

Your **Spouse** and the Alliance Coal Health Plan



Coordination of Benefits (COB) is the overall set of rules that medical and dental plans use to determine how to pay for employee and dependent health care costs when there is more than one plan involved. It helps ensure that each plan pays its fair share and you receive the appropriate coverage for the health care services you need. If you have a spouse who works at a company that provides health coverage, be sure you understand how COB works.

COB Basics

Let's start with some basic concepts. In all of our examples, we'll use this family:



Al. He works for Alliance and has family coverage through the Alliance Coal Health Plan — let's call this "Plan A."



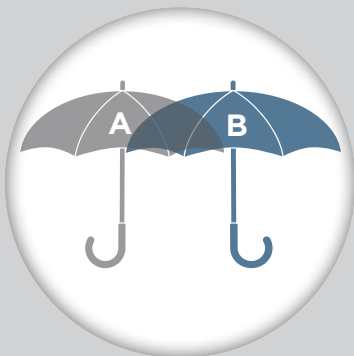
Susan, his wife. She works for Bravo Company and elected family coverage through Bravo's plan — let's call this "Plan B."



Bobby, their young son.



Al, Susan, and Bobby have dual coverage — all three of them are covered by both Plan A and Plan B.



Basic Rule 1

The employer's plan is primary. It pays claims first. It pays the claims the same way they would be paid if there were no other plan involved.



For Al, Plan A pays first for his health care.



For Susan, Plan B pays first for her health care.

Basic Rule 2

Generally, the "birthday rule" decides which plan pays first for dependent children. The rule is very simple: Whichever parent's birthday comes first in the year is the one whose plan pays first.



Susan was born in **FEBRUARY** (the year doesn't matter).



Al was born in **JUNE** (the year doesn't matter).



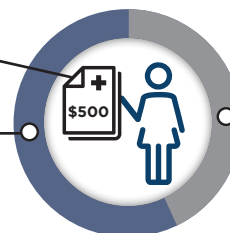
So **Plan B** (Susan's plan) pays first for Bobby's health care.

Basic Rule 3

Once the primary plan has paid a claim, the secondary plan considers whether it should also pay something. Here's an example of how Alliance pays when it is secondary:

Susan has a health care expense of \$500.

Plan B is primary and pays \$300.



Plan A — if it were the only plan — would pay \$400.

Since \$200 is unpaid, and Plan A would have paid more than that, it pays the full remaining \$200.

COB and Deductibles

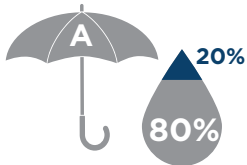
The annual deductible is the amount you pay in a calendar year before the plan begins to pay. For example, the Alliance plan's deductible for Non-Direct services is \$400 per person. Here is how this Non-Direct deductible works when there is dual coverage.



AI has a \$1,000 Non-Direct expense and has not yet paid anything this year toward his **Plan A** deductible.



AI must pay the first **\$400** (his annual deductible).



Plan A's coinsurance applies to the remaining \$600. **AI** pays **20%** (\$120). **Plan A** pays **80%** (\$480).



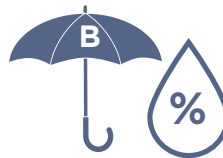
Plan B determines what it will pay based on its own benefit schedule.



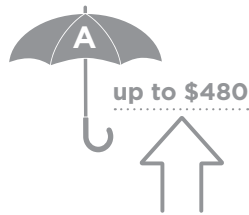
Regardless of what **Plan B** pays, **AI** still gets credit under **Plan A** for meeting his **\$400** deductible.



Susan has a \$1,000 Non-Direct expense and has not yet paid anything this year toward her **Plan A** deductible.



First, **Plan B** pays according to its benefits schedule.



We know — from the left example — that **Plan A** would pay \$480 for this claim if it were the primary plan. So, **Plan A** pays up to \$480 in claims not paid by **Plan B**.



Susan gets credit under **Plan A** for meeting that plan's deductible, regardless of what **Plan B** pays, because **Plan A** paid nothing toward the first \$400 of Susan's expense. Now her **Plan A** deductible is met for the rest of the calendar year.



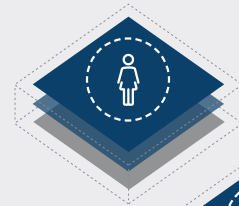
Remember, if your spouse has health coverage available through another employer, your spouse must elect coverage from that employer to have dependent coverage under the Alliance Coal Health Plan. Your spouse can choose single coverage or family coverage.

In the previous example, both **AI** and **Susan** chose **family coverage** from their employers, so everyone in the family was covered by both plans:



- + **AI's** primary plan was **Plan A**; his secondary plan was **Plan B**.
- + **Susan's** primary plan was **Plan B**; her secondary plan was **Plan A**.
- + **Bobby's** primary plan was **Plan B** (because of the birthday rule); his secondary plan was **Plan A**.

If Susan had chosen **single coverage** from her employer:



- + **Plan B** would be primary for her; **Plan A** would be secondary.



- + **AI** and **Bobby** would be covered only by **Plan A**.



More information on Coordination of Benefits is available at CoalBenefits.com.
Go to *Health Care » Participation » Situations That May Affect Your Coverage*.



If you have questions, contact your local HR representative or call Member Services at (855) 979-5192.