



Coordination of Benefits (COB)

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Session Objectives

This session should help you:

- Explain health and drug coverage coordination
- Determine who pays first
- Identify where to get more information



Lesson 1

COORDINATION OF BENEFITS OVERVIEW

Coordination of Benefits Overview

- Each type of health insurance coverage is called a “payer”
- When there’s more than one payer, coordination of benefits rules determine which pays first
- There may be primary and secondary payers, and in some cases, there may also be a third payer
 - Medicare may be primary payer or secondary payer
 - Medicare may make no payment in some cases

When is Medicare the Primary Payer?

- If Medicare is your only insurance
- Your other source of coverage is
 - A Medicare Supplement Insurance (Medigap) policy
 - Medicaid (dual eligible)
 - Retiree benefits
 - The Indian Health Service (IHS)
 - TRICARE for Life (TFL) and you're retired from active duty
 - Consolidated Omnibus Budget Reconciliation Act (COBRA) continuation coverage if based on a group health plan (GHP), like from an employer
 - Except during the 30-month coordination period for people with End-Stage Renal Disease (ESRD)

When is Medicare Secondary Payer?

- When Medicare isn't legally responsible for paying a claim first
- Legislation to protect the Medicare Trust Funds
- Helps ensure Medicare doesn't pay when another insurer should pay first
- Saves about \$8.85 billion annually
 - Claims processed by insurances primary to Medicare

Benefits Coordination & Recovery Center (BCRC)

- Medicare crossover process
 - Assists in coordinating benefits with entities that pay after Medicare
 - The BCRC signs a Coordination of Benefits Agreement (COBA) with insurers
 - If there's no agreement, people with Medicare must coordinate secondary or supplemental payment of benefits with any other insurers
- Medicare Secondary Payer claims investigation:
 - BCRC learns about other insurance
 - Identifies which is primary
- Reports pending liability, no-fault insurance, or workers' compensation cases
- Ensures Medicare gets repaid for any conditional payments
 - **BCRC 1-855-798-2627**



Check Your Knowledge—Question 1

When does Medicare pay for claims?

- a. Medicare may pay as a primary or secondary payer
- b. Medicare may not pay at all
- c. Both a and b are true
- d. Medicare is always the primary payer



Check Your Knowledge—Question 1

When does Medicare pay for claims?

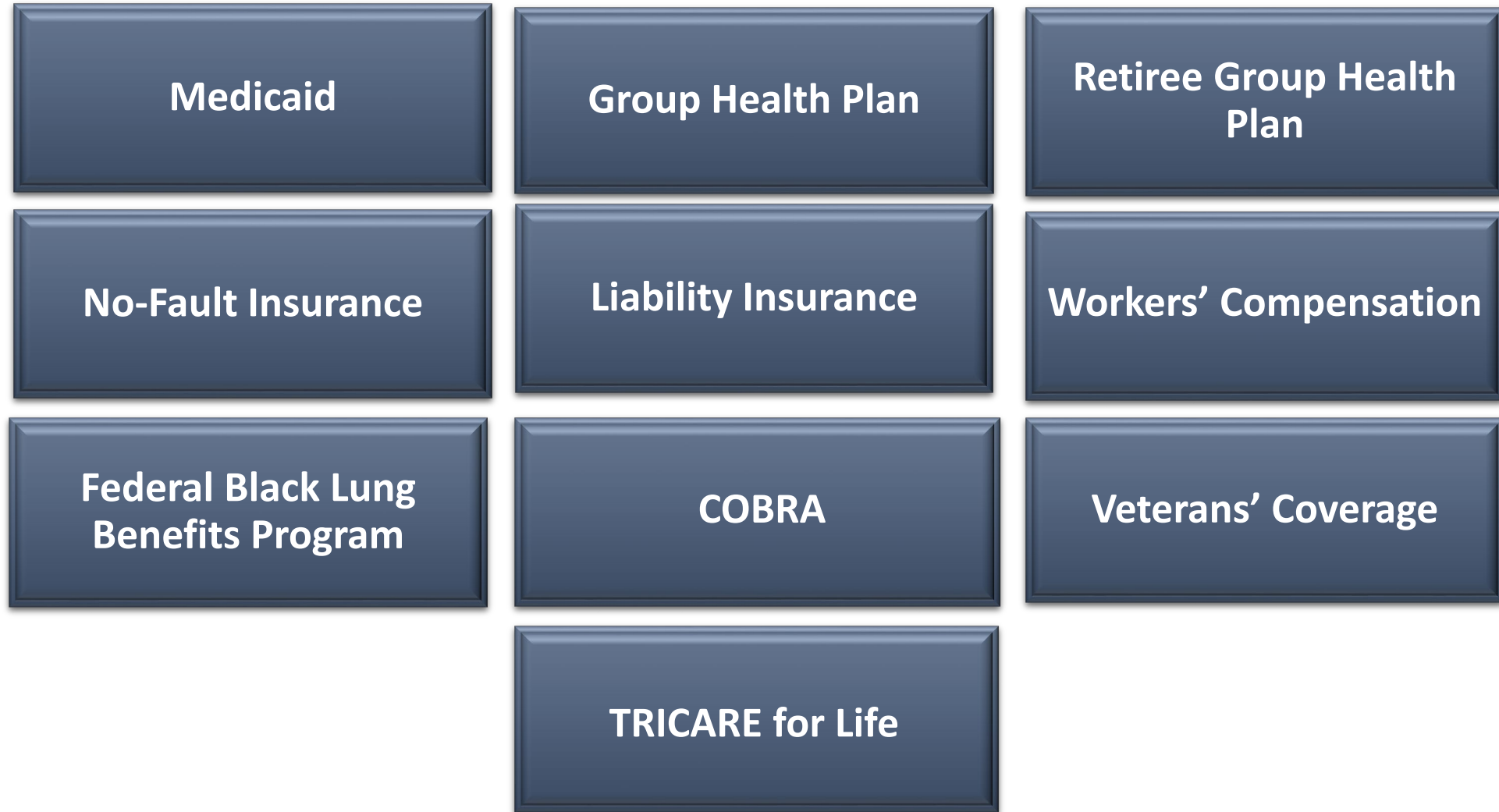
- a. Medicare may pay as a primary or secondary payer
- b. Medicare may not pay at all
- c. Both a and b are true
- d. Medicare is always the primary payer



Lesson 2

MEDICARE AND OTHER TYPES OF HEALTH COVERAGE

Possible Payers Other than Medicare



Medicaid

- Joint federal and state program that helps to pay
 - Medical costs for individuals and families with limited income and resources, and meet other requirements
 - Medicare costs—premiums, deductibles, and/or coinsurance if you meet certain conditions
- Never pays first for services covered by Medicare
- Pays after other coverage has paid (in rare cases)

NOTE: Federal law prohibits Medicare and Medicare Advantage providers and suppliers from balance billing a person in the Qualified Medicare Beneficiary (QMB) program under any circumstances

Group Health Plans (GHPs)

- Coverage offered by many employers and unions, to
 - Current employees, spouses, and family members
 - Retirees, spouses, and family members
 - Retiree coverage may be employer-based MA or Part D plans
- Includes Federal Employee Health Benefits (FEHB) Program
- May be fee-for-service plan or managed care plan
- Employees usually can choose to keep or reject
- Businesses with 50 or fewer employees can offer Small Business Health Options Program (SHOP) plans

GHPs and Medicare

If You're	Does Medicare Pay First?
65 or older and have retiree coverage	Yes, as long as you don't have excluding conditions like black lung, or others specified on next slide
65 or older with GHP coverage through current employment (yours or your spouse's)	If the employer has fewer than 20 employees
Under 65 with a disability and have GHP coverage through current employment (yours or a family member's)	If the employer has fewer than 100 employees
Eligible for Medicare due to End-Stage Renal Disease (ESRD) and you have GHP coverage	When the 30-month coordination period ends, or if you had Medicare primary before you had ESRD

Non-Group Health Plans

- Medicare doesn't usually pay for services when diagnosis indicates that other insurers may provide coverage, including
 - No-fault insurance
 - Liability insurance (including self-insurance)
 - Work-related injury or illness (workers' compensation)
 - Illness related to mining (Federal Black Lung Benefits Program)

No-Fault Insurance

- Includes automobile insurance, homeowners' insurance, and commercial insurance plans
- Pays regardless of who's at fault
- Medicare is secondary payer
- Medicare may make a conditional payment
 - If the claim isn't paid within 120 days
 - You won't have to use your own money to pay bill
 - Must be repaid when claim is resolved by the primary payer

Liability Insurance

- Protects against certain claims
 - Negligence, inappropriate action, or inaction
- Medicare is the secondary payer
 - Providers must attempt to collect before billing Medicare
- Medicare may make a conditional payment
 - If the liability insurer won't pay promptly (within 120 days)
 - Must be repaid when the claim is resolved by the primary payer

Workers' Compensation

- Medicare generally won't pay for health care related to workers' compensation claims
- If a workers' compensation claim is denied, a claim may be filed for Medicare payment
 - Medicare may pay a claim that relates to a service or item otherwise covered by Medicare
- Workers' compensation claims can be resolved by settlements, judgments, awards, or other payments

Workers' Compensation Medicare Set-Aside Arrangement (WCMSA)

- Funds from settlement are set aside to pay for future medical or prescription drug services
- Only used for Medicare-covered services
- Funds must only be used for the injury, illness, or disease covered by workers' compensation
- Medicare pays for Medicare-covered services after WCMSA funds are used up



Federal Black Lung Benefits Program

- Covers lung disease/conditions caused by coal mining
- Services under this program
 - Considered workers' compensation claims
 - Not covered by Medicare
- For more information, contact the U.S. Department of Labor (DOL)
 - Call 1-800-638-7072; TTY: 1-877-889-5627

Consolidated Omnibus Budget Reconciliation Act (COBRA)

- Requires employers with 20 or more employees to let employees and dependents keep group health plan coverage under certain conditions
- Allows certain former employees, retirees, spouses, former spouses, and dependent children the right to temporary continuation of health coverage at group rates
- Coverage can only begin when coverage is lost due to certain specific events
 - Generally for 18 months, but can be longer in special circumstances
- Person must pay the entire insurance premium

COBRA (continued)

If You	Medicare Pays First
Are 65 or older or have a disability and have COBRA continuation coverage	In most cases
Have COBRA continuation coverage and are eligible for Medicare due to ESRD	When your 30-month coordination period ends

Veterans' Coverage

- If you have Medicare and Veterans' coverage, you
 - Can get treatment under either program
 - Must choose which benefit you'll use each time you get health care
- Medicare pays when you choose to get your benefits from Medicare
- To get services under Veterans' benefits
 - You must get your health care at a Veterans Affairs (VA) facility, or
 - Have the VA authorize, or agree to pay for, services in a non-VA facility

TRICARE for Life Coverage (TFL)

- Medical coverage for Medicare-eligible uniformed services retirees 65 or older, their eligible family members and survivors, and certain former spouses
 - Medicare pays first and TFL pays second
- For services covered by TFL but not Medicare
 - TFL pays first and Medicare pays nothing
- For services you get in a military hospital or other federal provider
 - TFL pays first and Medicare generally pays nothing

Medicare and the Marketplace

- Medicare isn't part of the Health Insurance Marketplace
- If you have Medicare Part A, you've met the minimum essential coverage requirement
- If you have Marketplace and Medicare coverage, you need to notify your Marketplace plan
- If you have Medicare, it's illegal for someone to knowingly sell you a Marketplace plan

NOTE: You may have Medicare and a Marketplace plan through your employer (sold through the Small Business Health Options Program (called (SHOP)) if you're an active worker or a dependent of an active worker and you signed up for the Qualified Health Plan (QHP) before you had Medicare

Medicare and Marketplace Coordination

- Generally, there's no coordination of benefits between Marketplace QHPs and Medicare
 - Unless enrolled in an employer-sponsored Small Business Health Options Program (SHOP) plan
- QHPs aren't secondary insurance to Medicare
- You may pay a lifetime Part B late enrollment penalty if you don't enroll in Part B during your Medicare Initial Enrollment Period (IEP) unless you're enrolled in an employer-sponsored SHOP plan
 - Individual Marketplace coverage isn't employer-sponsored coverage
- If you have to pay for Part A, you should compare your Medicare benefits and premiums with your Marketplace plan to see which one best meets your needs and budget
 - You have the option to stop Medicare coverage and continue your Marketplace coverage with premium tax credits, if otherwise eligible



Check Your Knowledge—Question 2

If you're 65 or older and have Group Health Plan coverage through your current employer, Medicare pays first when your employer has

- a. More than 30 employees
- b. Less than 20 employees
- c. 50 or more employees
- d. 100 or more employees



Check Your Knowledge—Question 2

If you're 65 or older and have Group Health Plan coverage through your current employer, Medicare pays first when your employer has

- a. More than 30 employees
- b. Less than 20 employees
- c. 50 or more employees
- d. 100 or more employees



Check Your Knowledge—Question 3

Medicare is usually the secondary payer for claims that involve no-fault insurance.

- a. True
- b. False



Check Your Knowledge—Question 3

Medicare is usually the secondary payer for claims that involve no-fault insurance.

a. True

b. False



Lesson 3

MEDICARE PRESCRIPTION DRUG COVERAGE (PART D) COORDINATION OF BENEFITS

Coordination of Prescription Drug Benefits

- Ensures proper payment by Medicare prescription drug coverage (Part D) plans
- Medicare Part D plans usually pay first
- If Medicare is the secondary payer
 - Part D plan denies primary claims
 - Part D plan may make a conditional payment
 - To ease burden on enrollee
 - Medicare is reimbursed

Possible Drug Coverage Payers

Group Health Plans (GHPs)

- Retiree
- Active employment
- COBRA (Consolidated Omnibus Budget Reconciliation Act) continuation coverage

State

- Medicaid programs
- State Pharmaceutical Assistance Programs (SPAPs)
- Workers' compensation

Federal

- Medicare Part A or Part B
- Federal Black Lung Program
- Indian Health Services (IHS)
- Veterans benefits
- TRICARE for Life (TFL) benefits
- AIDS Drug Assistance Programs

Other

- No-Fault/Liability
- Patient Assistance Programs (PAPs)
- Charities

Important Retiree Drug Coverage Considerations

- Most retiree plans offer creditable coverage for the entire family
 - You'll get a yearly notice if you have drug coverage from an employer/union or other GHP
 - Lets you know if your drug coverage is “creditable”
 - Talk to your benefits administrator for more information
- If you lose your creditable prescription drug coverage
 - You'll get a Special Enrollment Period (SEP) that
 - Starts with notification of the loss of creditable coverage
 - Ends either 2 months after the notification, or 2 months after the end of the coverage—whichever is later
- People who drop retiree drug coverage may
 - Lose other health coverage
 - Not be able to get it back
 - Cause family members to lose their coverage

Coordination of Drug Benefits with Part D

Type of Plan	Situation	Does Part D Pay First for Medically-Necessary Part D-Covered Prescriptions?
Group Health Plan (GHP)	You're 65 or older and have retiree coverage	Usually, but you must check with your plan
	You're 65 or older with GHP coverage through current active employment (yours or your spouse's)	If the employer has fewer than 20 employees
	You're under 65 with a disability and have GHP coverage through current employment (yours or a family member's)	If the employer has fewer than 100 employees
	You're eligible for Medicare due to End-Stage Renal Disease (ESRD) and you have GHP coverage	When the 30-month coordination period ends, or if you had Medicare before you had ESRD
COBRA	You're 65 or older or have Medicare due to a disability and have COBRA continuation coverage	In most cases
	You have COBRA continuation coverage and are eligible for Medicare due to ESRD	When your 30-month coordination period ends

Coordination of Drug Benefits with Part D (continued)

Type of Plan	Situation	Does Part D Pay First for Medically-Necessary Part D-Covered Prescriptions?
Federal Black Lung Program	If you get these benefits	Yes, for prescriptions not related to lung disease and other conditions caused by coal mining.
Indian Health Insurance Services (IHS)	You get benefits from the Indian Health Service	Yes, even if you get your drugs from IHS, Tribal, or Urban Indian clinics.
Veterans Affairs (VA)	You have coverage through the Department of Veterans Affairs	There's no coordination of benefits. A prescription must be covered solely by either the VA or Medicare.

Coordination of Benefits with Part D

Type of Plan	Situation	Does Part D Pay First for Medically-Necessary Part D-Covered Prescriptions?
TRICARE for Life (TFL)	You have TRICARE for Life benefits	You generally won't need to enroll in a Part D plan.
State Medicaid Programs	You're enrolled in your state's Medicaid program	Yes, for all Part D-covered drugs. States may provide Medicaid coverage of drugs excluded from Part D coverage.
State Pharmaceutical Assistance Programs (SPAPs)	You get assistance from a State Pharmaceutical Assistance Program	N/A in Washington state

Coordination of Benefits with Part D (continued)

Type of Plan	Situation	Does Part D Pay First for Medically-Necessary Part D-Covered Prescriptions?
Workers' Compensation	If you're covered under workers' compensation	Yes, for prescriptions other than those for the job-related illness or injury. Medicare may make a conditional payment.
Manufacturer-sponsored Patient Assistance Program (PAP)	If you get help from a Manufacturer-sponsored PAP	Yes
Charity	If you get help from a charitable program	Yes
No-fault/ Liability Insurance	If you're covered by No-Fault/Liability insurance, like for an automobile accident, injury in a public place, or malpractice	For prescriptions covered by Part D not related to the accident or injury.



Check Your Knowledge—Question 4

For people covered by Medicare **and** full Medicaid benefits who have a medical issue that's covered by workers' compensation insurance

- a. Medicaid pays for all prescriptions
- b. Medicare pays for prescriptions other than those for the job-related injury or illness
- c. Medicare pays for all prescriptions
- d. Medicaid pays for prescriptions other than those for the job-related injury or illness



Check Your Knowledge—Question 4

For people covered by Medicare **and** full Medicaid benefits who have a medical issue that's covered by workers' compensation insurance

- a. Medicaid pays for all prescriptions
- b. Medicare pays for prescriptions other than those for the job-related injury or illness
- c. Medicare pays for all prescriptions
- d. Medicaid pays for prescriptions other than those for the job-related injury or illness



Resource Guide

Centers for Medicare & Medicaid Services (CMS)	<ul style="list-style-type: none"> ▪ Call 1-800-633-4227 (1-800-MEDICARE); TTY: 1-877-486-2048 ▪ Medicare.gov/supplements-other-insurance/how-medicare-works-with-other-insurance ▪ CMS.gov
Benefits Coordination & Recovery Center	<ul style="list-style-type: none"> ▪ Call 1-855-798-2627; TTY: 1-855-797-2627. Mail: P.O. Box 138832 Oklahoma City, OK 73113.
U.S. Department of Labor	<ul style="list-style-type: none"> ▪ Call 1-866-4-USA-DOL (1-866-487-2365); TTY: 1-877-889-5627 ▪ dol.gov/dol/topic/health-plans/cobra.htm
Office of Personnel Management (Federal Employees Health Benefit Program)	<ul style="list-style-type: none"> ▪ opm.gov/healthcare-insurance/healthcare
Washington State Department of Labor & Industries	<ul style="list-style-type: none"> ▪ https://www.lni.wa.gov/
Medicare/TRICARE Benefit Overview	<ul style="list-style-type: none"> ▪ tricare.mil/Plans/Eligibility?sc_database=web

Resource Guide (continued)

TRICARE	<ul style="list-style-type: none">▪ TRICARE.mil
Department of Veterans Affairs	<ul style="list-style-type: none">▪ Call 1-800-827-1000. TTY: 1-800-829-4833▪ va.gov/opa/publications/benefits_book.asp▪ benefits.va.gov/benefits
Black Lung Program	<ul style="list-style-type: none">▪ Call 1-800-638-7072. TTY: 1-877-889-5627▪ dol.gov/owcp/dcmwc

Coordination of Benefits—Medicare Products

1. “Medicare and Other Health Benefits: Your Guide to Who Pays First” (CMS Product No. 02179)	▪ Medicare.gov/Pubs/pdf/02179-Medicare-Coordination-Benefits-Payer.pdf
2. “Medicare & You” handbook (CMS Product No. 10050)	▪ Medicare.gov/Pubs/pdf/10050-Medicare-and-You.pdf

To access other helpful products:

- View or download at [Medicare.gov/publications](https://www.medicare.gov/publications).
- Order multiple copies (partners only) at [Productordering.cms.hhs.gov](https://productordering.cms.hhs.gov). You must register your organization.

Acronyms

AI/AN American Indian/Alaska Native

BCRC Benefits Coordination & Recovery Center

CMS Centers for Medicare & Medicaid Services

COB Coordination of Benefits

COBA Coordination of Benefits Agreement

COBRA Consolidated Omnibus Budget Reconciliation Act

CSR Cost-Sharing Reductions

CWF Common Working File

ESRD End-Stage Renal Disease

FEHB Federal Employee Health Benefits

GHP Group Health Plan

IHS Indian Health Services

I/T/U Indian Health Service, Tribal, and

Urban Indian

MMA Medicare Modernization Act

NTP National Training Program

PAP Patient Assistance Program

QHP Qualified Health Plan

SEP Special Enrollment Period

SHIP State Health Insurance Assistance Program

SNP Special Needs Plan

SPAP State Pharmaceutical Assistance Programs

TFL TRICARE for Life

TrOOP True Out-Of-Pocket

VA Veterans Affairs

WCMSA Workers' Compensation Medicare Set-Aide Arrangement



CMS National Training Program (NTP)

To view all available NTP training materials,
or to subscribe to our email list, visit
[CMSnationaltrainingprogram.cms.gov](https://www.cmsnationaltrainingprogram.cms.gov).

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