

A. PIP Benefit #1: Allowable Expense Benefits

The Michigan No-Fault Law has the broadest and most generous medical expense and patient care provisions of any No-Fault Statute in the country. Section 3107(1)(a) states that an injured person is entitled to recover “*allowable expenses*” consisting of: “**All reasonable charges incurred for reasonably necessary products, services and accommodations for an injured person’s care, recovery or rehabilitation.**” The statute contains no further definitions of the scope and extent of these “*allowable expenses*.” It is clear, however, that these benefits are **payable for life** and are payable without regard to any “*cap*” or “*ceiling*.” In other words, the allowable expense benefit is a benefit that is unlimited in amount and duration. Various court decisions have established that these benefits include a wide variety of products and services, some of which are explained below:

1. Medical Expenses — Under the statute, all reasonably necessary hospital expenses, physician charges, prescriptions, medical equipment, prosthetic devices, chiropractic treatment, psychological services, in-home care, and other related expenses are compensable as an allowable expense.

2. In-Home Nursing or Attendant Care — The statute uses the word “*services*,” which the courts have interpreted to include in-home nursing care and unskilled attendant care. The court decisions also established that these in-home services can be rendered by relatives as long as the service is reasonably necessary and the charge for the service is reasonable in amount. In-home attendant care is a very important benefit for victims and family members of seriously injured auto accident victims. It enables such families to hire outside help or employ family members to render services that are reasonably necessary for the injured person’s care, recovery and rehabilitation. Such services would include meal preparation, feeding, dressing, personal assistance, hygiene, bathing, transportation to medical treatment, in-home therapy, supervision and monitoring, etc. See *VanMarter v American Fidelity Fire Ins Co*, 114 Mich App 171 (1982); *Visconti v DAIIE*, 90 Mich App 477 (1979); *Manley v DAIIE*, 425 Mich 140 (1986); and *Sharp v Preferred Risk Mutual Ins Co*, 142 Mich App 499 (1985).

3. Accommodations — The statute also uses the word “*accommodations*” in describing the allowable expense benefit. The courts have held that this term obligates an insurance company to pay for renovations to make a home or apartment handicapper accessible or, if necessary, to build a new residence for catastrophically injured persons where their prior residence cannot be reasonably adapted to provide for the injured person’s care, recovery or rehabilitation. The Michigan Court of Appeals has held: “**As long as housing larger and better equipped is required for the injured person than would be required if he were not injured, the full cost is an ‘allowable expense.’**” See *Sharp v Preferred Risk Mutual Ins Co*, *supra*. If an insurance company builds a new home for a catastrophically injured child, the courts may permit the insurance

company or a court appointed trustee to hold legal title to all or a portion of the home, depending on the details of the case. See *Kitchen v State Farm Ins Co*, 202 Mich App 55 (1993). However, in *Williams v AAA Michigan*, 250 Mich App 249 (2002), the Court of Appeals held that when a no-fault insurance company builds a home for a catastrophically injured adult and the adult is willing to contribute his or her equity in their existing home to new home construction, then the injured adult is entitled to hold legal title to the newly constructed residence. Enforcing the right to the accommodation benefit can be a complicated matter. However, it is a crucial benefit for severely injured people.

4. Room and Board Expenses — The courts have also held that the allowable expense benefit includes compensation for room and board expenses which family members or others incur in connection with providing housing for a catastrophically injured auto accident victim if the victim would otherwise require institutionalization. The courts have held that: ***“Where an injured person is unable to care for himself and would be institutionalized were a family member not willing to provide home care, a no-fault insurer is liable to pay the cost of maintenance in the home.”*** See *Reed v Citizens Ins Co of America*, 198 Mich App 443 (1993).

5. Rehabilitation — The courts have also held that the allowable expense benefit includes not only services for the physical rehabilitation of the injured person, but also the reasonable expense of vocational rehabilitation, job retraining and job placement. Furthermore, the courts have rejected the argument that a no-fault insurer is only obligated to restore the injured person to his or her *“pre-accident status”* as opposed to elevating the victim to a higher functional level reasonably consistent with the person’s capabilities. The fact that the Michigan system provides full physical as well as vocational rehabilitation is a very important benefit for seriously injured victims. See *Bailey v DAIE*, 143 Mich App 223 (1985); *Kondratek v Auto Club Ins Ass’n*, 163 Mich App 634 (1987); and *Tennant v State Farm Mutual Automobile Ins Co*, 143 Mich App 419 (1985).

6. Special Transportation — The courts have also held that, in certain situations, an insurance company may be obligated to pay for the purchase and/or modification of a motor vehicle for the transportation of a seriously injured person. An example would be persons suffering spinal cord injuries or serious brain injuries who, because of the nature of their disability, now need a handicapper equipped van or other specially adapted vehicle in order to be transported. Depending upon the facts of the case, the insurer’s obligation may be to equip an existing vehicle with handicapper equipment or to fully fund the purchase of a new vehicle with such equipment. The issue of whether a new vehicle should be purchased or an existing vehicle specially equipped, is determined by what is considered *“reasonably necessary”* for the injured person’s care, recovery or rehabilitation. See *Davis v Citizens Ins Co of America*, 195 Mich App 323 (1992).

7. Medical Mileage — The courts have also held that an insurance company is obligated to pay mileage to transport an injured person to and from necessary medical care or rehabilitation. There is some dispute as to the appropriate mileage rate but some court decisions have held it is proper to utilize the State of Michigan mileage reimbursement rate as a guide. See *Swantek v Automobile Club of Michigan Ins Group*, 118 Mich App 807 (1982).

8. Guardian Expenses — The courts have held that where a seriously injured person requires the appointment of a guardian or conservator, the costs of appointing and maintaining such a Probate fiduciary are recoverable as an allowable expense. See *Heinz v Auto Club Ins Ass'n*, 214 Mich App 195 (1995).