



Dependent Coverage to Age 26

In an effort to cover as many young adults under the age of 26 as possible, beginning with the first plan year after September 23, 2010 plans and issuers that offer dependent coverage must offer coverage to enrollees' adult children until age 26, even if the young adult no longer lives with his or her parents, is not a dependent on a parent's tax return, or is no longer a student. For grandfathered groups only, a transition period is available until 2014 during which the dependent may not be provided coverage if they have other employer-based coverage available. Dependents may be eligible for coverage regardless of marital status or if they have children, although the dependent's spouse and/or children do not qualify.

Many insurance carriers voluntarily extended this coverage early for dependents who otherwise would have aged out of the plan between May 2010 and September 23, 2010. These dependents were able to continue on the parents' coverage rather than dis-enrolling.

All other eligible young adults will be eligible for a special written notice and enrollment opportunity. This enrollment opportunity and written notice must be provided not later than the first day of the plan year beginning on or after September 23, 2010, and must last for at least 30 days. This generally coincides with the open enrollment period for the plan.

Any qualified young adult must be offered all the benefit packages available to similarly situated individuals. The young adult will be enrolled as any other dependent in a family plan; no special rates apply.

Premium contributions made pre-tax under a section 125 plan may also be made available for dependents to age 26 regardless of whether the dependent is a tax dependent or not through the end of the calendar year in which the dependent turns 26 (as long as they do not reach age 27). Carrier policy determines at what point the dependent to age 26 is no longer eligible for coverage after attaining age 26.

Notice Requirement:

WHO: Any plan providing dependent coverage must provide notice to all participants.

WHAT: The interim final regulations extending dependent coverage to age 26 provide transitional relief for a child whose coverage ended, or who was denied coverage (or was not eligible for coverage) under a group health plan or health insurance coverage because, under the terms of the plan or coverage, the availability of dependent coverage of children ended before the attainment of age 26. The model language below can be used to satisfy the notice requirement.

WHEN: Effective beginning at first renewal after 9/23/10. The regulations require a plan or issuer to give such a child an opportunity to enroll that continues for at least 30 days (including written notice of the opportunity to enroll), regardless of whether the plan or coverage offers an open enrollment period and regardless of when any open enrollment period might otherwise occur. This enrollment opportunity (including the written notice) must be provided not later than the first day of the first plan year beginning on or after September 23, 2010. Enrollment must be effective as of the first day of the first plan year beginning on or after September 23, 2010.

HOW: The notice may be included with other enrollment materials that a plan distributes, including open enrollment and new hire paperwork, provided the statement is prominent. The following model language can be used to satisfy the notice requirement.

MODEL LANGUAGE:

Notice of Opportunity to Enroll in Connection with Extension of Dependent Coverage to Age 26

*Individuals whose coverage ended, or who were denied coverage (or were not eligible for coverage), because the availability of dependent coverage of children ended before attainment of age 26 are eligible to enroll in **[Insert name of group health plan or health insurance coverage]**. Individuals may request enrollment for such children for 30 days from the date of notice. Enrollment will be effective retroactively to **[insert date that is the first day of the first plan year beginning on or after September 23, 2010.]** For more information contact the **[insert plan administrator]** at **[insert contact information]**.*

In response to the Patient Protection and Affordable Care Act and the Health Care and Education Tax Credit Reconciliation Act, collectively known as Health Care Reform, Kistler Tiffany Benefits has formed a Health Care Reform committee to monitor legislation and provide guidance to our valued clients. Our team is creating user-friendly tools and resources, as well as establishing best practices for our clients in regards to the application of this legislation. For more information regarding our services, please contact us at reform@ktbenefits.com.