

MEMORANDUM

TO: All Union Council
FROM: Joline R. Davis, Esq., Director of Labor and Employee Relations
DATE: October 17, 2016
SUBJECT: Secondary Coverage for EMU's health insurance



There have been a couple of questions regarding secondary coverage for spouses. The information detailed below provides a quick summary for coordination of benefits of Eastern Michigan University's ("EMU") Blue Cross Blue Shield of Michigan ("BCBSM") health insurance. Please note that BCBSM handles coordination of benefits for individuals covered by two insurances on a case by case basis.

SECONDARY COVERAGE

Primary insurance means the insurance plan that pays first. EMU's insurance will process the claim second. If a spouse has secondary coverage with EMU, the initial claim will come into the primary insurance and whatever the primary insurance does not pay will roll into the secondary coverage through EMU. Once the deductible is met under the primary and the secondary plan, EMU will pay pursuant to the plan's provisions.

Scenario 1

EMU employee has HSA plan with EMU.
EMU employee spouse primary coverage at their job is not HSA.
Spouse will have no coverage with EMU.

Per IRS guidelines, HSAs cannot be coordinated with anything other than another HSA plan. Thus if employee is enrolled in HMO and spouse has HSA at work, spouse cannot join EMU's plan as secondary. The EMU employee may change their health insurance in order to have spouse covered as secondary with EMU.

Scenario 2 – Secondary coverage with EMU

| | |
|----------------------|---------|
| Claim: | \$900 |
| Primary Deductible: | \$1,000 |
| Primary Co-Pay: | \$25.00 |
| Secondary Deductible | \$250 |
| Secondary Co-Pay: | \$25.00 |

The primary insurance company reviews the initial \$900 claim and does not pay the claim because the insured has a \$1,000 deductible. The claim will be presented to EMU BCBSM (secondary coverage) and if the insured has a \$250 deductible, BSBSM will review the claim and determine what was paid at the primary coverage. Once the deductible is met under the primary and the secondary plan, EMU will pay the claim

pursuant to the plan's provisions. If the plan has coinsurance it will apply after the deductible is met. BSBSM will never pay more than they would normally pay on a claim whether on primary or secondary coverage.

Typically, the secondary plan will pick up flat dollar co-pays. The exception is if the primary plan paid more than EMU's BCBSM plan would have paid if it was the primary plan.

Scenario 3

| | |
|-------------------------|---------|
| Claim: | \$1,000 |
| Primary Deductible: | \$250 |
| Primary Insurance Paid: | \$650 |
| Secondary Deductible | \$250 |
| Secondary Payment: | \$0.00 |

If EMU deductible has not been met or if the remaining balance to be paid does not exceed the co-payments pursuant to the plan, then EMU's insurance will not make any payments toward the claim.

EMU's BSBSM will never pay more than they would normally pay on a primary or secondary claim.

LETTER OF INQUIRY

An employee or covered spouse may receive a Letter of Inquiry ("LOI") requesting the employee to respond to a Coordination of Benefits Questionnaire.

LOIs may be triggered for the following reasons:

1. Diagnosis code
2. Amount of claim
3. Random review

Employee has 45 days to respond to the LOI. Employees can update the LOI in the following manners:

1. Call customer service (fastest way – instantly) or fax it (if you have only one insurance coverage)
2. Call in to 800 number on the form (Coordination of Benefits Questionnaire) – (individual has only one insurance coverage)
3. Update online at BCBSM (if they have one or two insurance coverages)
4. Fax it or mail it in to BCBSM (If they have two insurance coverages)

If a LOI has been sent to the employee or covered spouse and not returned to BCBSM within the 45 days, the claim will be reviewed and a "soft" rejection will be applied. An Explanation of Benefits (EOB) will be sent to the employee or covered spouse advising them the claim was rejected because the LOI was never returned. The claim will be processed, as soon as the LOI is received and according to plan provisions.