

Figure: 28 TAC §3.3510(e)

## **FORM COB NOTICE TX**

### **CONSUMER EXPLANATORY BOOKLET COORDINATION OF BENEFITS (COB)**

#### **IMPORTANT NOTICE**

This is a summary of only a few of the provisions of your health plan to help you understand COB, which can be very complicated. This is not a complete description of all of the coordination rules and procedures, and does not change or replace the language contained in your insurance contract, which determines your benefits.

#### **Double Coverage**

It is common for family members to be covered by more than one health care plan. This happens, for example, when a husband and wife both work and choose to have family coverage through both employers.

When you are covered by more than one health plan, state law permits your insurers to follow a procedure called "coordination of benefits" to determine how much each should pay when you have a claim. The goal is to make sure that the combined payments of all plans do not add up to more than your covered health care expenses.

COB is complicated and covers a wide variety of circumstances. This is only an outline of some of the most common ones. If your situation is not described, read your evidence of coverage or contact the Texas Department of Insurance.

#### **Primary or Secondary?**

You will be asked to identify all the plans that cover members of your family. We need this information to determine whether we are the "primary" or "secondary" benefit payer. The primary plan always pays first when you have a claim. Any plan that does not contain Texas' COB rules will always be primary unless the provisions of both plans state that the complying plan is primary.

#### **When This Plan is Primary**

If you or a family member is covered under another plan in addition to this one, we will be primary when:

#### **Your Own Expenses**

- the claim is for your own health care expenses, unless you are covered by Medicare and both you and your spouse are retired.

#### **Your Spouse's Expenses**

- the claim is for your spouse, who is covered by Medicare, and you are not both retired.

## **Your Child's Expenses**

- the claim is for the health care expenses of your child who is covered by this plan and
  - you are married and your birthday is earlier in the year than your spouse's, or you are living with another individual, regardless of whether or not you have ever been married to that individual, and your birthday is earlier than that other individual's birthday. This is known as the "birthday rule"; or
  - you are separated or divorced and you have informed us of a court order that makes you responsible for the child's health care expenses; or
  - there is no court order, but you have custody of the child.

## **Other Situations**

We will be primary when any other provisions of state or federal law require us to be.

## **How We Pay Claims When We Are Primary**

When we are the primary plan, we will pay the benefits in accord with the terms of your contract, just as if you had no other health care coverage under any other plan.

## **When This Plan is Secondary**

We will be secondary whenever the rules do not require us to be primary.

## **How We Pay Claims When We Are Secondary**

When we are the secondary plan, we do not pay until after the primary plan has paid its benefits. We will then pay part or all of the allowable expenses left unpaid, as explained below. An "allowable expense" is a health care expense, including coinsurance or copayments and without reduction for any applicable deductible, that is covered in full or in part by any of the plans covering the person.

If there is a difference between the amount the plans allow, we will usually base our payment on the higher amount. However, if one plan has a contract with the health care provider or physician and the other does not, our combined payments will not be more than the contracted amount. Health maintenance organizations and preferred provider organizations usually have contracts with their providers.

We may reduce our payment by any amount so that, when combined with the amount paid by the primary plan, the total benefits paid equal 100 percent of the total allowable expense for your claim. We will credit any amount we would have paid in the absence of your other health care coverage toward our own plan deductible.

We will not pay an amount the primary plan did not cover because you did not follow its rules and procedures. For example, if your plan has reduced its benefit because you did not obtain prior authorization as required by that plan, we will not pay the amount of the reduction, because it is not an allowable expense.

**Questions About COB?  
Contact the Texas Department of Insurance  
1-800-252-3439  
In Austin Call 512-463-6515**