

Summary of Proposed Spousal Coordination of Benefits (SCOB) Policy Changes Effective January 1, 2023

SEBC Combined Subcommittee – May 19, 2022

What is the SCOB Policy intended to do?

This policy, in effect since January 1, 1993, applies to a spouse who is eligible for health care coverage through his or her own employer. Effective July 1, 2011, the SCOB Policy became applicable to retiree health care coverage available to a spouse through his or her employer from whom he or she is collecting a pension benefit. The intention of the policy is to ensure fiscal responsibility for the State of Delaware Group Health Insurance Plan fund where other employers are offering health care benefits to their employees and retirees. The State is not the primary payor (or in the case of a Medicare eligible spouse, secondary payor) when the spouse enrolls in other coverage, thus reducing the State's responsibility for payment of claims.

What is the reason for the proposed changes?

1. To account for the transition of the State Group Health Plan Medicare pensioners and spouses to a Medicare Advantage plan effective January 1, 2023.
2. To clarify existing policy provisions in response to questions raised by employees and pensioners.

What is the projected timeline to implement changes?

The Statewide Benefits Office (SBO) would like to present final recommended changes to the SCOB Policy to the State Employee Benefits Committee (SEBC) at their meeting on August 22, 2022.

What are the expected changes?

1. Potential modification or discontinuation of the SCOB Policy to a pensioner whose spouse is Medicare eligible. The policy would still apply to a pensioner whose spouse is non-Medicare eligible and an active employee covering a spouse in a State plan.
 - The Centers for Medicare & Medicaid Services (CMS) only allows enrollment in one qualified Medicare Advantage; therefore, if the spouse has access to other Medicare coverage, the spouse cannot be enrolled in both the former employer Medicare coverage and the State Medicare Advantage plan.
 - The SCOB Policy does not consider the out-of-pocket costs the Medicare spouse will incur if the other coverage is less favorable plan than the State plan in terms of the out-of-pocket costs to the spouse for services. The SCOB Policy and the contribution requirement is specifically tied to the amount of premium the spouse is required to pay and does not consider member out-of-pocket costs.
 - The SCOB Policy requires active employees and non-Medicare pensioners to provide annual certification during Open Enrollment and anytime the spouse's other coverage changes. Medicare pensioners are required to submit a SCOB form if coverage for the Medicare spouse changes and are not required to provide annual certification. Audits have not been conducted for pensioners covering spouses who are Medicare eligible or when the spouse becomes Medicare eligible.

2. Clarification when the spouse's other coverage is an HMO plan with regards to the HMO plan service area (applies only to active employees and non-Medicare pensioners).
3. Inclusion in the SCOB Policy of what happens when the spouse is considered a partner, owner, or principal in a law firm, accounting firm or any other type of business, company, corporation, or firm. These specific examples are currently provided in guidance supporting the Policy (currently applies to active employees, non-Medicare, and Medicare pensioners).

Next Steps:

- Research Medicare retiree benefits currently offered by other large Delaware employers to determine comparability to the State Group Health Plan Medicare coverage.
- Consider the administrative implications of expanding the contribution requirement to include the spouse's out-of-pocket expenses for services received through other Medicare coverage.