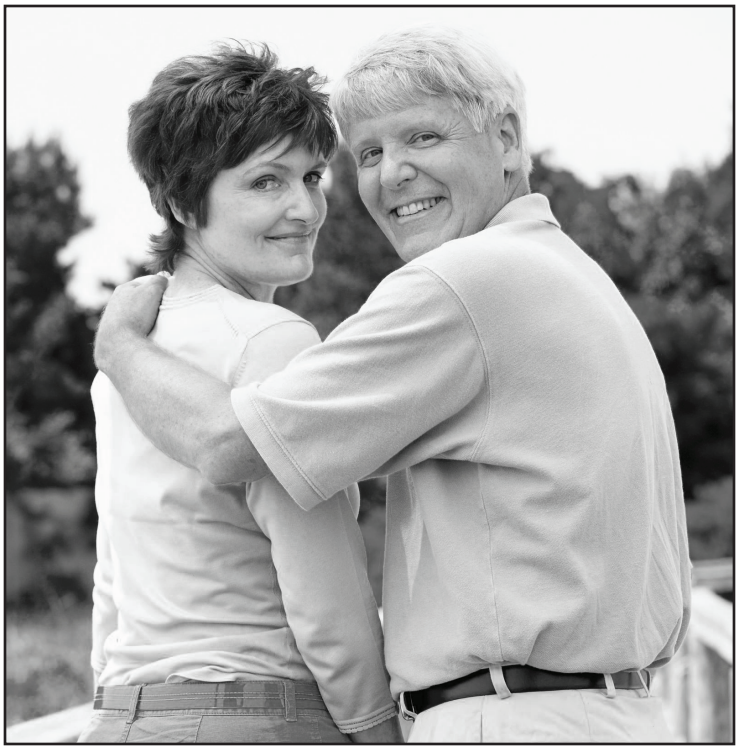
Section I-2
Coordination of benefits



What does coordination of benefits (COB) mean?

The purpose of the Coordination of Benefits (COB) program is to identify the health care benefits available to a person with Medicare and to prevent mistaken payment of Medicare benefits.

Coordination of benefits means:
• Ensuring claims are paid correctly, and ensuring the primary payer, whether Medicare or other insurance, pays first.
• Sharing Medicare eligibility data with other payers and transmitting Medicare-paid claims to supplemental insurers for secondary payment.
• Ensuring that the amount paid by plans in dual coverage situations does not exceed 100% of the total claim, to avoid duplicate payments.

History of Medicare Secondary Payer (MSP)

Before the Medicare Secondary Payer (MSP) provisions of the law were enacted in 1980, Medicare was usually the primary payer for all people with Medicare, whether or not they were insured elsewhere.

The MSP provisions require that:
• Certain group health plans and other (nongroup health plan) insurance sources pay as the primary insurer AND
• The primary payment determination be based on all available insurance.

MSP mandates that certain types of insurance pay health care bills first and that Medicare pay second. Other insurance that may pay first includes:

- Group health plan insurance
- No-fault insurance
- Liability insurance
- Workers' compensation
- Federal black lung program

In the absence of other insurance, Medicare is always primary.

Identifying the appropriate payer— the Initial Enrollment Questionnaire (IEQ)

It is important to identify whether a person's medical costs are payable by other insurance before, or in addition to, Medicare. CMS uses the Initial Enrollment Questionnaire (IEQ) to collect MSP information from all individuals prior to Medicare entitlement. The IEQ asks about other insurance that may be primary to Medicare. In addition to the IEQ and other information from the person with Medicare, Medicare receives health coverage information from doctors, other providers, group health plans and employers.

The Initial Enrollment Questionnaire (IEQ) is mailed to people about 3 months before they become entitled to Medicare. This questionnaire asks about any other health care coverage that may be primary to Medicare, including the person's own health insurance and coverage under a family member's insurance.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

QUESTIONS CALL: 1-800-999-1118

MEDICARE QUESTIONNAIRE FOR BENEFICIARIES 65 OR OVER

NAME	DATE OF BIRTH	MEDICARE NUMBER
JOHN Q. PUBLIC	7/23/1935	987654321X

INSTRUCTIONS: This form will be read by a computer. Please print as shown below. Stay within the boxes. Use CAPITAL letters. Mark boxes with an X. **USE BLACK OR BLUE INK.**
EXAMPLE [ ][A][B][C][ ][ ][1][2][3][ ][ ]

SECTION A - INFORMATION ABOUT YOU

1) On 7/21/2000, will **YOU** be working? **YES** [X] **NO** [ ] (If **NO**, go to **SECTION B**)

2) Do **YOU** have any group health plan coverage through your current employer?
YES [X] **NO** [ ] (If **NO,** go to **SECTION B**)

3) How many employees, including yourself, work for your employer?
[ ] **Don't know** [X] **20 or more** [ ] **Less than 20** (If less than 20, **STOP,** go to **SECTION B**)

Please provide information about the employer and the employer group health plan in the spaces below:

EMPLOYER NAME
MEGACONGLOMERATE INC.

ADDRESS
123 MAIN STREET

ADDRESS
ASTRA BUILDING

CITY
ANYTOWN

STATE
NY

ZIP
00000

NAME OF GROUP HEALTH PLAN
ABC INSURANCE CO

ADDRESS
456 FIRST AVE

ADDRESS

CITY
GOTHAM CITY

STATE
NY

ZIP
99999

GROUP IDENTIFICATION NUMBER

POLICY NUMBER

4) Does your employer group health plan cover prescription drugs? **YES** [X] **NO** [ ] (If **NO**, go to **SECTION B**)
Please use your insurance card to provide the following information if available:

Rx GROUP
ZPQR52213

Rx PCN

MEMBER ID
5976120733

Rx BIN
995544

SECTION B - INFORMATION ABOUT YOUR HUSBAND/WIFE

1) On 3/23/2005, will you be receiving any group health plan coverage through the current employment of your husband/wife? **YES** [ ] **NO** [X] **N/A** [ ] (If **NO** or **N/A, STOP**, go to **SECTION C**)

Husband/Wife's First Name

Husband/Wife's Social Security Number ___ — ___ — ____

Husband/Wife's Middle Initial

Husband/Wife's Last Name

OMB NO. 0938-0214

(TURN PAGE OVER)

SECTION B - INFORMATION ABOUT YOUR HUSBAND/WIFE, CONTINUED

2) How many employees work for your husband/wife's employer? (Please include your husband/wife).

Don't know ☐ 20 or more ☐ less than 20 ☐ (if less than 20, **STOP**, go to **SECTION C**)

Please provide information about the employer and the employer group health plan in the spaces below:

EMPLOYER NAME

ADDRESS

ADDRESS

CITY STATE ZIP

NAME OF GROUP HEALTH PLAN

ADDRESS

ADDRESS

CITY STATE ZIP

GROUP IDENTIFICATION NUMBER

POLICY NUMBER

3) Does your husband/wife's employer's group health plan cover prescription drugs? **YES** ☐ **NO** ☐

(If **NO, STOP**, go to **SECTION C**)

Please use your husband/wife's insurance card to provide the following information if available:

Rx GROUP Rx PCN

MEMBER ID Rx BIN

SECTION C - MORE INFORMATION ABOUT YOU

1) Are **YOU** receiving **Black Lung** Benefits? **YES** ☐ **NO** ☒

2) Are **YOU** receiving **Worker's Compensation** Benefits? **YES** ☐ **NO** ☒

3) Are **YOU** receiving treatment for an injury or illness which another party could be held responsible or could be covered under no-fault, automobile, or liability insurance? **YES** ☐ **NO** ☒

STOP

If you answered **YES** to any of these questions, go to **SECTION D.**
If you answered **NO** to all of these questions, sign and return only this page.

Your Signature John Public

AREA CODE 212 – **PHONE NUMBER** 212-2121

OMB NO. 0938-0214

Sample

(CONTINUED ON NEXT PAGE)

MEDICARE QUESTIONNAIRE FOR BENEFICIARIES 65 OR OVER, CONTINUED

NAME	DATE OF BIRTH	MEDICARE NUMBER
JOHN Q PUBLIC	07/23/1935	987654321K

SECTION D - MORE INFORMATION ABOUT YOU, CONTINUED

1) If **YOU** are getting **Black Lung** (Coal Miner's) Medical Benefits, print the date the benefits began.

M M — D D — Y Y Y Y

2) If **YOU** are now getting any medical services related to an illness or injury which occured on the job, for which **YOU** have or will file a **Workers' Compensation** claim, print the date of the illness or injury.

M M — D D — Y Y Y Y

Please provide information about the employer, insurance carrier, and attorney in the spaces below :

EMPLOYER NAME

ADDRESS

ADDRESS

CITY STATE ZIP

NAME OF INSURANCE CARRIER

ADDRESS

ADDRESS

CITY STATE ZIP

POLICY or CLAIM NUMBER

NAME OF ATTORNEY (If Applicable)

ADDRESS

ADDRESS

CITY STATE ZIP

BRIEF DESCRIPTION OF ILLNESS OR INJURY

Sample

SECTION D - MORE INFORMATION ABOUT YOU, CONTINUED

3) If **YOU** are now getting any treatment for an illness or injury for which another party could be held liable, please print the date of illness or injury: M M — D D — Y Y Y Y

NAME OF INSURANCE CARRIER

ADDRESS

ADDRESS

CITY STATE ZIP

POLICY or CLAIM NUMBER

NAME OF ATTORNEY (If Applicable)

ADDRESS

ADDRESS

CITY STATE ZIP

BRIEF DESCRIPTION OF ILLNESS OR INJURY

4) If **YOU** are now getting any treatment for an illness or injury which could be covered under **no-fault** or **automobile insurance**, print the date the of illness or injury: M M — D D — Y Y Y Y

NAME OF INSURANCE CARRIER

ADDRESS

ADDRESS

CITY STATE ZIP

POLICY or CLAIM NUMBER

NAME OF ATTORNEY (If Applicable)

ADDRESS

ADDRESS

CITY STATE ZIP

BRIEF DESCRIPTION OF ILLNESS OR INJURY

Your Signature

AREA CODE **PHONE NUMBER**

COB processes

COB relies on many databases maintained by multiple stakeholders including Federal and state programs, plans that offer health insurance and/or prescription coverage, pharmacy networks, and a variety of assistance programs available for special situations or conditions.

A key data source is the IRS/SSA/CMS Data Match. The law requires the Internal Revenue Service (IRS), the Social Security Administration (SSA), and the Centers for Medicare and Medicaid Services (CMS) to share information about Medicare beneficiaries and their spouses.

In 1999, a single contractor was chosen to eliminate the overlap and redundancies of using multiple contractors and to help protect the Medicare trust funds.

In May 2005, CMS awarded a single contract to RelayHealth (also known as Per-Se) to facilitate the TrOOP tracking process and eligibility transactions for Medicare Part D. This service enables Part D plans to properly calculate TrOOP balances through electronic processing of claims at the pharmacy point of sale.

Other types of health coverage that affect the COB process

- No-fault or liability insurance
- Workers' compensation
- Federal Black Lung Program
- COBRA continuation coverage
- Employer/union and retirement group health plans, including
    - Federal Employee Health Benefits Program
    - Veterans' benefits (VA) and TRICARE for Life (TFL)

Other types of drug coverage that affect the COB process

The Medicare Modernization Act of 2003 (MMA) requires other (non-Part D) plans to inform policyholders every year whether their coverage is as good as Medicare drug coverage, or "creditable." Part D plans must permit these other entities to coordinate benefits with them.

- State Medicaid programs
- Assistance programs
- Indian Health Service (IHS)
- Medicare Part B

COB cheat sheet

When Medicare is primary
- Medicare is the only insurance
- Other source of coverage is
    - Medigap policy
    - Medicaid
    - Retiree benefits
    - Indian Health Service
    - Veterans benefits and TRICARE for Life
    - COBRA continuation coverage
        - Except 30-month coordination period for people with End-Stage Renal Disease (ESRD)

Medicare is secondary
- To employer group health plans (EGHP)
    - Working aged: EGHP with 20 or more employees
    - Disability: EGHP with 100 or more employees
    - ESRD: EGHP of any size
- 30-month coordination period
    - Workers' Compensation (WC)
    - Black Lung Program
    - No-fault/liability insurance

Medicare Part D
- Medicare usually primary
    - Part D plan pays first
- Situations involving EGHP
    - Part D plan denies primary claims

EGHP—Working age

Medicare is generally secondary payer:
- If employer has 20 or more employees
- For self-employed, if covered by EGHP of employer with 20 or more employees

Large Group Health Plan (LGHP)—Medicare due to disability
- Medicare based on disability AND
    - Working and covered by large EGHP (LGHP) or
    - Covered by LGHP of working spouse
        - Or other family member
- Medicare is secondary payer
    - If employer has 100 or more employees or
    - Self-employed, if covered by LGHP of employer with 100 or more employees

Retiree health plans
- Medicare pays first
- Retiree coverage pays secondary

No-fault insurance
- Pays regardless of who is at fault
- Medicare is secondary payer

Liability insurance
Medicare is secondary payer

Workers' compensation
- Medicare will not pay for health care related to workers' compensation claims
- Medicare may make conditional payment

COBRA
- Employees and dependents can keep health coverage after leaving EGHP
    - Called "continuation coverage"
    - Continues for 18, 29 or 36 months depending on the qualifying event
- Person must pay entire premium

COBRA and Medicare
- Medicare is usually primary
    - Medicare is secondary during 30-month coordination period for end stage renal disease (ESRD)

Federal Employee Health Benefits (FEHB) Program
- Remains primary until person retires
- Pays first if person with Medicare or covered spouse still working

How FEHB works with Part D
People can have both FEHB and Part D. Adding Part D provides little, if any, savings unless person qualifies for extra help.

VA benefits
- People with Medicare and VA benefits
    - Can get treatment under either program
    - Must choose which benefits to use each time
- Generally
    - Medicare cannot pay for service authorized by VA
    - VA cannot pay for service covered by Medicare

How VA works with Part D
- Can choose to use VA or Medicare
    - A single prescription cannot be covered by both plans at once

TRICARE For Life (TFL)
- Medical coverage for
    - Uniformed services retirees age 65 or older
    - Medicare eligible
    - Must have Medicare Part A and Part B

How TFL works with Medicare
- Generally, Medicare is primary payer

How TFL works with Part D

- TFL considered credible drug coverage
- People can have both TFL and Part D

Part D and Medicaid

- People with both Medicare and Medicaid
    - Get drug coverage from Medicare Part D plan
    - Get low-income assistance ("extra help")
- States may opt to cover non-Part D drugs

Indian Health Services (IHS)

- Copayments or deductibles
    - None for services obtained through IHS and tribal pharmacies

Review exercise

1. Prior to 1980, Medicare was usually the primary payer:
    a. True
    b. False

2. Medicare is primary payer in the absence of other insurance:
    a. True
    b. False

3. Medicaid usually pays before Medicare pays.
    a. True
    b. False

4. If a person with Medicare has Part D and is also covered under the health plan of a retired spouse, Part D is secondary to the plan of the retired spouse.
    a. True
    b. False

5. Medicare is usually primary to COBRA.
    a. True
    b. False