



Extension of Coverage for Adult Children under the Affordable Care Act

The federal government issued regulations today on the new health reform mandate regarding coverage for adult children. Under these regulations, group health plans that offer coverage for children are required to make that coverage available until a child's 26th birthday, generally effective for the first plan year beginning on or after September 23, 2010 (January 1, 2011 for calendar year plans). The regulations include the following requirements:

- A group health plan may not impose eligibility conditions for children under age 26 other than by requiring the existence of a parent-child relationship. All other eligibility conditions are prohibited. Thus, a plan may not condition eligibility on whether the child is financially dependent on the parent, whether the child lives with the parent, whether the child is unmarried, whether the child is a student, or whether the child is employed. A limited exception to this rule applies to grandfathered health plans, as described below.
- A group health plan is not required to cover the spouse or child of any covered child under age 26.
- The terms of the group health plan cannot vary based on the age of any child under age 26. Thus, a plan may not charge more for coverage for older children than for younger children (such as a surcharge for children over age 18) and may not offer a more limited set of benefit options for older children than for younger children (such as HMO-only coverage for children over age 18). This restriction does not prevent a plan from charging more for coverage tiers based on the number of covered individuals (such as self-only, self-plus-one, self-plus-two, self-plus-three-or-more).
- A group health plan is required to provide a special enrollment opportunity for children under age 26 (including children who may be on COBRA) who become eligible for coverage based on the health reform mandate. The plan must provide a written notice to employees (and children on COBRA) describing this special enrollment opportunity no later than the first day of the first plan year beginning on or after September 23, 2010 (the notice may be included with other enrollment materials provided it is prominent). The plan must provide at least a 30-day period to enroll children under age 26 and these enrollments must be effective no later than the first day of the first plan year beginning on or after September 23, 2010. The plan must treat

enrolling children as if they were enrolling under a special enrollment right, meaning that the plan must also permit enrollment of other eligible, but non-enrolled, individuals at the same time (such as the employee, the employee's spouse and other children).

- If a group health plan qualifies as a "grandfathered health plan," the plan may take advantage of a limited exception regarding eligibility conditions for children under age 26. Under this rule, the plan may condition eligibility on whether the child is eligible to enroll in an employer-sponsored health plan (other than a plan of a parent), but only for plan years beginning before January 1, 2014. After 2014, plans must extend eligibility even if the adult child has access to other group coverage. (Currently, a grandfathered plan is a plan that was in effect as of March 23, 2010. However, it is not yet clear how plan amendments/changes will impact grandfathered status.)

Related documents from the Department of Labor (DOL) include:

Regulations - <http://www.dol.gov/ebsa/pdf/dependentcoverage.pdf>

Fact sheet - <http://www.dol.gov/ebsa/newsroom/fsdependentcoverage.html>

Frequently Asked Questions - <http://www.dol.gov/ebsa/faqs/faq-dependentcoverage.html>

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