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# The *Mystery* of Coordination of Benefit

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## Coordination of Benefits

- Occurs when a patient is covered by more than one dental benefit plan
  - Determining primary and secondary payer
  - Determining what fee to charge
  - Non-duplication of benefits
  - AB895
  - ERISA

## Determining primary and secondary

- **Employment Rule:**
- Patient has coverage through employer and a spouse
  - Employer is primary
  - Spouse plan is secondary
- Working retirees
  - Active employer is primary
  - Retirement plan is secondary

## Determining primary and secondary

- **Employment Rule continued:**
- Adult patient with two employers
  - Plan in effect longest is primary
- Adult patient with coverage from current employer and their former employer
  - Current employer is primary

## Determining primary and secondary for dependents

- Dependent has coverage through two legal guardians/parents
- **Birthday rule:**
  - Guardian/parent who's birth month falls first in calendar year is primary
  - Both guardian/parent have same birth date
    - plan in effect longest is primary

## Determining primary and secondary for dependents

- Parents of dependent are divorced
- **Custody rule:**
  - Primary- custodial parents plan
  - Secondary- spouse of custodial parent's plan
  - Tertiary coverage- natural parent without custody
  - Fourth coverage- spouse of non-custodial parent
- **Joint Custody-** birthday rule applies



## Determining primary and secondary for dependents

- **Court ordered rule:**
  - Court order specifies that one parent is responsible for the dependents dental expenses and will be primary
  - Trump's custody rule

## Determining primary and secondary for dependents

- **Child covered under parent and ACA imbedded plan:**
  - Any child with a medical plan through ACA automatically is enrolled in an embedded dental plan
  - The embedded dental plan becomes primary for the child
  - Parents dental plan is secondary

## Scenario #1

- Sammy is 25 years old and has two jobs with dental benefit plans:
  - Grab a Dip Ice Cream: effective March 1, 2015
  - UFCW: effective date July 1, 2012

Which employer is primary?

- UFCW

## Scenario #2

- Frank is 47 years old and is a retired Marine with dental benefits through Tricare retiree plan
- He also works as a correctional officer and has dental benefits through CCPOA

Which Plan is Primary?

– CCPOA

## Scenario #3

- Sammy is a full time student and works at ABC grocery.
- Sammy has dental benefits under his father's employer Acme Metal and through his employer ABC Grocery store.

Which Plan is primary?

– ABC Grocery

## Scenario #4

- Julie is 24, a full time student and recently married.
- She has dental benefits through her husband's employer effective April 1, 2016
- Julie also has dental benefits through her father's employer since 2007.

Who is primary?

- Father's employer

## Scenario #5

- Becky is 8 and lives with her mom. Her dad is re-married and her parents share joint custody. There is a court order that states Becky's dad must provide all health benefits for Becky.
  - Becky has coverage through her mom's dental plan
  - Becky has coverage through her dad's dental plan
  - Becky has coverage through her dad's wife/step-mom's dental plan

Which plan is prime, second and tertiary?

## Answer

- Primary- dad's plan
- Secondary- step mom's plan
- Tertiary- mom's plan



What fee do I charge in a dual coverage situation?

## Determining what fee to charge the patient

- Contracted with both primary and secondary
  - Lowest contracted fee
- Contracted with primary
  - Held to primary contracted fee
- Contracted with Secondary
  - Held to contracted fee of secondary
- If you are contracted with any of the patients plans you are contractually obligated to charge the contracted fee regardless if primary or secondary position

## Quiz

- You are contracted with the patients secondary plan
- Your UCR fee is \$1000 and your contracted fee with secondary is \$800
- Primary paid \$500 (50% of the \$1000 fee)
- Secondary paid \$400 (50% of the \$800 contract fee)
- What is the patient copayment?

## Answer

- \$0
- Most you can charge is up to contracted fee of the secondary payer (\$800)
- Why was I over paid by secondary?
  - Secondary coordinated the benefit wrong (common)

## Answer

- What do you do with the \$100 credit?
  - Refund the primary plan?
  - Change chargeable fee to \$900?
  - Leave credit on account?
- Consider it a gift
  - Plans don't usually take the time to go after these type of overpayments

# Non-Duplication of Benefits



## Non-duplication of benefit

- Non-duplication of benefit:
  - If primary payer paid what the secondary payer would have paid had it been primary, the secondary owes nothing
  - Patients are left with copays making secondary insurance useless

# AB 895: Coordination of Benefit Law



## AB 895

- 2008-CDA Sponsored legislation that prohibits dental plans from adopting non-duplication of benefit policies when coordinating payments as a secondary payer
- AB 895 amended both the Knox Keene Act of the Health and Safety Code and the CA Insurance Code
- Applies to all plans regulated by Department of Insurance and Department of Managed Health Care
  - Plans must follow CA law

## AB 895

- Secondary payer is responsible for paying the lesser of the following:
  - What it would have paid as primary or
  - Patients copayment
- But I still get EOB's that pay \$0 stating primary paid more than what secondary would have paid???
  - Self-Funded plan

# Self Funded/ERISA



# Fully Insured vs. Self-Funded

Fully Insured	Self-Funded
Employer pays higher premium for plan to assume financial risk of treatment	Employer bears financial risk of plan, may pay a plan for Administrative Services Only (ASO)
Plans accountable to state laws (Health & Safety, Insurance Code)	Falls under Federal Jurisdiction, ERISA
Regulated by Department of Insurance or the Department of Managed Health Care	State Laws are generally not applicable

## Self-Funded/ERISA Plans

- Regulated by Employee Retirement Income Security Act (ERISA) under U.S. Department of Labor
  - Exempt from California law
  - AB 895 not applicable
  - Does not prohibit non-duplication of benefits policy

## Self-Funded/ERISA plans

- Administered by third party payers
  - MetLife, Aetna, Delta, etc.
  - Not part of the third party payers commercial business
- Examples of Self-Funded plans:
  - Unions
  - School Districts

## How do I know if a plan is self-funded?

- Self-funded ERISA plans are required to file form 5500 with U.S. Department of Labor
- Free Erisa website
  - [www.freeerisa.com](http://www.freeerisa.com)
  - Enter the name of the employer group
  - If the name search results with “form 5500 on file” they are self-funded

## Quiz

- Fred is 22 yrs. old, a full time student, works at House Depot and needs a crown on #30
  - Benefits through his dads employer Cozco pays at 50% of the \$850 contracted fee
  - Benefits through House Depot pays at 50% of the \$900 contracted fee
  - UCR fee is \$1200
  - Cozco plan is self-funded with a non-duplication clause



## Quiz

- UCR- \$1200
- House Depot pays 50% of \$900 (Fred's plan)
- Cozco pays 50% of \$850 (non-dup, self-funded)
- What is Fred's copayment for each scenario below:
  1. Dentist is not contracted with either plan?
  2. Dentist is contracted with secondary?
  3. Dentist is contracted with both primary and secondary?

## Answer #1

- Which plan is primary
  - Home Depot (contracted fee \$900)
- Dentist is not contracted with primary or secondary
  - Can charge \$1200 UCR fee
- Primary paid?
  - \$450
- Secondary paid? (contracted fee \$850)
  - Zero- non-duplication of benefit
- Patient pays?
  - \$750

## Answer #2

- Dentist is contracted with secondary
- Primary paid? (contracted fee \$900)
  - \$450
- Secondary paid? (contracted fee \$850)
  - Zero (non-duplication of benefit)
- Patient pays?
  - \$400
  - Held to contracted fee of \$850

## Answer #3

- Dentist is contracted with primary and secondary
- Primary paid? (contracted fee \$900)
  - \$450
- Secondary paid? (contracted fee \$850)
  - Zero (non-duplication of benefit)
- Patient pays?
  - \$400
  - Held to lowest contracted fee of \$850

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Practice Support

## Where smart dentists get smarter.®

CDA Practice Support is designed to help you navigate the business side of dentistry with ease. It's chock full of valuable resources to help you do everything from starting a new practice to [creating your own employee manual](#). There's even insight to help you choose the right [dental benefit plans](#).

All available resources can be accessed via the handy orange tabs to the right. Related news stories are down below. And, we have a new feature, Ask an Expert. This is where you can ask our resident Practice Support experts your burning questions such as: How do I create a cell phone policy for my office, or where can I find the latest OSHA posters to post in my break room? Simply click to [ask a question](#) or [read those posted by your peers](#).

So take a look around and explore a few pages. We think you'll like what you see.

*Find something you'd like to know more about? The resources in this section are for CDA Members only. [Learn more about membership here.](#)*

### Practices Must Display New Updates to Poster Set in 2016

Updates need to be incorporated into the existing 2015-2016 Required Poster Set until new poster sets are available in the spring of 2017.

California's Whistleblower Protection poster is available to download and print at [dir.ca.gov](http://dir.ca.gov).

*Notice to Employees – Injuries Caused By Work*, can be downloaded at [dir.ca.gov](http://dir.ca.gov). If dentists have Spanish-speaking employees, the poster should be displayed in both English and Spanish.

Your Rights and Obligations as a Pregnant Employee notice (DFEH-100-20) replaces "Notice B" and addresses Pregnancy Disability Leave, as well as, California Family Rights Act (CFRA). The notice can be downloaded at [dfeh.ca.gov](http://dfeh.ca.gov).

Employers with 50 or more employees will need to replace "Notice B" with: *Family Care and Medical Leave (CFRA Leave) and Pregnancy Disability Leave notice* (DFEH-100-21). The notice can be downloaded at [dfeh.ca.gov](http://dfeh.ca.gov).

### Ask an Expert

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## Resource Index

Use the tabs below to find resources organized by topic or visit our [complete alphabetical listing](#) of resources.

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### Leadership and Practice Ownership

Advice on strategic planning, how to establish a practice vision as well as guidance on practice leadership.

[5 Ways to Create and Promote a Healthy Workplace](#) A Staples Advantage Whitepaper September 2012

[Achieving Practice Success Through Strategic Planning](#)

[Business Plan Template](#) (zip file)

[California Commercial Credit Law \(AB171\)](#)(zip file)

[Choosing a Dental Practice Model - An Important Part of Strategic Planning](#)

[Eliminate Opportunity for Embezzlement](#)

[EMV Migration - What it Means for Practices](#)

[Evaluating a Merchant Credit Card Processor - Checklist](#)

[Financial Due Diligence is a Must!](#)

[Guide for the New Dentist - Chapter 11 Leadership](#)

[Guide for the New Dentist - Chapter 17 The Dental Software Revolution - Product Evaluation and Selection](#)

[Guide for the New Dentist - Chapter 18 Five Frequent Mistakes When Signing Dental Software Contracts](#)


[Guide for the New Dentist - Chapter 2 Insurance](#)

[Guide for the New Dentist - Chapter 7 Practice Ownership](#)

[Leasing Commercial Property](#)

[Legal Reference Guide for California Dentists - Appendix C Checklist of Questions to Ask When Forming a](#)

## Contact

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## Guides & Manuals

- Dental Benefit Plan Handbook
- Denti-Cal Provider Guide
- Guide for the New Dentist
- Guide to Dental Practice Act Compliance
- Legal Reference Guide
- Regulatory Compliance Manual
- Sample Employee Manual

## Topics

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Thank you!!

