

# Brief Notes

News for  
Brokers and Consultants

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## Coverage for dependents under age 26 years prior to effective date Questions and Answers

As previously communicated, Horizon Blue Cross Blue Shield of New Jersey will allow covered individuals under age 26 to remain on their parents' health insurance policies, effective May 1, 2010 for fully insured plans to help families avoid a gap in coverage. This is before the federal effective date of plan years beginning on or after September 23, 2010. Self-insured groups are also able to opt-in to this arrangement to prevent disenrollment of certain members who would otherwise be eligible for coverage on or after September 23, 2010.

Our decision to apply this coverage early is causing some confusion. The below questions and answers will help address the questions you and your clients may have.

We are committed to working with plan sponsors and the health care community for an effective implementation of the new health care reform law.

### GENERAL POLICY/ELIGIBILITY GUIDELINES

#### Who is eligible for the new, federal "dependent under age 26" reform legislation?

All children who are under age 26 are eligible under the law to be covered under their parents' coverage for plan years beginning on or after September 23, 2010<sup>1</sup>. Horizon BCBSNJ will allow covered individuals under age 26 to remain on their parents' health insurance policies and will allow dependent children up to age 26 who are currently uninsured to be added to their parents' insured coverage, effective May 1, 2010 for fully insured plans.

For self-insured coverage, they can be added when their parents' plan opts to apply the dependent to age 26 coverage mandate.

<sup>1</sup> *Grandfathered plans were permitted under the law to delay application of this requirement until plan years beginning on/after January 1, 2014 for children who are eligible for employer-sponsored coverage (but not their parents' coverage). This exception will no longer be applicable for plan years beginning on or after January 1, 2014. Note that Horizon BCBSNJ is not administering this exception for fully insured plans.*

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Horizon BCBSNJ's early extension of coverage does not include dependent children who currently have other health insurance. In other words, Horizon BCBSNJ's decision to apply the federal mandate early does not apply to dependent children who are already covered by health insurance, including but not limited to those who have:

- NJ dependents to age 31 coverage;
- An individual (IHC) policy;
- Employer-based coverage;
- COBRA and other (state) continuation coverages.

**If a self-funded group elects to cover impacted members on May 1, 2010, does this impact the group's grandfathered status?**

Self-funded groups should refer to legal counsel for advice.

**How can self-funded groups opt-in to Horizon BCBSNJ's early coverage arrangement?**

Groups should contact their Horizon BCBSNJ account manager if they would like to extend coverage for dependent children up to age 26. The account manager will send a letter to the group for a signature, confirming the coverage arrangement.

**Can fully insured group plans decide not to offer dependent coverage for children up to age 26?**

No. Horizon BCBSNJ has decided to apply its early implementation of this federal reform, as described above, to all fully insured business, without exception.

**May dependent children enroll in this coverage outside of any open enrollment period, if they lose their current coverage due to a "life event"?**

Yes, dependent children who lose their current coverage due to a "life event" can enroll in this coverage outside of any open enrollment period.

**If a subscriber has a dependent child who is aging out of the policy on May 5, 2010, what does the member have to do to prevent the dependent from losing coverage?**

For fully insured members, no action is necessary. Self-insured members should ask their plan administrators, as self-insured groups have the option to apply this coverage early or not.

**When does coverage end for a dependent who turns age 26?**

The Act requires plans and issuers that offer dependent child coverage to make the coverage available until a child reaches age 26. Therefore, coverage will end at 12:00:01 a.m. on the child's 26th birthday.

Please note that there are some large groups that had extended coverage to dependent children beyond the 26th birthday prior to the enactment of the Affordable Care Act. These plans were not impacted by the recent change.

**Does the law apply to plans or issuers that do not provide dependent coverage?**

No, there is no federal requirement requiring a plan or issuer to offer dependent coverage.

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**Are there any qualifications (e.g., financial dependency) that need to be met before the dependent child under age 26 is eligible for coverage under the parent's plan?**

No. Financial dependency, residency with a parent, student status, marital status and employment may no longer be used to determine eligibility for coverage for any child up to age 26 under fully insured plans. For self-insured plans, the student verification process will continue for the time being, until the particular group plan covering the parent begins to apply the mandate, either consistent with Horizon BCBSNJ's approach or when law requires. The student verification process will also continue for dental and other coverages.

**If a dependent child under age 26 is currently covered under COBRA or the NJ Group Continuation coverage, can they switch back to their parent's policy?**

No. Members enrolled in COBRA coverage or the NJ Group Continuation coverage cannot switch to their parents' policy until this federal mandate becomes effective. For each member, this will occur on the first day of his/her group's plan year that begins on or after September 23, 2010.

**Are both married and unmarried dependent children under age 26 allowed on their parent's policy?**

Yes, however, the spouse of the dependent child and any children of the dependent are not eligible under this federal mandate.

**Can the dependent child have a child and still continue coverage?**

Yes, until age 26. The requirements that applied under New Jersey law which allowed a child to continue under his/her parent's coverage until age 31 are not part of the new, federal reform. Thus, for fully insured products, beginning May 1, 2010, Horizon BCBSNJ will no longer apply those requirements to continue a dependent child's coverage under his/her parent's health plan up to age 26. Horizon BCBSNJ will, however, apply the New Jersey law requirements for all plans between ages 26 and 31.

**Does the dependent child have to reside in New Jersey?**

No. (See the full answer to the question immediately above.)

**If a dependent child under the age of 26 is not eligible for employer-sponsored insurance and both parents have separate Horizon BCBSNJ-insured plans that offer dependent coverage, which policy should the dependent be added to?**

The dependent child can be added to either Horizon BCBSNJ plan. Neither parent's plan can deny coverage.

***PRODUCT/MARKET SEGMENT APPLICABILITY***

**To what markets does this mandate apply?**

All plans in all markets (whether fully insured or self-funded) must make coverage available to dependent children under age 26 for plan years beginning on or after September 23, 2010. (See the exception in footnote 1.) However, Horizon BCBSNJ will effect this eligibility for all fully insured employer plans and insured individual (consumer) policies effective May 1, 2010.

Horizon BCBSNJ will provide self-insured employer plans the option to begin offering this coverage on or after May 1, 2010, in advance of their required compliance date, if they choose to do so.

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**Does the dependent child have to be covered under a specific product to be eligible for this extension?**

No. Effective May 1, 2010, covered children under age 26 will remain on their parents' health insurance policies for fully insured business no matter what product coverage their parent has, including pharmacy coverage.

Most dental and vision plans, however, are not subject to this law or coverage arrangement. That is, stand-alone dental and vision plans that are offered as optional benefits with additional premiums are not impacted. The dependant child would need to obtain separate dental or vision coverage, in order to continue their dental or vision benefits.

**How is pharmacy coverage impacted?**

Covered dependent children under age 26 will remain on their parents' health insurance policies effective May 1, 2010 for fully insured business, including pharmacy coverage.

**Does the provision allow for coverage of dependent maternity if this benefit is not covered under the parents' insured coverage?**

No. If dependent maternity is not covered under the parents' insured coverage, the dependent child (married or not married) will not have coverage for the dependent maternity benefit, except as noted in the parents' coverage plan (generally there is coverage for any complications of a pregnancy).

**DEPENDENT COVERAGE UP TO AGE 31 RELATED QUESTIONS**

**If a broker submitted an application for Dependent Coverage up to 31 and it has not been processed yet, can this application be pulled and can the dependent come onto the parent's plan now?**

Yes, the dependent child can be put on the parent's coverage, regardless of the date of the application.

**Will members have a choice to enroll their children as Dependents to 31 rather than keeping them on their own policy if they are under age 26 due to extra cost involved?**

Our goal is to reduce the number of uninsured dependents. If the dependent child wants to enroll in Dependent 31 coverage, they may.

**What notification will be sent if a Dependent 31 previously submitted is not processed because the dependent was added back onto their parent's plan instead by our Enrollment Department?**

If possible, Horizon BCBSNJ will automatically enroll the dependent in his/her parents' policy. We are currently implementing a communication workflow to notify impacted members of this update.