

legislativeUPDATE

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EXTENSION OF DEPENDENT COVERAGE TO AGE 26 EFFECTIVE DATE

One of the first provisions of the new health care reform law to be effective is the requirement to extend dependent coverage to children up to age 26. In fact, many employees believe this provision is effective as of September 23, 2010 under their employer plan. Accordingly, many employers are responding to concerned employees on the effective date and application of this new provision. The following background information may assist employers in crafting an employee communication to clear up any confusion on this issue.

What is the age 26 health coverage mandate? Under the new law, a group health plan that provides dependent coverage of children must continue to make health coverage available for an eligible adult child until the child's 26th birthday, regardless of whether or not the dependent is a full-time student, disabled, or married. Health plans are not, however, required to cover a child of the adult child receiving dependent coverage (a grandchild). Note: This provision in the new law does not require that an employer offer health insurance benefits or that an employer health plan cover dependents.

How does it affect you? If you are enrolled in a plan that provides dependent coverage, effective for plan years beginning on or after September 23, 2010, you will be able to keep and/or add your eligible dependents on the plan until they reach the age of 26. (Some grandfathered plans may include a requirement that the dependent not be eligible for employer sponsored coverage under another plan). For employer sponsored plans whose plan year open enrollment date is on or after October 1, 2010, parents need only fill out the proper application forms.

Are plans required to enroll eligible young adults in their parents' plan on September 23, 2010? No. The law states that the provision requiring dependent coverage until age 26 is effective for plan years beginning on or after 6 months after the enactment of the law (March 23, 2010). That means the provision is effective with the employer plan year beginning on or after September 23, 2010 (January 1, 2011 for a calendar year plan). So, as an example, an employer with a September 1 plan year is not required to offer the extended dependent coverage until September 1, 2011. Accordingly, an adult dependent will not be eligible for coverage as a dependent on the

parent's plan until September 1, 2011, and if that dependent turns 27 before September 1, 2011, they will never become eligible for coverage.

As new information is issued on health reform, Conner Strong will issue alerts and updates. Should you have any questions, **please contact your Conner Strong representative toll-free at 1-877-861-3220.**

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