



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 staffer.

Phone: 604 980-6227 or 1-800-432-9707

www.jbenefits.com

August 2014

Coordination of Benefits (COB) Who Pays When Both Spouses Have Coverage?

Families with Two Plans

We often see employees who have coverage under more than one health and dental plan. Although individuals may have multiple plans, this situation usually occurs when each spouse has group insurance coverage from their job. 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.

Note that in some cases, the combined payment from all coverage may be less than the submitted amount because the amount billed is higher than the insurer's [Reasonable and Customary](#) limit (see November 2010 *Journal*). For example, if your dentist charges higher than the published fee guide amount, you may only receive 100% of the fee guide amount, not the full billed amount.

Order of Benefit Determination

It is likely that a family's group benefit plans will not have identical coverage. Some people will assume that they can just 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 claim submission.

Which Plan Pays First?

All Canadian insurers have long followed the guidelines established by the Canadian Life and Health Insurance Association (CLHIA). In this *Journal* we will describe the most common COB occurrences. However, if you have a specific situation that you're unsure about because it isn't explained here, see [Guideline G4](#) at www.clhia.ca, or call Johnstone's Benefits.

- **Employees** must first submit to their own plan, and then any outstanding balance can be claimed under the spouse's plan.
- **Dependent children** must submit claims to the plan of the parent whose birth date falls earlier in the calendar year. For example, if one parent is born in October, and the other in April, submit the child's claims under the parent with the April birth date first. Any outstanding balance can be claimed under the other plan.
- **Student health or dental plan** is coverage offered to students attending a specific university or college. When available, a student health or dental plan is always the first payer for the student, if all other plans cover the student as a dependent.

How Do HSA Plans Fit into This?

Health Spending Accounts (HSAs) have become more popular as a flexible and tax effective method of improving a benefit program. For those with access to an HSA, submit claims to all available group plans first, and if there is any remaining balance, submit it to the HSA. If there is more than one group plan, 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: employee's 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 statement (EOB), if less than 100% was paid, you can submit copies of the original claim form and receipts along with the EOB to the spouse's plan to pick up the difference.

For electronic claim submissions, it is your responsibility to identify to the insurer all available group plan coverage for the purpose of COB. Always follow the instructions on the insurer's website.