

Coordination of Benefits FAQ

Q: What is Coordination of Benefits?

A: If a person is covered under more than one health insurance policy, coordination of benefits is the process of informing each insurance policy about the existence of the other. This must be done by the policy holder(s). A healthcare provider cannot do this.

Q: Why is this important?

A: The insurance companies will determine which policy is the primary policy and which one is the secondary policy. This will determine the order in which they pay out on claims.

Q: How is it determined which insurance is primary and which is secondary?

A: There are many different factors that determine the order in which insurance companies pay. Medicaid is always the payor of last resort – all other insurance companies must process the claim before Medicaid will consider it for reimbursement. Other factors, such as the birthdate of each policy holder, child custody arrangements and court orders can affect the order in which insurance companies process claims. Because it is very complicated, it is always advised to inform healthcare providers of all insurance policies you hold – even if you don't think they will pay for the specific care you are receiving.

Q: Can't my healthcare provider just bill my primary insurance? Can't they just bill whichever policy has the lower out of pocket cost?

A: No, it is best practice for healthcare providers to bill all primary, secondary and tertiary insurance policies, even if payment is not received from all insurance carriers. Insurance carriers must be billed in the order determined by a complex set of coordination of benefits rules. If they are billed in the wrong order, it can cause a major problem for both you and the healthcare provider.

Q: What happens if I don't disclose all insurance policies to a healthcare provider?

A: The carrier the healthcare provider is billing may deny claims and take back money paid out on previous claims. This will leave you responsible for the balance until you update your coordination of benefits information with both insurance carriers and disclose all policies to your healthcare provider so your claims can be billed appropriately.