

Having More Than One Health Plan

Suppose you're starting a new job that offers health insurance. But, you're already covered under the health plan that your spouse has through his or her job. Should you take the extra coverage your employer offers?

Every case like this is different, and the decision will be up to you. But, one thing is certain: Being covered under two health plans doesn't mean the two plans will pay the same amount twice for the same doctor visit. The plans will never pay the doctor—or you—more than 100 percent of the cost of a medical or dental service.

Even so, you may save money from having two (or more) plans. Here are the basics about how such situations work, and what to think about in deciding whether to have more than one plan.

Coordination of Benefits

When you are covered by more than one health plan, there are rules about which plan pays what, known as “coordination of benefits.” The rules vary among states and insurers. But, the general idea is that one plan will be primary, and the other one secondary. When a claim is filed, the primary plan will pay whatever it's responsible for paying under the terms of the plan. It will act as if the secondary plan didn't exist. Then, the secondary plan will pay whatever it covers that the primary plan hasn't already paid, up to 100 percent of the bill.

You don't choose which plan is primary. That is set by the coordination of benefits rules. Usually, your employer's plan is primary. If you also are covered by your spouse's plan, that plan is usually secondary. Or, suppose you have a child under age 26 who is a dependent covered under your employer's plan. Let's say that child gets a job and is now also covered by his or her employer's plan. That child's employer's plan becomes his or her primary plan; your employer's plan becomes his or her secondary plan.

There are many more rules for other situations. Some of them may seem strange. If your child is a dependent on two plans, those of you and your spouse, the “birthday rule” usually applies. This states that the plan of the parent whose birthday comes first in the calendar year is primary.

One situation that often comes up involves Medicare, the government health insurance program for people age 65 and older. (It also covers disabled people and those with end-stage renal disease.) When you turn 65, you're eligible for Medicare. But you may still be working, and getting coverage from your employer's plan. If you enroll in Medicare, who is the primary insurer?

The answer probably depends on how big your company is. If your company has 20 or more employees, the company plan is primary, and Medicare is secondary. If your company has fewer than 20 employees, Medicare is generally primary—but there are exceptions. To see the different ways Medicare coordinates with other coverage, click [here](#).

Medical and Dental Coordination

A special case of coordination of benefits may come up if you have both medical and dental insurance. If you have a procedure such as oral surgery or gum surgery, the line between which services are covered under medical and which are covered under dental may not be clear. The language of the health plans (medical and dental) will help determine if a service is covered under the medical plan, dental plan or both.

Coordination of benefits is easier if the same insurer administers both your medical and dental coverage. The administrator/insurer will define which services are medical and which are dental, and may list the services to help you understand what the plans cover. In some cases, the service may be listed under both your medical and dental plan. In that case, both plans may pay for the service and you'll need to know which plan is primary. The language of the plans can help here as well, telling you which plan is primary.

Some plans are self-insured. That means the employer takes on the financial risk for providing health benefits to its employees. In such cases, the employer decides on a policy of which services are medical and which are dental, and whether the medical or dental plan is primary. If your employer's plans are insured, then the administrator/insurer has most of the say on what services are covered by each plan. (See [Insured and Self-Insured Plans](#).)

If two different insurers issue your medical and dental plans, they each will need to look at their plan language to determine if they are primary. Generally, if there is no explicit provision in either policy, then the medical insurer is usually primary and the dental insurer secondary.

You may find yourself in still another situation where you or a family member are covered by two plans. If so, and if you aren't sure which is primary, check your plans' documents or ask your plans' member service representatives.

Having Two Health Plans: The Pros and Cons

Having two (or more) health plans can be a good choice if the savings you receive outweigh the costs. For example, if you have to pay the full premium to maintain each plan, and the premiums are high, the costs might outweigh the savings. But, many employers pay part of the premium, and your share may be low. In that case, being covered by two employer-sponsored plans (for example, yours and your spouse's) may be cost-effective.

The savings come because the two plans' cost-sharing rules may differ. Those are the rules about what portion you have to pay of your healthcare costs. Suppose your primary plan covers 50 percent of the cost for a certain procedure that costs \$100. Then, your out-of-pocket cost for that procedure would be \$50—if that were the only plan you had. But, suppose your secondary plan covers 80 percent of the cost of that procedure. After your primary plan pays its 50 percent, your secondary plan pays the other 50 percent. The secondary plan keeps to its rule about paying no more than 80 percent. It also keeps to the rule about not paying the doctor more than 100 percent of the bill. And, you save \$50.

Notice that, in this example, if you only had the secondary plan, you would have had to pay \$20 (20 percent of the \$100 bill). That would be better than paying \$50. But paying nothing is better still.

Another potential savings arises from the fact that plans often cover different services. Your primary plan may not cover acupuncture, but your secondary plan might. Your primary plan may not cover an expensive specialty drug, but your secondary plan might. By having two plans, you increase the odds that the service or medication you need will be covered.

There are drawbacks to consider too. The secondary plan may not pay all the costs left uncovered by your primary plan. And, you may have more paperwork and headaches dealing with two plans rather than one. You'll have to notify each insurer about the other. When you go to the doctor, you'll have to give both your primary and secondary insurance information. Since each claim has to be processed twice, claims may take a long time to process.

The choice is yours. Do what you think is best for you and your family.

Your Action Plan: when considering whether to have more than one health plan:

- Read the plans' documents carefully to see if you might save money by having them both. Look especially at the cost-sharing provisions.
- Make sure you understand which plan would be primary and which would be secondary.
- Call the member service representatives of both plans if you have any questions about how the claims process would work.
- Consider how much you'll have to pay in premiums for more than one plan.
- Consider whether you would want the hassle of having more than one plan.
- Remember there is not one right answer.