

Coordination of Benefits: Two examples of how it works

Let's take a look at two examples. In the first example, the charge is covered under both plans. In the second, the charge is covered under the first plan, but not the second plan.

Example 1: Charges covered under both plans.

Your spouse is covered under his employer's medical insurance plan ("primary" payer). In addition, he is also covered as a dependent under your LG&E and KU medical plan ("secondary" payer): the PPO Standard option.

His bill includes out-patient charges that total \$2,500. The bills are submitted to both insurance companies.

- Your spouse's employer's plan is the "primary" payer. It pays what it would normally pay, let's say 80 percent of the bill. So the "primary" payer (his plan) pays \$2,000 ($\$2,500 \times 80 \text{ percent} = \$2,000$). If there weren't two policies, he would be expected to pay the remaining \$500 the "primary" payer did not pay.
- The "secondary" payer, your LG&E and KU medical plan, would also cover 80 percent but it has a \$200 annual deductible. In the absence of any other medical plan, your LG&E and KU medical plan would have paid \$1,840 ($\$2,500 - 200 \times 80 \text{ percent}$). However, since there is a balance due of \$500 after the "primary" payer makes its payment, that is all that the "secondary" payer (the LG&E and KU plan) has to pay. The benefit to you is that you don't have to pay anything. Between the two plans, the entire bill is covered.

Example 2: Charges covered under one plan, but not the other because an out-of-network EPO provider was used.

Your spouse is covered under her employer's medical insurance plan ("primary" payer). In addition, she is also covered as a dependent under your LG&E and KU medical plan ("secondary" payer): the EPO option which requires you to use in-network providers.

Her bill for the specialist is \$300. The specialist is an in-network provider for her employer's plan, but an out-of-network specialist for your EPO option.

- Your spouse's employer's plan is the "primary" payer. It pays what it would normally pay, let's say 80 percent of the bill. So the "primary" payer (her plan) pays \$240 ($\$300 \times 80 \text{ percent} = \240), leaving \$60 to be paid by your spouse.
- The "secondary" payer, your EPO option, does not cover out-of-network providers; therefore, your EPO option pays nothing.