill would amend the No-Fault Act within the Insurance Code to allow Medicare enrollees to waive coverage for personal injury protection (PIP) and receive a reduced auto insurance premium.

Specifically, the waiver would apply to a person 65 years of age or older and enrolled in Medicare Part A or Part B. The waiver would be on a form provided by the auto insurance company. The insurer would have to offer a reduced premium rate to a person who waives PIP coverage.

Personal injury protection coverage is a mandatory coverage under the no-fault auto insurance system; it includes medical and rehabilitation costs, lost earnings, replacement for personal services, and funeral and burial expenses. Drivers 60 years of age and over can already waive work loss benefits, if they would not be eligible to receive them in the case of an injury.

Further, the bill would reduce the contribution to the Michigan Catastrophic Claims Association (MCCA) by an insurer for a customer who has waived PIP coverage. The MCCA premium would be 20 percent of the premium charged for a car when PIP coverage had not been waived. The MCCA is a statutorily created organization that covers personal injury claims above a set amount—currently above \$420,000. The organization is supported by premiums charged to auto insurers on a per vehicle basis; the insurers pass the charge on to customers.

MCL 500.3104 and 3107

### **FISCAL IMPACT:**

The bill would have no fiscal impact on the state or local governmental units.

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