

General Concepts of Coordination Of Benefits

Objective

The goal of this training is to increase the understanding of the coordination of benefits (COB) between other insurance plans and ForwardHealth, this section is general concepts .

Agenda – General Concepts of COB

- What is COB?
- What is third-party liability?
- What constitutes commercial health insurance?
- What does it mean to be the payer of last resort?
- What is provider-based billing?

What is COB?

- COB is the process of determining which of two or more insurance policies will have the primary responsibility of processing and/or paying a claim, and the extent to which the other policies will contribute.
- The terms "primary payer" and "secondary payer" indicate the relative order in which insurance sources are responsible for paying a claim.
 - Refer to the Primary Payer/Secondary Payer topic (#255) for more information.

Why Does COB Occur?

- When a member has more than one insurance policy payer, COB is the process of ensuring that the payments of the insurance policy payers for a service do not exceed 100 percent of the covered charges for that service.

What is Third Party Liability (TPL)?

- TPL is the legal obligation of third parties to pay part or all of medical assistance expenditures.
- By law, all other available third-party resources must meet their legal obligation to pay claims before ForwardHealth pays for the care of a member.

What Constitutes Commercial Health Insurance?

- Commercial health insurance is any type of health benefit not obtained from Medicare or ForwardHealth programs (e.g. BadgerCare Plus, or Wisconsin Medicaid):
 - It may be employer-sponsored or privately purchased.
 - Commercial health insurance may be provided on a fee-for-service basis or through a managed care plan.
 - Medicaid and BadgerCare Plus HMOs, although administered through commercial health insurance carriers, are not commercial health insurance.
- Refer to the Definition of Commercial Health Insurance topic (#601) for more information.

What Does It Mean to be the Payer of Last Resort?

- The payer of last resort is an entity that pays for services only after other third parties have met their legal obligation to pay.
- Except for a few instances, ForwardHealth is the payer of last resort for any covered services.
- Providers are required to make a reasonable effort to exhaust all existing other health insurance sources before submitting claims to ForwardHealth.
- ForwardHealth utilizes a claims-editing mechanism to determine if a member has insurance that could be responsible for coverage of the services submitted.
- Refer to the Payer of Last Resort topic (#253) for more information.



What is Provider-Based Billing?

- A provider-based billing claim is an invoice sent to the provider by ForwardHealth to recoup claims ForwardHealth has already paid, that should have been paid by a third party.
- ForwardHealth sends the provider-based billing claim when other coverage is discovered or made retroactive after payment of a claim by ForwardHealth.
- Since ForwardHealth is secondary to most other health insurance sources, providers are required to seek reimbursement from the primary payer when they receive the provider-based billing claim.
- Provider-based billing ensures providers receive maximum reimbursement from other health insurance sources that are primary to ForwardHealth.

Additional COB recorded trainings available

- The COB Process
- Other COB Policy Reminders and Resources

