

COB Examples

Standard Coordination	Primary	Secondary	When both plans have standard COB
Covered Expenses	\$1,000	\$1,000	
Plan Coinsurance	x 80%	x 80%	
Payment without coordination	= <u>800</u>	= <u>800</u>	
Payment with coordination	= \$ 800	= \$ 200	
Total payment with coordination \$1,000		Amount owed by member \$0	

30% Coordination	Primary	Secondary	When the primary insurer has selected limited coverage under employee health trust
Covered Expenses	\$1,000	\$1,000	
Plan Coinsurance	x 20%	x 30%	
Payment without coordination	= <u>200</u>	= <u>300</u>	
Payment with coordination	= \$ 200	= \$ 300	
Total payment with coordination \$500		Amount owed by member \$500	

30% Coordination	Primary	Secondary	When the primary insurer has waived coverage under employee health trust
Covered Expenses	\$1,000	\$1,000	
Plan Coinsurance	x 0%	x 30%	
Payment without coordination	= <u>0</u>	= <u>300</u>	
Payment with coordination	= \$ 0	= \$ 300	
Total payment with coordination \$300		Amount owed by member \$700	

This information is intended as a summary of the benefits provided. For complete information, please refer to your AlaskaCare Health Plan information booklet or our web site. If you have questions, please contact the Benefits Section at (907) 465-8600 or email doa.drb.benefits@alaska.gov.

The information in this brochure is not intended to replace the complete plan descriptions contained in the plan booklets. Language contained in the booklets govern the plans.

Alaska Division of Retirement and Benefits

Alaska Division of Retirement and Benefits

State Office Building
333 Willoughby, 6th floor
PO Box 110203
Juneau, AK 99811-0203

Customer Service Center
Hours: 10:00 a.m. - 3:30 p.m.
Toll Free: **1-800-821-2251**
In Juneau: (907) 465-8600
Fax: (907) 465-4668

TDD for the hearing impaired:
(907) 465-2805

E-mail: doa.drb.benefits@alaska.gov

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Coordination of Benefits

Guide for Members of the ALASKACARE Health Plans



Coordination of Benefits

What is Coordination of Benefits?

Coordination of benefits (COB) is the process used to determine who pays any claim first when you or any of your dependents have more than one health plan. Most, but not all, plans include COB provisions that allow you to receive up to 100% of covered expenses. However, plans do not pay for services and costs they would not have covered if you had only one plan.

Who Decides the Rules?

COB rules are set by the National Association of Insurance Commissioners (NAIC) with the exception of coordination with Medicare and Medicaid which are set by federal and state law. Most plans follow the NAIC rules but there is no requirement they do so. The AlaskaCare health plans follow standard NAIC rules to ensure ease of coordination with other plans.

Who Pays First?

A plan without COB provisions is always the primary plan. If all plans have a COB provision, they follow the rules below in order. The first rule that applies to your situation is the rule used.

You and Your Spouse

✿ The plan you receive as an employee pays first, before a plan that covers you as a dependent.

Example – Your plan pays first for you and your spouse's pays second.

✿ Any plan you receive because you are on layoff or are a retiree will pay secondary to a plan you receive as an active employee.

Example – If you are retired and also working, your active employee plan pays first, then your retiree plan. If your spouse is covered only by your plans as your dependent, the same order is used. If your spouse has his/her own plan, it pays first, then your active employee plan, and finally your retiree plan.

✿ Any plan you or your spouse receive as an employee is primary to Medicare.

Example – If you are working and have Medicare, your employee plan pays first, Medicare second. If you are also retired, your employee plan pays first, then Medicare, then the retiree plan. If you are working and your spouse has Medicare, your employee plan pays first, then Medicare, for your spouse's claims.

Children

If the parents are married to each other, the plans follow the "birthday rule."

✿ If a child is covered under both parents' plans, the plan of the parent whose birthday falls earlier in the year is the primary plan. If both parents have the same birthday, the plan that has covered a parent longer is the primary plan.

Example – Your birthday is January 10, your spouse is July 15. Your plan pays first for any children. If you have the same birthday, and you've been covered longer than your spouse has, your plan pays first.

If the other plan does not have this birthday rule, the other plan's rule is used to decide which plan is primary.

If you are separated or divorced, the plans pay in the following order:

- 1 The plan of the parent whom the court has established as financially responsible for the child's health care pays first. The claims administrator must be informed of the court decree.
- 2 The plan of the parent with custody of the child pays second.
- 3 The plan of the spouse of the parent with custody of the child pays third.
- 4 The plan of the parent who does not have custody of the child.

Example – If all the people listed above have coverage, the divorce decree may state who pays first. After that, it's the custodial parent, the custodial stepparent, and the noncustodial parent, in that order.

What if none of the rules describe my situation?

If none of the above rules apply, the plan that has covered the patient longer is primary.

Example – If you've been covered for 20 years under the AlaskaCare employee health plan and you take a second job that provides health insurance, AlaskaCare would pay first.

How does the plan know to coordinate?

You must notify the Wells Fargo Insurance Services office when you or any of your dependents are covered by another group health plan. You can find a form on our website or in your welcome pack to do this; you also put this information on any claim forms you submit. The information you provide on the form will allow Wells Fargo Insurance Services to decide who should pay first based on the above rules. If you lose coverage under your other plan, you must

notify Wells Fargo Insurance Services so they can change your account.

How does it work?

You or your doctor file claims to the plan that should pay first. When that plan pays, it will send you an explanation of benefits showing what was paid. If your doctor filed the claim, an explanation will be sent to them also. You send a copy of the explanation with the claim to your secondary plan so they can see what was paid on the claim by your primary plan and can coordinate benefits.

Coordination between state employee health plans

The AlaskaCare Employee Health Plan will only pay 30% of covered charges for your dependents if your spouse or children are covered by a state employee health trust and that coverage:

- ✿ has been waived,
- ✿ pays less than 70% of covered expenses, or
- ✿ has an individual out-of-pocket maximum, including deductible, of more than \$3,500.

This applies to any dependent covered by the AlaskaCare Employee Health Plan as the secondary plan under the standard COB rules and where the trust plan would normally pay first if you hadn't reduced or waived coverage. When your spouse or the parent of any of your children selects coverage under a state employee health trust, they must ensure they are electing a plan that covers at least themselves and any dependents for which they have primary responsibility and provides full family coverage. Failure to do so will result in less coverage for your dependents in the coming year.