VIII. COORDINATION OF BENEFITS (COB)

Certain terms used in this Section are defined throughout and/or in the **Glossary of Terms.**

Coordination of Benefits Provision

This Coordination of Benefits (COB) section applies when a Member has coverage through more than one health plan (such as a group-type or government plan) or out-of-network pharmacy policy, as described below. Please note that We coordinate benefits following all applicable federal and state laws.

Definitions: For the purpose of this COB section, the following terms are defined:

Allowable Expense is the necessary, reasonable and customary item of expense for health care, when the expense is covered in whole, or in part, by one or more Plans covering the Member for whom the claim is made. For example, the cost difference between a private and semi-private hospital room is not an Allowable Expense, unless it is determined that the person's stay in a private hospital room is Medically Necessary.

Group-Type or Government Plan is an insurance policy, benefit program or other arrangement that provides benefits or services for medical care. This includes:

- Group: insurance contracts or group-type coverage, whether insured or uninsured, that includes continuous 24-hour coverage. This includes any HMOs, IPAs, prepaid group practices, PPOs or other prepayment, group practices or individual practice plans.
- Governmental: Plan or coverage that is required or provided by law. This does not include state Medicaid Plans, Medicare Supplement policies, or any plan whose benefits by law are in excess to those of any private insurance program or other non-governmental program.

Primary Plan will pay benefits for Covered Expenses as if no other coverage were involved.

Secondary Plan will determine payment for Covered Expenses based on the benefits paid by the Primary Plan.

COB Information

At times We need information to coordinate benefits appropriately. We determine what information is needed and We obtain that information from other organizations or persons. We will only obtain the information or documentation needed to apply the COB rules. Failure to provide the requested information or documentation could result in a delay in the processing of your medical claims. We may also provide necessary information to another organization or person in order to coordinate benefits. Medical records remain confidential as provided by state and Federal requirements.

Order of Benefit Determination Rules

This Plan's benefits will not be reduced if the following rules indicate that This Plan is primary. However, benefits may be reduced if the rules indicate that This Plan is secondary. The first rule that applies is the rule that will determine which insurance plan is primary.

1. No coordination of benefits provision

If the other plan does not have a coordination of benefits provision, that plan will be primary.

2. Non-dependent/Dependent
   The plan that covers a person as an employee, Member or Subscriber (other than as a dependent), is primary. The plan that covers a person as the dependent of an employee, Member or Subscriber is secondary.

3. Coordinating coverage for dependent children
   If a dependent child has coverage through both parents' plans and the parents are not separated or divorced, the birthday rule is used to determine which plan is primary.

   a. *The Birthday Rule:* The plan of the parent whose birthday falls earlier in the calendar year is primary. If both parents have the same birthday, the plan that covered a parent for a longer period of time is primary.
   b. *Exception to the Birthday Rule:* If the other plan does not coordinate benefits by the birthday rule, benefits will be coordinated according to the other plan's COB provisions.

4. Coordinating coverage for dependent children of divorced, legally separated parents or unmarried parents.
   If a dependent child has coverage through both parents' plans and a court order awards custody of the child to one parent, benefits are coordinated as follows:

   a. First the plan of the parent who has custody of the child; then
   b. The plan of the spouse of the parent who has custody of the child; then
   c. The plan of the parent who does not have custody; then
   d. The plan of the spouse of the parent who does not have custody.

   If a court decree orders one parent to be responsible for health care expenses, the plan of that parent is primary. If a court decree states that both parents share joint custody but does not state which parent is responsible for health care expenses, the order of benefits will be determined by the birthday rule in "3." above. Note: We will only enforce rule "4." when We have actual knowledge of the court-ordered terms. Benefits will be coordinated according to the court-ordered terms only when We receive knowledge of those terms.

5. Active/Inactive Employee
   The plan that covers a Subscriber and/or dependent as an actively at work employee is primary for that Subscriber and/or dependent over a plan that covers a Subscriber as a laid off or retired employee. If the other Plan does not have this rule and as a result the Plans do not agree on the order of benefits, this rule is ignored.

6. Continuation Coverage
   The plan that covers a Member as an actively at work employee or as that employee's dependent is primary over the plan that covers a Member through a continuation plan issued pursuant to state or federal law. If the other plan does not have this rule and as a result the plans do not agree, this rule will not apply.

7. Longer/Shorter Length of Coverage

If none of the above rules apply, the plan that has covered the person for a longer period of time is primary.

Calculating Benefits When This Plan Is Secondary

When one or more group-type or government health plans are primary, the benefits of this Policy may be reduced under this section.

The benefits under this Plan may be reduced so that Our benefits and the benefits payable under the other Plans do not equal more than the total Allowable Expenses. When the benefits of this Policy are reduced as described, each benefit is reduced in proportion and it is then applied to any applicable benefit limit of this Policy.

Payment of Claims as Secondary Plan with:

Group Type - When We coordinate benefits as the Secondary Plan, We will coordinate after the group-type plan has processed the claim. All Policy Copays, Deductibles, maximums, limitations and exclusions will still apply to benefits coordinated with other plans.

Medicare - If a Member is eligible for or entitled to Medicare for any reason, We will pay secondary to Medicare and We will coordinate benefits after Medicare has processed the claim. All Policy Copays, Deductibles, maximums, limitations and exclusions will still apply to benefits coordinated with Medicare.

Coordinating Medicare benefits does not apply to Members over age 65 who are not eligible for Medicare Parts A and B. In that situation, We will request that the Member supply information from the Social Security Administration as to the reason he or she is not eligible for Medicare.

Members eligible for enrollment in Medicare are strongly encouraged to enroll in both Medicare Part A and Medicare Part B. Failure to enroll in Medicare Part A and B will result in out-of-pocket expenses for services that Medicare might have covered, because We will pay that Member's claims as if the Member is enrolled in Medicare.

If We discover that it has paid any medical claims incorrectly due to the Member's Medicare coverage, We have the right to recover such payments. The recovery date of these claims will go back one year, to the first day of the month, of the month the error is discovered. (For example, if an error is found on October 15, 2019, the recovery will go back to October 1, 2018).

End of Section VIII