



NO-FAULT REFORM SELF-FUNDED PLANS

Self-funded plans can be set up to pay primary, secondary or exclude auto related claims.

Regardless of how your plan is set up to pay, **we recommend that your employees continue to purchase the highest level of Personal Injury Protection (PIP) coverage they can afford through their auto policy** for several reasons. These include:

- If your employee waives or limits the PIP coverage on their auto policy, they are also waiving or limiting several coverages that a health insurance plan does not cover such as:
 - In home attendant care
 - Door-to-door medical appointment transportation
 - Lost wages replacement
 - Home & vehicle modifications
 - Long term cognitive and speech therapy
 - Health plans typically have a limit to how many they will pay for each year
- For those plans with high deductibles the employee would be responsible for paying the deductible out of pocket before their health insurance would kick in and pay
- In catastrophic claims where the person is injured and unable to return to work, they would eventually lose their employer-sponsored health insurance

The following chart shows the anticipated effects of the new no-fault reforms on self-funded groups.

Group Type	Options	Impact
An ERISA self-funded group	You can pay primary, secondary, or exclude auto accident-related claims.	If you pay primary or exclude auto-accident related claims, we anticipate no impact. Groups that pay secondary after auto insurance would be responsible for auto accident-related claims once the member's PIP level is met by the auto insurer and may see an increase in these claims.
A non-ERISA self-funded group	You can pay primary or exclude auto accident-related claims.	If you pay primary or exclude auto-accident related claims, we anticipate no impact.

Despite the potential impact on ERISA self-funded groups who opt to pay secondary, we do not think that you can require your employees to take a certain PIP coverage level or make it mandatory that they don't exclude PIP from their personal auto insurance policies.

Questions? Reach out to your Kapnick service team, or our general email address, info@kapnick.com