

Other Party Liability

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Pennsylvania Blue Shield employs several processes to ensure the services provided to its members are paid by the proper insurer — and that the reimbursement for these services does not exceed the actual charge.

Coordination of benefits (COB) applies when a member is covered by two or more health insurance policies.

- One policy is primary — based on the guidelines outlined in this section — and the other policy (or policies) is secondary.
- Whatever portion of the reimbursement is not covered by the primary policy is considered through the secondary policy.

Workers' Compensation insurance covers medical treatment for work-related injuries or illnesses.

- Federal and State laws require employers to provide this coverage to their employees.
- Employees are entitled to full coverage for all employment-related health care expenses, through their Workers' Compensation insurance.
- Blue Shield is not liable to pay claims under these circumstances.

Subrogation means the substitution of one person for another. Under this contractual provision, Blue Shield assumes by operation of law or contract, the rights of its member against the “wrong-doer.”

- In other words, when a member is injured because of another's negligence, Blue Shield can recover from the responsible person or their liability insurance company, any payments made as a result of those injuries.
- The subrogation process occurs after Blue Shield has paid its covered services, and the paid-in-full provisions for participating providers remain applicable.

The Motor Vehicle Financial Responsibility Law requires anyone who registers a motor vehicle in Pennsylvania to provide for specified levels of medical insurance coverage.

- The law mandates that at least \$5,000 of medical benefit coverage must be available for each accident victim.
- The victim's motor vehicle accident insurance is always the primary payer for the treatment of injuries sustained in an automobile accident.
- Blue Shield may pay for covered services, after the automobile insurance benefits are exhausted.

For more information on any of these processes, please contact your Provider Relations representative.

Frequently asked questions about COB

When does COB apply?

When a patient is covered by two or more health insurance policies.

Why does COB apply?

COB allows patients to receive up to 100 percent of the cost of covered services, while ensuring that no one collects more than the actual cost of the covered health expenses.

When a member is covered by more than one health care plan, one plan is determined to be primary and its benefits are applied to the claim first. The unpaid balance is usually payable by the other plan.

Who pays first?

Blue Shield — and most health insurance companies — uses the following rules to decide who is primary:

1. Typically, the plan where the patient is enrolled as the applicant or employee will pay first. The other plan, perhaps through a spouse, will provide secondary coverage.
2. When both parents provide coverage for a dependent child, the plan of the parent whose date of birth (month and day) arrives earlier in the calendar year, is the plan that pays first. For example: if the mother's birthday is March 10 and the father's birthday is March 20, the mother's plan would pay first.

This is known as the “birthday rule” and applies only when:

- The parents are married,
- The parents are living together, they are not married to each other or anyone else — and they are not separated from each other, or
- There is a court order for joint custody with no assigned financial responsibility.

If the parents are separated or divorced, then:

- The plan of the parent with custody pays first.
 - The plan of the stepparent with whom the child lives pays second.
 - The plan of the parent without custody pays third.
 - A court order can establish a different order.
3. When a person is enrolled in two different plans, the plan that has provided coverage for the longer period of time, will pay first. If that person is covered through an active employment plan and also through a retiree or laid off employee plan, the active employment plan pays first.

How much does Blue Shield pay as primary?

When Blue Shield is the primary coverage, the benefits are paid as though no other coverage is available. A health care professional who participates in our networks agrees to accept the program allowance as payment in full. The only amounts billable to the secondary insurance are for coinsurances, deductibles, amounts exceeding a maximum and those charges denied as non-covered.

How much does Blue Shield pay as secondary?

The secondary payment is based on the amount that remains for each covered service after the primary plan's benefits have been considered. Blue Shield will pay the lower of:

1. The difference between the doctor's charge for the covered service and the amount the primary insurance company provided for the same service.
2. The amount Blue Shield would normally pay, if Blue Shield would pay first. The paid-in-full regulations do not apply for network providers when some other insurance company has the primary coverage.

Exception: A few groups have a non-duplication provision instead of a COB provision. When Blue Shield makes a secondary payment through a contract that includes a non-duplication provision, the paid-in-full regulations will apply for network providers.

What is Blue on Blue?

In many cases duplicate coverage occurs when both the primary coverage and the secondary coverage are provided through Pennsylvania Blue Shield. In most Blue on Blue cases, the paid-in-full regulations do apply for health care professionals who participate with Pennsylvania Blue Shield networks.

How can health care professionals assist with the process?

- When you file COB claims, submit the claims to the primary carrier first.
- When Blue Shield is the secondary coverage, you must submit information about the primary insurers' claim payment or denial with the claim to Pennsylvania Blue Shield.
- When filing claims electronically, the nationally accepted electronic submission formats accommodate secondary claims submission. Check with your vendor about your specific software capabilities.
- If you submit paper claim forms, you must also send us a copy of the other plan's Explanation of Benefits payment information.
- If both insurance companies make payments on a claim and the combined payments exceed your charge, notify Pennsylvania Blue Shield's Customer Service department. They will investigate and tell you which plan should receive a refund.