

# Health Savings Accounts

## Can I have other coverage or insurance and still establish an HSA?

IRS rules only allow you to have certain types of insurance coverage, including:

- Permitted coverage – limited to dental, vision, long-term care, and/or accident coverage
- Permitted insurance – relating to liabilities for worker's compensation, torts, or property use and/or ownership; this also includes insurance for a specific health condition or hospital indemnity insurance
- Preventive care – routine health care services, such as physical exams, well child checkups, screenings, and immunizations, that are performed by a health care provider to help prevent illness and detect chronic medical conditions (see [IRS Notice 2004-23](#) and [Notice 2004-50](#) for details).

## Coordination of Benefits (COB)

Coordination of benefits applies to members of your group who are covered by more than one health care plan. Coordination of benefits helps ensure that members covered by more than one plan will receive the benefits they are entitled to while avoiding overpayment by either plan. Coordinating benefits is one of the ways we work to keep premiums at a minimum.

### How COB Works

When a member of your group is covered by more than one health plan (for example, when one of your employees is covered under your group plan as well as a spouse's health plan), one plan is considered to be the primary carrier and the other is considered to be the secondary carrier. The primary carrier covers the major portion of the bill according to plan allowances, and the secondary carrier covers any remaining allowable expenses.

The COB provisions of your policy or plan determine which plan is primary. That plan's benefits are applied to the claim first. The unpaid balance is usually paid by the secondary plan to the limit of its responsibility. Benefits are thus "coordinated" among all of the health plans, and payments do not exceed 100% of charges for the covered services.

### Primary vs. Secondary Carrier

The following rules apply when determining which health plan will be the primary payer:

- Any plan without a COB provision always pays first.
- If the person receiving benefits is the participant under the contract, that health plan will be primary.
- The spouse's health plan will become secondary.  
If a dependent child is covered under two or more plans, the plan of the member covering the child whose birthday occurs earlier in the calendar year will be primary (known as the birthday rule). If both
  - have the same birthday, the policy that has been in effect longer will be primary. The birthday rule is superseded when a **court order or custody rule** applies.