

11 NCAC 12 .0514 COORDINATION: GROUP A/H CONTRACT BENEFITS: GROUP COVERAGES

Purpose. In order to promote consistency in liability for claims and claims determination for group accident and health coverage, when a person has more than one type of group insurance and there is a basis for a claim under two or more group insurance plans, each group accident and health policy and any accident and health certificates issued under a group accident and health policy shall contain uniform order of benefit determination provisions as outlined in this Rule.

- (1) Applicability:
 - (a) These Coordination of Benefits ("COB") provisions apply when an employee or the employee's covered dependent has health care coverage under This Plan and one or more other Health Plans as defined in Sub-item (2)(a) of these provisions and when there is a basis for a claim under This Plan and the other Health Plan(s).
 - (b) If these COB provisions apply, whether This Plan is the Primary Plan or the Secondary Plan is determined pursuant Item (3) of these provisions.
 - (c) When This Plan is a Primary Plan, its benefits shall be determined before those of the other Secondary Plan(s) and without considering the Secondary Plan's benefits. When there are more than two other Health Plans covering the person, This Plan may be a Primary Plan as to one or more other Health Plans and may be a Secondary Plan as to a different Health Plan or Health Plans.
 - (d) When This Plan is a Secondary Plan, its benefits shall be determined without considering the benefits of the Primary Plan or any other Secondary Plan and it shall credit to the deductible any amount that would otherwise be credited to it in the absence of coverage by another Health Plan. When This Plan is a Secondary Plan, any amount of those benefits paid for any Allowable Expense may be reduced to the amount of the Allowable Expense that is unpaid by the Primary Plan to prevent the payment of benefits under more than one Health Plan that would total more than 100 percent of the total expense for that claim.
 - (e) The benefits of This Plan:
 - (i) Shall not be reduced when, pursuant to Item (3) of these provisions, it is determined to be the Primary Plan; but
 - (ii) May be reduced when, pursuant to Item (3) of these provisions, it is determined to be the Secondary Plan.
- (2) Definitions:
 - (a) "Allowable Expense" means any health care expense, including coinsurance or copayments, without reduction for an applicable deductible, that is covered in full or in part by any of the Health Plans covering the person. When a Health Plan provides benefits in the form of medical services, the reasonable cash value of each service rendered shall be considered both an allowable expense and a benefit paid.
 - (b) "Claim Determination Period" means a calendar year. However, it does not include any part of a year during which a person has no coverage under This Plan, or any part of a year before the date this COB provision or a similar provision takes effect.
 - (c) "Health Plan" means a plan which provides benefits or services for, or because of, medical or dental care or treatment:
 - (i) True group insurance. This includes prepayment, group practice or individual practice coverage. It does not include accident and health coverage for students, blanket, franchise individual, automobile and homeowner coverage.
 - (ii) Coverage under a governmental plan or required or provided by law. This does not include a state plan under Medicaid (Title XIX, Grants to States for Medical Assistance Programs, of the United States Social Security Act as amended from time to time). It also does not include any plan when, by law, its benefits are excess to those of any private insurance program or other non-governmental program.

Each coverage under Sub-items (2)(a)(i) or (ii) of these provisions is a separate Health Plan. Also, if there is more than one schedule of benefits, and COB provisions apply only to one, each of the schedule of benefits is a separate Health Plan.

- (d) "Primary Plan" means a Health Plan whose benefits for a person's health care coverage has been determined to be the first claim payor taking the existence of any other Health Plan into consideration, pursuant to Item (3) of these provisions.
 - (e) "Secondary Plan" means a Health Plan that is not a Primary Plan.
 - (f) "This Plan" means this group accident and health policy.
- (3) Order of Benefit Determination:
- (a) When there is a basis for a claim under This Plan and another Health Plan, This Plan is a Secondary Plan which has its benefits determined after those of the other Health Plan, unless:
 - (i) the other Health Plan has provisions coordinating its benefits with those of This Plan; and
 - (ii) both the other Health Plan's provisions and This Plan's provisions in Sub-item (3)(b) of these provisions, require that This Plan's benefits be determined before those of the other Health Plan.
 - (b) This Plan determines its order of benefits using the first of the following rules which applies:
 - (i) Non-dependent/Dependent. The benefits of the Health Plan which covers the person as an employee, member or subscriber (that is, other than as a dependent) are determined before those of the Health Plan which covers the person as a dependent.
 - (ii) Dependent Child/Parents Not Separated or Divorced. Except as stated in Sub-item (3)(b)(iii) of these provisions, when This Plan and another Health Plan cover the same child as a dependent of different persons, called "parents":
 - (A) the benefits of the Health Plan of the parent whose birthday falls earlier in a year are determined before those of the Health Plan of the parent whose birthday falls later in that year; but
 - (B) if both parents have the same birthday, the benefits of the Health Plan that has covered a parent for a longer period of time are determined before those of the Health Plan that covered the other parent for a shorter period of time.However, if the other Health Plan does not have the provision described in Sub-item (3)(b)(ii)(A) of these provisions, but instead has a provision based upon the gender of the parent, and if, as a result, the Health Plans do not agree on the order of benefits, the provision in the other Health Plan will determine the order of benefits.
 - (iii) Dependent Child/Separated or Divorced Parents. If two or more Health Plans cover a person as a dependent child of divorced or separated parents, benefits for the child are determined in this order:
 - (A) first, the Health Plan of the parent with custody of the child;
 - (B) then, the Health Plan of the spouse of the parent with custody of the child; and
 - (C) finally, the Health Plan of the parent not having custody of the child.However, if the specific terms of a court decree state that one of the parents is responsible for the healthcare expenses or healthcare coverage and the Health Plan of the parent has actual knowledge of those terms, the benefits of that Health Plan are determined first. Sub-item (3)(b)(iii)(C) of these provisions does not apply with respect to any Claim Determination Period or plan-year during which any benefits are actually paid or provided before the Health Plan has that actual knowledge.
 - (iv) Active Inactive Employee. The benefits of a Health Plan which covers a person as an employee who is neither laid off nor retired (or as that employee's dependent) are determined before those of a Health Plan which covers that person as a laid off or retired employee (or as that employee's dependent). If the other Health Plan does not have a provision like Sub-item (3)(b)(iv), and if, as a result, the Health Plans do not agree on the order of benefits, Sub-item (3)(b)(iv) is ignored.

- (v) Longer/Shorter Length of Coverage. If none of the other provisions of Item (3) determine the order of benefits, the benefits of the Health Plan which covered an employee, member or subscriber longer are determined before those of the Health Plan which covered that person for the shorter time.

History Note: Authority G.S. 58-2-40; 58-51-1; 58-51-80; 58-51-81; 58-65-1; 58-65-40;
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