Johnstone's Journal

JOHNSTONE'S JOURNAL is published monthly, and designed to provide topical information of interest not only to plan administrators, but to all employees who enjoy coverage under the benefit plan. Feel free to make copies, and use as a payroll stuffer.

PHONE: 604 980-6227 or 1-800-432-9707 **www.jbenefits.com** **April 2009**

Coordination of Benefits

Who Pays When Both Spouses Have Coverage?

Families with Two Plans

When both spouses work, they often both have group insurance coverage through their own employers. They can also be on each other's plans; this duplicate coverage is a legitimate advantage for families. When employees and their dependents are eligible under two group plans, the insurers involved share payment of the eligible expenses, and they call this **coordination of benefits** (COB). The combined payment from all group plans, however, **cannot exceed** 100% of the **eligible** expense.

Payment Order is Prearranged

Likely, there will be differences between a family's benefit plans. The first choice is probably to submit claims to the plan that appears to have the better coverage. It doesn't work that way though—to ensure consistency in claims adjudication among all insurers, there is an established order for claims submission.

Which Plan Pays First?

Coordinating benefits is nothing new, as all Canadian insurers have long followed the guidelines established by the CLHIA. They revised these guidelines as of January 2009 to increase clarity. We've described the most common COB occurrence, however if you have a specific situation in which you're not sure which plan to submit to first, please let us know.

Claims are paid first under the employee's own plan, and then any outstanding balance can be claimed under the spouse's plan.

Claims for children follow the "birthday rule." This rule uses the month and day of birth of each parent, regardless of which parent is older. Submit claims to the plan of the parent whose month and day of birth falls earlier in the calendar year. For example, if the employee is born in October, and the spouse in April, submit the child's claim under the spouse's plan first. Any outstanding balance can be claimed under the other plan.

How Do HSA Plans Fit Into This?

Health Spending Accounts (HSAs) - See Journal May 07 - have become more popular as a flexible and tax effective method of improving a benefit program. For those with access to an HSA, claims should be submitted to all available group plans first, and then to the HSA if less than 100% has been reimbursed. The same rules apply as to which plan pays first.

Submitting Claims For Payment

Claims must first be submitted under the plan that is the primary payer (e.g. employees own plan). Retain a copy of the original claim form and receipts as they will likely not be returned to you.

Once you receive payment and an Explanation of Benefits (EOB), if less than 100% was paid, copies of the original claim form and receipts along with this EOB should be submitted to the spouse's plan to pick up the difference.

Opting Out of Duplicate Coverage

When employees pay for a portion of their group coverage, they often want to drop the coverage that they get through their spouse. In these cases, employees should enrol for the basic Life, AD&D, and Disability coverage, but **opt out** or **waive** the health and dental coverages. Later, if employees lose their coverage, they can add back the waived coverage, without question, **if they do it within 31 days of the loss**.

To prevent any future problems, the **waiver** section of our enrolment card should be completed (this is found on the front at the lower left side). Employees will have little problem re-establishing coverage with this on file.