

Revised coordination of benefits guideline effective January 1, 2009

The Canadian Life and Health Insurance Association (CLHIA), made up of representatives of the Canadian life and health insurance industry, is introducing a revised coordination of benefits (COB) guideline, effective January 1. Group insurers use CLHIA's COB guideline whenever a person is covered for health and dental benefits under more than one plan.

CLHIA's COB guideline helps ensure consistency in claims adjudication across all insurers. The guideline determines the priority payments are made – which plan pays first, which pays second, etc. - and outlines the minimum amount payable by each plan.

Coordinating benefits is not always simple; not only do many families today have two working adults, but many situations exist that can complicate coordinating benefits, from joint-custody arrangements for dependent children to working retirees with dual coverage.

CLHIA recently revised their COB guideline with the intention of providing clarity, primarily in the order of benefit determination and the basis used for calculating payments:

- The clarification on calculating payments may affect some Sun Life plans where a COB (second payer) claim for private hospital room accommodation is received on a plan that limits coverage to semi-private. However, based on the low volume of claims, we have determined the impact on experience to plans with semi-private hospital coverage is minimal.
- There is no impact on plans that include coverage for private hospital room accommodation.

Starting with claims we process on January 1, we'll take into account the revised COB guideline.

Here's a high-level overview of the key points of clarification made to the guideline:

Key points of clarification to CLHIA's COB guideline

1. General provisions in the guideline

- The guideline is a minimum standard
- It is not contrary to exceed the guideline
- The purpose is to promote consistency and outline the minimum amount payable by primary and secondary group plans

2. Order of benefits determination

The guideline clarifies which plan is the primary and which is the secondary in these situations:

- People with the same eligibility status under two plans (e.g. two part-time jobs)
- A retiree covered by two group plans

- Students covered under both a student plan and as a dependent under a parent's plan
- People covered as a spouse and/or a surviving spouse under more than one group plan
- Joint-custody arrangements
- Surviving dependent child claims
- Dental accidents where coverage is available under more than one health plan

The revised guideline also clarifies the order of benefits determination when coordinating benefits between a group plan and the following types of other coverage:

- Automobile insurance plan
- Capitation or prepaid plan
- Cost-plus plan
- Government health plan or program
- Health Care Spending Account (HCSA)
- Individual plan
- Non-Insured Health Benefits Program (NIHB) of Health Canada
- School accident plan
- Social assistance program
- Student health or dental plan

3. Minimum standards for calculating payments by secondary payers

- The combined payment from all group plans can't exceed 100% of the eligible expense. In some cases, the combined payment may be less than the actual expense incurred.
- A visit or expense paid in part counts as one visit and accumulates toward any applicable per-visit maximum, such as per visit maximums for paramedical practitioners
- Claims paid in full by the first plan aren't required to be submitted to the second plan (unless the plan member wants to count the expense towards any applicable deductible or maximum)
- Eligible expenses are determined before payment limitations such as deductibles, coinsurance, lagging fee guides and applicable maximums are applied. Eligible expenses are calculated separately for each item of expense when more than one item of expense is listed on the submitted claim.

Updating documents

Starting January 1, we'll administer your plan on the basis of the revised COB guideline and update the wording in your plan documents as needed at your next revision.

CLHIA communications

CLHIA is planning to include an article about the revised COB guideline in a future edition of Benefits Canada, and a consumer brochure is in the works.

Questions?

Please contact your Sun Life Financial group representative.