



## Medicare and COB

Coordination of Benefits (or COB, as it is usually called) operates so that one of the plans (called the primary plan) will pay its benefits first. The other plan, (called the secondary plan) may then pay additional benefits. **In no event will the combined benefits of the primary and secondary plans exceed 100% of the medical expenses incurred nor exceed 100% of the intended benefit under this Plan.** Sometimes, the combined benefits that are paid will be less than the total expenses (2006 Medical Plan Document, page 52).

Note: the City's plan is secondary to Medicare beneficiaries when the member is a retiree.

### How Much This Plan Pays When It Is Secondary

When this Plan pays second, it will pay the same Benefits that it would have paid for the Allowable Expense for such claim had it paid first, **less** whatever payments were actually made by the plan (or plans) that paid first. In addition, when this Plan pays second, it will never pay more in Benefits than it would have paid for each claim, as it is submitted, had it been the plan that paid first. This has the effect of maintaining this Plan's Deductibles, Coinsurance and Exclusions. As a result, when this Plan pays second, you may not receive the equivalent of 100% of the total cost of the covered health care services but instead may receive a benefit equal to 100% of the intended benefit under this Plan (2006 Medical Plan Document, page 50).

### *Examples follow:*

#### **Office visit example:**

Total Charges - \$95.00  
Mednet allowable - \$73.53  
Plan allowable payment \$58.53

Medicare allow – \$65.00  
Medicare paid - \$52.00  
Medicare coinsurance \$13.00

- City Plan would pay \$6.53 of the \$13.00
- Patient would be responsible for \$6.47 of the \$13.00

In this scenario, the COB eligible amount would be the normal plan payment of \$58.53, the amount paid by primary (Medicare) would be \$52.00 so the plan would pay \$6.53 leaving a patient responsibility of \$6.47 after both Medicare and Plan payments.

**Radiology example:**

Total charges - \$25.00  
Mednet allowable- \$25.00  
Plan allowable payment \$25.00

Medicare allowable – \$12.00  
Medicare paid – \$ 9.60  
Medicare coinsurance \$2.40 (City plan would pay)

In this scenario, the COB eligible amount would be \$12.00 since the Medicare allowable was less than the normal plan allow, the primary paid amount would be \$9.60 so the balance after Medicare of \$2.40 would be paid in full by the plan.

**Hospital stay example:**

Total charges - \$12,562.33  
Mednet allowable - \$2438.00  
Plan allowable payment \$2438.00

Medicare allowable - \$6876.00  
Medicare paid - \$6000.00  
Medicare Part A deductible due \$876.00 (patient responsibility)

In this scenario, the COB eligible amount would be \$2438.00 (normal plan payment) and the primary ins payment would be \$6000.00 (amount actually paid by Medicare). The City's plan payment would be zero since Medicare paid more than the plan would have paid if there was not any other insurance. The retiree would be responsible for the \$876.00 Part A Medicare deductible.