BENEFIT TIP

JUNE

Coordination of Benefits (COB)

COB is the process used when you are covered by more than one health plan. The plans work together to decide how much each will pay for your medical claims, ensuring you are not reimbursed for more than 100% of the allowable expenses.

Do you or your family have health coverage under more than one plan? If so, understanding how Coordination of Benefits (COB) works can help you maximize your coverage and avoid paying more than you need. When you and your spouse both have access to health benefits, coordinating your coverage can reduce out-of-pocket costs, prevent overlapping coverage, and ensure your family is fully protected.

Coordinating benefits also helps you take advantage of each plan's strengths—whether that is lower premiums, better coverage, or extra perks. By coordinating benefits, you make the most of what's available, so every dollar goes further toward your health and financial security.

How COB Works

- **Primary Plan:** Pays your medical claims first, as if there is no other coverage
- **Secondary Plan:** Pays after the primary plan, covering remaining eligible costs up to 100% of allowable expenses
  - » Each family member has a separate benefit reserve each year
  - » The benefit reserve is the amount the secondary plan saves due to COB and is used to cover unpaid allowable expenses
  - » The reserve resets at the end of each plan's benefit year

Please note, Coordination of Benefits rules and procedures can vary between different health plans. It is important to review the plan documents for each plan you are covered under to understand how COB applies to your specific situation. The table below is provided from the Aetna Medical Plan Document for Air Group's coverage.

COB Rule	Primary Plan	Secondary Plan
Non-Dependent or Dependent	Plan covering you as an employee, retired employee or subscriber (not as a dependent)	Plan covering you as a dependent
Child – parents married or living together	Plan of parent whose birthday (month and day) is earlier in the year, also known as the "Birthday Rule"	Plan of parent whose birthday is later in the year
Child – parents separated, divorced, or not living together	• Plan of parent responsible for health coverage in court order • Birthday rule applies if both parents are responsible or have joint custody in court order • Custodial parent's plan if there is no court order	• Plan of other parent • Birthday rule applied (later in year) • Non-custodial parent's plan
Child – covered by individuals who are not parents (i.e. stepparent or grandparent)	Same rule as parent	Same rule as parent
Active or inactive employee	Plan covering you as an active employee (or dependent of an active employee)	Plan covering you as a laid off or retired employee (or dependent of a former employee)
COBRA or state continuation	Plan covering you as an employee or retiree (or dependent of an employee or retiree)	COBRA or state continuation coverage
Longer or shorter length of coverage	Plan that has covered you longer	Plan that has covered you for a shorter period of time
Other rules do not apply	Plans share expenses equally	Plans share expenses equally

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