



THE BEACON

Employee Education Edition - June 2017

Coordination of Benefits

Most health care plans contain a coordination of benefits (COB) provision. Coordination of benefits ensures that your covered expenses will be paid, while preventing duplicate benefit payments. This provision is used when you, your spouse, or your covered dependents are eligible for coverage under more than one health plan. For example, you (and your dependents) have coverage under your school entity plan, and you (and your dependents) are also covered under your spouse's plan through his or her employer.

When you are covered by more than one health plan, one plan is considered the Primary Plan and the other is considered the Secondary Plan.

- Primary Plan (your employer Plan) — This is the plan that typically determines payment for its benefits first without considering the other plan's benefits.
- Secondary Plan (for example, your spouse's plan) — This plan determines its benefits after those of the Primary Plan.

Coordination of benefits works as follows:

- When the person who received the care is covered as an employee under one plan and a dependent under another plan, then the employee plan coverage pays first.
- When a dependent child is covered under two plans, the plan covering the parent whose birthday falls earlier in the calendar year pays first. This is known as the "Birthday Rule." If, however, both parents have the same birthday, the plan which covered the parent longer will be the primary plan.

- In rare occasions, if your other plan (for example, spouse's plan) does not mention coordination of benefits, than this other coverage will be primary and pay first.
- If a dependent child's parents are divorced, the following applies:
 - The plan of the parent with custody of the child pays first.
 - If the custodial parent is remarried and is covered by his or her spouse's plan, then the plan of the stepparent will be primary.
 - Regardless of which parent has custody, whenever a court decree specifies one parent financially responsible for the child's health care expenses, the coverage of that parent will pay first.
- When none of the above situations apply, the coverage you have had for the longest time pays first, provided that:
 - The benefits of the plan covering the person as an active employee (not laid-off or retired) will be determined before the benefits of a plan covering the person as an inactive employee (laid-off or retired).
 - If the other plan does not have this rule, and the plans do not agree on the order of benefits, this rule does not apply.

Do you have a question or concern?

If there is a question or topic you would like to see addressed in a newsletter, contact The Reschini Group at beacon@reschini.com with "Newsletter Question" in the subject line and we can address the question or topic in a future edition.

The next issue of the Beacon will be published in September 2017.

We wish you and your families a safe and enjoyable summer.

Employee Education Issue—June 2017

Coordination of Benefits and Medicare

Over age 65 and actively working:

- Your employer plan is responsible for your health care coverage until you retire.
- If you were already receiving Social Security benefits when you turned 65, you were automatically enrolled in Medicare Part A. In this case, your group health plan pays primary and Medicare is secondary.
- If you did not take Social Security early, you will not be automatically enrolled in Medicare at age 65. When you retire, you are entitled to a Special Enrollment Period which enables you to enroll in Part A and Part B with no penalty.
- If your employer plan is a Qualified High Deductible Health Plan (QHDHP) with a Health Savings Account (HSA), you are not permitted to make contributions to your HSA if you are enrolled in Medicare.

Over age 65 and not actively working:

- If you are age 65 and over, entitled to Medicare, and remain on your former school health plan, you must be enrolled in Medicare. Medicare pays primary and your former school plan pays secondary.

Medicare Enrollment Periods

Initial Open Enrollment Period—The Initial Open Enrollment Period for Medicare Part A and Part B is seven (7) months. It begins three (3) months before your birthday month; includes your birthday month; and continues for three (3) months after your birthday month.

Special Enrollment Period—The Special Enrollment Period is the eight month period that begins the month after your employment or coverage ends, whichever happens first.

General Enrollment Period—If you didn't sign up for Part A and/or Part B during your Initial Open Enrollment Period or Special Enrollment Period, you can sign up between January 1 to March 31 each year. Coverage won't start until July 1 of that year. If you miss your Initial Open Enrollment or Special Enrollment Period and have to wait to sign up during the General Enrollment Period, you could have a period of no coverage.

Medicare Scenarios

Scenario 1— You are turning 65 and will continue to actively work. You are eligible under federal legislation (Medicare Secondary Payer Act) to remain on your school entity plan. If you are not collecting Social Security, you will not be automatically enrolled in Medicare. You may wait to enroll in Medicare Parts A and B until you retire. At the time of your retirement, you will be eligible for a Special Enrollment Period to enroll in Parts A and B.

Scenario 2—You are under 65 and retired, but have remained on your school entity's coverage after retirement due to an incentive, contractual provision, or other agreement. When you turn age 65 you must sign up for Medicare Part A and Part B because you are not actively working. If you do not sign up during your Initial Open Enrollment Period (turning age 65), and you wait until your school retiree coverage terminates; you will be subject to a monetary penalty for Part B late enrollment for as long as you are on Medicare. The penalty will be assessed for each year that you did not sign up for Medicare. In addition, you could possibly have a period of no coverage.

Scenario 3— You are under 65 and retired and your spouse turns 65. He or she must enroll in Medicare Parts A and B. Same as above; if they do not sign up at age 65, they will be subject to a Part B late enrollment penalty and possibly a period of no coverage.

We're Here to Help

If you need assistance or have any questions regarding your benefit coverage or claims please contact our Customer Service Department at (724) 349-1300 or toll free at 800-442-8047.