

New Law Fact Sheet: Patient Protection & Affordable Care Act/Dependent Coverage to Age 26

Item	Detail
Background	<ul style="list-style-type: none"> • Part of Health Care Reform; adult children dependents are covered until age 26.
Scope of Law	<ul style="list-style-type: none"> • Applies to self-funded groups. • Grandfathered groups. • Employers may exclude coverage for adult children to age 26 that have an offer of coverage through an employer aside from coverage through a parent.
Highlights of the Law	<ul style="list-style-type: none"> • Effective plan years beginning September 23, 2010 • The law requires that if coverage for dependent children is provided, then coverage must be made available for an adult child until the child turns 26. • The adult child does not have to be financially dependent upon the subscriber. • The adult child does not have to reside with the subscriber. • Adult children who are married are eligible. • Grandchildren (children of the eligible dependent) are not covered. • For non-Grandfathered groups, adult children that are <i>eligible</i> for other group health coverage doesn't disqualify him/her. If they enroll in other group health coverage, then they are not eligible to be covered as an adult dependent. • No additional premium/surcharges, other than family premium will be required: <ul style="list-style-type: none"> • The regulations permit additional premium for family coverage, as long as it doesn't vary by age. But, no additional premium can be charged only for the adult child. • COBRA: <ul style="list-style-type: none"> • If an adult child has COBRA, he/she can re-enroll as a dependent of the employee. • The adult child would then be eligible for COBRA again upon the occurrence of a qualifying event (e.g. reaching age 26). • The Internal Revenue Code was amended so that benefits and contributions for these adult children will be non-taxable.

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<p>Intersection With New York Law Regarding Age 29 Dependents</p>	<ul style="list-style-type: none"> • There is no change to coverage to age 29 law. • Fully insured plans can still purchase rider to age 29. • Unmarried dependents are ineligible for employer group coverage, and they must live, work, or reside in insurers service area. • Individuals who require extended coverage to age 29 will need to determine whether to continue this benefit or instead opt for 36 months of COBRA. COBRA will only last <i>up to</i> age 29, rather than through the end of the year they turn age 29, but there are no eligibility restrictions as there are with the extended coverage. If the individual chooses the extended coverage and then fails to meet the eligibility requirements, they will <i>not</i> be eligible for COBRA at that time. • Not addressed; therefore at the Plan Sponsor’s discretion: <ul style="list-style-type: none"> • Step-children. • Termination provisions once the dependent reaches age 26: <ul style="list-style-type: none"> • Birthday, end of month, end of year, etc.
<p>Transitional/Special Enrollment Period</p>	<ul style="list-style-type: none"> • Plan Sponsors must offer a Special Enrollment opportunity for affected children. For plan years beginning on or after September 23, 2010, plans must give children who qualify an opportunity to enroll that continues for at least 30 days regardless of whether the plan offers an open enrollment period. This enrollment opportunity and written notice must be provided no later than the first day of the first plan year beginning on or after September 23, 2010. • Like any other special enrollment periods, new elections and changes must be permitted. After the special open enrollment period, Plan Sponsors can limit enrollment to annual open enrollment periods.
<p>Impact to Clients</p>	<ul style="list-style-type: none"> • Written Notice: <ul style="list-style-type: none"> • As part of the enrollment period, a written notice must be provided that includes a statement that individuals who aged off or were denied enrollment due to age may now enroll. • The notice period must begin no later than the 1st day of the first plan year after September 23. • In addition, the notice may be sent with other annual open enrollment materials so long as it is prominent.