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 Commissioners (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 may cover the cost of care up to the fully allowed expense according to the plan's payment guidelines. Magellan's Claims Cost Containment Department 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, TriCare, 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 that covers the individual as an employee, member or subscriber is the primary plan used for payment before the plan 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 website at http://www.NAIC.org.

When Medicaid is a payer, it is always the payer of last resort. For more information on COB with Medicaid and/or Medicare subscribers, please refer to the CMS website at http://www.cms.gov.

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 avoiding 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 third party liability (TPL) prior to paying the claim:

- The claim is for a non-outpatient level of care.
- An Explanation of Benefits (EOB) from another health insurance carrier is attached to the claim.
- Other insurance information is printed in Box 9 A-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-04 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.

Specific health plan contractual arrangements or state regulatory requirements may require that Magellan pay the claim first and then investigate the possibility of dual coverage. In the absence of a requirement to pay the claim while the investigation is being conducted, Magellan may require verification of other coverage before claim payments can be issued. Claims falling within this description are considered “unclean” and are not subject to most prompt payment laws until the issue has been resolved. In these cases, providers and members are notified in writing that the claim will remain unpaid until further information is received from the member, and that if payment and /or nonpayment notice is not received within 120 days of the date of the EOB/EOP, then they may pursue payment from the primary carrier or the member.