

Health Insurance and the Two Income Couple

Two jobs often mean two health policies. But having two policies doesn't necessarily mean double coverage. If you and your spouse are both the happy recipients of on-the-job health coverage, here's what you should know:

Coordination of Benefits:

This insurance company term means that your insurance company and your spouse's insurance company will cooperate so the benefits you receive don't exceed what you've actually spent on health care. The goal is adequate coverage, not your realization of a profit.

What this means, in practice, is that each of you will first submit your own claims to your own insurance carrier. Then, assuming that a portion remains unpaid, you can submit the claim to the second company. It may pay the entire balance or, under newly tightened rules designed to keep costs down, it may pay you a designated percentage.

For example: You submit an orthopedist's \$500 bill to your insurance company. Assuming that you have already met your family deductible for the year, the company sends you a check for \$400 (\$500 minus your 20% co-insurance payment). You then send the claim to your spouse's company. If full coordination of benefits is in effect, you receive a check for the \$100 balance. If not, you may receive a check for 80 percent of that amount, or \$80.

Children's Medical Bills:

If the orthopedist's bill is for your own broken arm, the claim goes directly to your employer's insurance company. But what if it is for your 11-year old daughter? Until recently, all children's claims have to be submitted to the father's company first. But this "gender rule" is being replaced by a "birthday rule" under which the first claim goes to the health plan of the parent whose birthday falls earlier in the calendar year.

Contributory Policies

If both employers contribute toward the cost of health insurance, should you keep both policies in force? The answer depends on three things - how much they cost (two expensive policies may

not make sense), what the policies provide (one may cover dental care, for instance, and the other long-term home care), and how long you each expect to remain on the job (don't drop either policy if either job is tenuous).

But don't over-insure. Since three quarters of all group policies pay in full after a specified limit, keeping potential out-of-pocket costs to no more than \$2,000 to \$3,000 per year per family, it may not make sense to keep an expensive second policy in force.