

Medicare's Coordination of Benefits Rules

Employers sponsoring group health plans that cover individuals enrolled in Medicare should understand Medicare's "Coordination of Benefits (COB)" rules, which determine whether the group health plan or Medicare pays first on health care claims.

The "primary payer" pays what it owes on a health care claim first. If the primary payer does not pay the health care claim in full, the claim is sent to the "secondary payer" to pay any remaining covered portion.

When an individual has both Medicare and employer-sponsored health plan coverage, the payer status of each type of coverage depends on a number of factors, including the reason for Medicare entitlement and, in some cases, the size of the employer.

Employer Compliance Reminder:

Knowing Medicare's payer status is important, as employers that sponsor group health plans that are primary to Medicare must comply with the Medicare Secondary Payer rules.

The following chart summarizes Medicare's COB rules for employer-sponsored health plans.

| Reason for Medicare Entitlement | Situation | | Employer Size | Pays First | Pays Second |
|---------------------------------|--|---|--------------------------|-------------------|--|
| Age | Individual is covered by an employer's group health plan because they (or a spouse) are still working | | 20 or more employees | Group Health Plan | Medicare |
| | | | Fewer than 20 employees | Medicare | Group Health Plan |
| | Individual has coverage under the Consolidated Omnibus Budget Reconciliation Act (COBRA) or is covered by a former employer's group health plan as a retiree | | N/A | Medicare | Group Health Plan <i>(COBRA coverage or retiree coverage)</i> |
| Disability | Individual is covered by an employer's group health plan because of their own employment or a family member's employment | | 100 or more employees | Group Health Plan | Medicare |
| | | | Fewer than 100 employees | Medicare | Group Health Plan |
| | Individual has COBRA coverage or is covered by a former employer's group health plan as a retiree | | N/A | Medicare | Group Health Plan <i>(COBRA coverage or retiree coverage)</i> |
| End-Stage Renal Disease (ESRD) | Individual has group health plan coverage <i>(including retiree coverage or COBRA coverage)</i> | First 30 months of eligibility or entitlement to Medicare | N/A | Group Health Plan | Medicare |
| | | After 30 months of eligibility or entitlement to Medicare | N/A | Medicare | Group Health Plan |