

## Coordination of Benefits (COB) Rules for Commercial Payers



**HCMS**  
Harris County Medical Society

### Who's Primary and Who's Secondary?

Most health insurance contracts have a Coordination of Benefits (COB) clause that allows the benefits of one policy to be coordinated with the benefits of other policies. This clause prevents duplicate payments on claims and follows [guidelines](#) established by the National Association of Health Insurance Commissioners (NAIC). The NAIC guidelines do not apply to Medicare, Medicaid, and other governmental payers. For these payers see our [Medicare COB Guide](#).



**Important Notice  
About  
Coordination of Benefits**

### Two Active Plans:

If the patient has two plans, the plan that covers the patient as the subscriber or the main policyholder, i.e. as an employee, is the primary payer. The secondary payer is the health insurance plan that covers the patient as a dependent, i.e. as the spouse, child, other dependent.

Example 1: The patient is employed and has coverage through their employer, but also is covered on their spouse's plan. The patient's coverage with their employer is primary.

Example 2: The patient has purchased a Marketplace plan but also is covered on their spouse's plan. The patient's Marketplace plan is primary.

However, if a patient is the *subscriber* on two plans (maybe they have two jobs and have coverage through both employers), the plan that has been in effect the longest is primary.

In addition, if one of the plans has no out-of-network (OON) benefits and services are rendered by an OON physician, or the services rendered are not a covered benefit, the plan that has coverage for that service or physician is primary.

### Children/Dependents - The Birthday Rule:

The rules regarding children/dependents are bit more convoluted. The Birthday Rule states that the plan of the parent whose birthday (month and day) comes first in the calendar year is designated as the primary plan (not which parent is the oldest as the birth year is not a factor).

If both parents have the same birthday (month and day), then the plan that has been in effect the longest is primary. However, if one parent has a group plan, and the other has an individual plan, the group plan will be primary regardless of the Birthday Rule. Further, if a COBRA plan is involved, it will be secondary to an active plan.

The Birthday Rule may not apply in the case of divorced parents. A court order supersedes the Birthday Rule. If no court order is in effect, the plan of the custodial parent is primary, the plan of the stepmother/father of the custodial parent (if the custodial parent has remarried) pays second, the plan of the non-custodial parent pays third, and the plan of the spouse of the non-custodial parent pays last.

**Retirees:**

The plan that covers an individual as an active employee or as the dependent of an active employee is the primary payer over the plan that covers the individual as a retired or laid off employee or as the dependent of such an employee.

