

## Coordination of Benefits

Magellan coordinates benefits with other payers when a member is covered by two or more group health benefit plans. Coordination of Benefits (COB) is the industry standard practice used to share the cost of care between two or more carriers when a member is covered by more than one health benefit plan. It is a contractual provision of a majority of health benefit contracts. Magellan complies with federal and state regulations for COB and follows COB guidelines published by the National Association of Insurance Administrators (NAIC).

Under COB, the benefits of one plan are determined to be primary and are first applied to the cost of care. After considering what has been covered by the primary plan, the secondary plan will cover the cost of care up to the fully allowed expense. Magellan's Claims COB and Recovery Unit procedures are designed to avoid payments in excess of allowable expenses while also making sure claims are processed both accurately and timely.

Unless specifically mandated by state law or a client contract, Magellan does not coordinate benefits with individual contracts (including private indemnity plans), Medicaid, CHAMPUS, school sponsored plans, or disease specific policies not providing benefits on an expense incurred basis.

## Identifying Primary and Secondary Liability

Magellan uses NAIC rules for determining primary and secondary benefit plans. The most common rules for determining the order of payment are the Non-dependent/Dependent Rule, Active/ Inactive Rule and Birthday Rule.

- **Non-dependent/Dependent Rule:** The first rule governing the order of benefit determination is that the plan covers the individual as an employee, member or subscriber before plan benefits in which the individual is considered a dependent.
- **Active/ Inactive Rule:** A policy which covers an individual as an active employee is the primary payer over the policy covering the individual as a retired or laid off employee. This rule also applies to dependents covered under two policies.
- **Birthday Rule:** This is a method used to determine when a plan is primary or secondary for a dependent child when covered by both parents' benefit plan. The parent whose birthday (**month and day only**) falls first in a calendar year is the parent with the primary coverage for the dependent. If both parents have the same birthday, then the plan that has been in effect the longest pays as primary. Magellan follows this birthday rule unless a contract specifically requires otherwise.

For more information on NAIC rules, visit the NAIC web site at <http://www.NAIC.org>.

When Medicaid is a payer, it is always the payer of last resort. Similar rules apply to Medicare subscribers. For more information on COB with Medicaid and/or Medicare subscribers, please refer to the CMS Web site at: <http://www.cms.hhs.gov/medicare>.

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## COB Procedures

During benefit enrollment or whenever there is a change in coverage, the member is required to provide information to each carrier if s/he has more than one benefit carrier. To facilitate prompt claims processing, this information must be forwarded to Magellan along with other essential eligibility information. By verifying eligibility information prior to seeing members, providers help make sure that benefit updates and changes are completed thereby avoid claims processing delays. There are specific boxes on all claims forms that request coordination of benefits information.

When any of the following circumstances exist, Magellan generally investigates the possibility of primary coverage and other party liability (OPL) prior to paying the claim.

- An Explanation of Benefits (EOB) from another health insurance carrier is attached to the claim
- Other insurance information is printed in Box 9A-D on the CMS 1500 claim form
- Box 11D on the CMS 1500 is checked “yes”
- Box 29 on the CMS 1500 indicates that a payment has already been made to the provider by a source other than Magellan
- Box 50 and Boxes 58-61 on the UB-92 claim form indicate other insurance information
- Any information on the claim or attached to the claim indicates the possibility of other insurance. (Example: copy of an insurance card from another carrier, or letter from another insurance company).
- The claimant is 65 years of age or older
- COB information is on file for other family members.
- The member's last name is different from the subscriber(s) listed on the claim.

Specific health plan contractual arrangements may require that Magellan pay the claim first and then investigate the possibility of dual coverage. In most instances, however, Magellan will attempt to contact the member to clarify the situation prior to paying the claim. Claims falling within this description are considered “unclean” and are not subject to most prompt payment laws until the issue has been resolved.