



INSURANCE
SERVICES



Health Care Reform

Interim Final Regulations: Dependent Coverage of Children up to Age 26

- Provision is effective for plan years beginning on or after September 23, 2010.
- Provision does not mandate plans to provide dependent coverage. Only applies if a plan already offers dependent coverage.
- Early implementation would avoid gaps in coverage for new college graduates as well as save on administration costs of dis-enrolling and re-enrolling between May 2010 and September 23, 2010
- Patient Protection and Affordable Care Act (PPACA) does not require coverage of grandchildren.

Restrictions on dependent definitions:

- Plan may not define dependent other than in terms of a relationship between a child and the participant.
- Plan may not deny or restrict coverage for a child who has not attained age 26 based on:
 - Presence or absence of the child's financial dependency.
 - Residency with the participant or with any other person.
 - Marital status.
 - Student status.
 - Employment
 - Any combination of the above factors.
 - Eligibility for other coverage (except where special rule applies).

Special Rule:

- The "special rule" applies to "grandfathered health plans" for plan years beginning before January 1, 2014. Under the "special rule" a "grandfathered plan" may exclude from coverage an adult child who has not attained age 26 if the adult child is eligible to enroll in an employer-sponsored health plan other than that of a parent.

Special Enrollment Opportunity:

- Plans and insurers must give children who qualify, such as eligible children who were dropped from the plan due to failure to satisfy dependent status an opportunity to enroll that continues for at least 30 days regardless of whether the plan or coverage offers an open enrollment period.
- The new policy does not otherwise change the enrollment period or start of the plan or policy year.
- The child must be offered the same benefit packages and charged the same as similarly situated individuals who did not lose coverage.

- The enrollment opportunity and a written notice must be provided no later than the first day of the first plan or policy year beginning on or after September 23, 2010.
 - Plans should send written notice early to avoid retroactive coverage.
 - Written notice must include a statement that children whose coverage ended, or were denied coverage, because the availability of dependent coverage of children ended before attainment of age 26 are eligible to enroll in the plan.
 - The notice may be included with other enrollment materials that plans distribute to employees, provided the statement is prominent.

Who is eligible for enrollment?

- Children whose coverage ended, or were denied coverage, because the availability of dependent coverage of children ended before attainment of age 26 are eligible to enroll in the plan.
- The plan must provide an opportunity to enroll the child (up to age 26), in any benefit package option for which the child is otherwise eligible; thereby allowing the parent to switch benefit package options.
- If a parent is not enrolled in the plan but is otherwise eligible and a child qualifies for the new enrollment opportunity, the plan must provide an opportunity to enroll the parent in addition to the child.
- A child currently enrolled in COBRA must be given the opportunity to enroll as a dependent of an active employee.
- Children, not yet 26, who never enrolled because they were too old under the terms of the plan, must be given an opportunity to enroll.

Important Note:

- If an adult child is eligible for coverage under the plans of the employers of both parents, neither plan may exclude the child based on eligibility to enroll in the plan of the other parents' employer. Dual coverage will be allowed, provided both parents do not work for the same company with a spousal carve-out rule.