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The Importance of Designating a Beneficiary & Co-ordination Of Benefits (COB) – Do you know how to make the most of two Family Plans?

The importance of designating a beneficiary can be overlooked. In the midst of our busy lives, we forget to take care of this very important item when it comes to our insurance coverages. The NSTU Group Insurance Trustees hopes this information will encourage members to take care of this important detail when reviewing or designating your beneficiary for the first time.

The Importance of Designating a Beneficiary

You should review and/or designate a beneficiary for any of your Life and/or Accidental Death & Dismemberment policies you may have through the NSTU Group Insurance Program. One of the main advantages of designating a beneficiary for these policies is the proceeds of the policy are excluded from your Estate upon your death. Through this exclusion, proceeds are free from claim by any creditor of your Estate. The proceeds are excluded because legal title irrevocably transfers upon your death and the proceeds become payable to your beneficiary(ies) at that time. Another good reason to designate a beneficiary is to ensure life insurance proceeds are distributed as per your wishes. A signed and up-to-date Beneficiary Designation Form will make certain this occurs.

Please take a moment to think about your beneficiary designation and if it is up-to-date. If your life has changed recently, i.e. married, birth of a child, etc., you may need to revisit your beneficiary designation(s). If you are not sure of your beneficiary nomination you may contact Johnson Inc. or check the Johnson Inc. Members-Only website.

Co-Ordination of Benefits (COB)

One of the most complicated provisions to understand with respect to Supplementary Health and Dental Programs is the provision for Co-ordination of Benefits (COB). If you do not fully understand this provision, you may be missing out on possible reimbursement for up to 100% of eligible claims through the COB process. This process was developed by the Canadian Life and Health Insurance Association to ensure consistency for all insurance companies and their insured members.

The NSTU Group Insurance Trustees want to try to simplify a process that may appear to be quite complicated.

Through the Teachers' Provincial Agreement, the Province of Nova Scotia pays 100% of the monthly premium for Total Care Medical for single or family coverage. In addition, the Province of Nova Scotia pays 65% of the Basic Total Care Dental Benefit. Based on this cost sharing, there are many families who choose to be insured for two family plans and therefore, a good understanding of the COB provision is important. It should be noted you may hold only one family Health or Dental contract through the NSTU Group Insurance Plan.

You and your Spouse

If you are the primary cardholder of the Total Care Medical and Dental programs, your personal claims must be submitted to Medavie Blue Cross first. If your spouse has a benefits plan, he or she must submit claims to his or her provider first. Once the primary provider for the applicable subscriber pays the eligible claim, you can then submit any unpaid portion to your spouse's plan for COB. This means you may receive reimbursement for this unpaid portion, if eligible, under your spouse's plan up to 100% of the eligible amount.

Children

When you and your spouse have coverage from two separate plans, claims for your children will be processed under the plan of the parent whose birth month falls first in the calendar year. COB uses month, then day, to determine which plan the children's claims are submitted to first. When parents are separated or divorced, the custodian parent would claim under his or her plan first.

So, how does Co-ordination of Benefits Work?

As an example of how COB can work so you may receive reimbursement for up to 100% of your eligible claims, consider the following scenario:

John and Joan have two children and two family benefit plans. John is insured under the NSTU Group Insurance Program through Medavie Blue Cross while Joan is a member of her employer's plan with another insurance company (or Medavie Blue Cross).

John has a Dental check-up and he sends his \$100 claim to Medavie Blue Cross and receives 80% reimbursement or \$80. The co-pay amount John was required to pay out-of-pocket was \$20. Along with his reimbursement cheque from Medavie Blue Cross, he receives an Explanation of Benefits (EOB), which is a statement explaining what portion of the eligible claim was paid. John then sends his EOB statement, along with a copy of the original claim, to Joan's insurance company. Her insurer processes the claim and sends a cheque for the eligible amount of the unpaid balance. The result may be that John receives 100% reimbursement for the cost of his check-up.

What happens when their daughters, Emily and Laura, have a prescription to be filled at the pharmacy?

Claims go first to the insurance company of the parent whose birth month is the first in the year and then to the other parent's program. In this case, Joan's birthday is in May while John's birthday is in July. So if Emily or Laura needs a prescription filled at the pharmacy, their claims go first to Joan's insurance company and later to Medavie Blue Cross under the NSTU Group Insurance Program for consideration of the remaining balance.

It is important to note when having a claim processed at the pharmacy, you should always advise the pharmacist you have two insurance plans. Then the claim can be conveniently processed. You will need to provide the appropriate insurance information such as the name of the provider, your spouse's name and date of birth, as well as the appropriate subscriber numbers.

We hope this provides some assistance to you in understanding the COB provision and the importance of designating a beneficiary for your Life and Accidental Death & Dismemberment Policies. If you have any questions please contact Johnson Inc. at 453-9543 or 1-800-453-9543 (toll-free).