INSURED AMERICAN AF FAMILY

VETERAN / FAMILY OWNED & OPERATED

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Coordination of Benefits

When you have two plans, who pays first?

Two plans doesn't mean double coverage. Knowing the rules saves you thousands.

WHAT IT IS

When you (or your kids) have coverage under two health plans, only one pays first (the "primary"); the other pays second (the "secondary"). The rules that determine which is which are called Coordination of Benefits (COB), and they're surprisingly mechanical. Get them right and you minimize out-of-pocket. Get them wrong and you can end up with denied claims, surprise bills, or a year of insurance reconciliation phone calls.

THE PRIMARY-PAYER RULES

Your own plan = primary
Your employer plan over your spouse's

Active employee plan = primary
Over COBRA or retired-employee plan

Medicare timing rule
Pays AFTER employer plan if 20+ employees

Birthday Rule (kids)
Parent with earlier birthday in year is primary

Court order trumps Birthday Rule
Divorce decree wins if it specifies

COMMON COB SCENARIOS

Both spouses work
Each person's own employer plan is their primary

Kids on both parents
Birthday Rule determines primary

Medicare + active employer
Employer primary (if 20+ employees)

Medicare + retiree plan
Medicare primary

TRICARE + employer
Employer primary; TRICARE secondary

THE 3 THINGS PEOPLE GET WRONG

1. **"Two plans mean I never owe anything out of pocket."**
   FALSE. Secondary plans cover what's left after primary, but only what THEIR plan would have paid. Deductibles, non-covered services, and out-of-network charges can still leave you with a bill. Two plans help; they don't make you bulletproof.

2. **"I should put my kid on whichever plan is better."**
   Doesn't work that way. The Birthday Rule determines primary, not your preference. Whichever parent's birthday is earlier in the year (month/day, not year) is the primary plan for the child. You can't pick.

3. **"If I have two plans, I should file with both at the same time."**
   Wrong order. You file with the primary FIRST. The primary processes and pays its portion. Then you file with the secondary, INCLUDING the primary's Explanation of Benefits. Out-of-order filing = denied claim 9 times out of 10.

WHEN TWO PLANS HURT YOU

Sometimes two plans is worse than one. If you have an HSA-eligible HDHP through work and your spouse adds you to their PPO, you've technically lost your HSA eligibility (HDHP rules require you to NOT be covered by other non-HDHP plans). Similarly, having both an FSA and a spouse's HRA can create coordination problems and disqualify some tax benefits. Before adding a spouse to your plan or accepting their addition to yours, run the math on whether the extra coverage is worth the loss of HSA/FSA tax benefits.

Have two health plans and not sure how they coordinate? Call or text Craig, I'll map who pays first, what each covers, and whether having both actually saves you money.

Don't go underinsured when you can be Insured AF.