

Brief Notes

News for Brokers and Consultants

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3 Penn Plaza East, Newark, NJ 07105-2200

Applies to: Small employer (2 to 50 employees) and midsize (51 to 99 employees) markets

Special Open Enrollment and Notification for Dependents under Age 26 Years

The federal health care reform legislation requires that plans (whether insured or self-insured) make coverage available to dependents under age 26 years for plan years beginning on or after September 23, 2010. Horizon Blue Cross Blue Shield of New Jersey is providing you with the following information to help you understand how health care reform may impact your clients.

Dependents to age 26 years for small and midsize groups:

Under health care reform, groups must offer all eligible dependents a special enrollment period. Horizon BCBSNJ has decided to implement this federal health care reform rule simultaneously with its implementation of New Jersey Minimum Standards, which were effective September 8, 2010, for all midsize (51 to 99 employees) designs and all small group plans.

This means that all federally eligible children under age 26 years can enroll in their parents' coverage, effective September 8, 2010, if applications are received on or by October 15, 2010.

For applications received after October 15, 2010:

- For all small group (2 to 50 employees) plans: Coverage will become effective on the date of receipt of the completed application or a future effective date, if requested.
- For all midsize (51 to 99 employees) plans: Dependents must wait until the group's next open enrollment period to enroll, and coverage will be effective on the open enrollment effective date.

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Learn about what Horizon BCBSNJ is doing to keep health care affordable at our Health Care Dollars and \$ense microsite, www.HorizonBlue.com/Informed.



Group requirements:

Plans must give eligible dependents written notice and an enrollment opportunity no later than the first day of the first plan year, beginning on or after September 23, 2010. This “special enrollment” period must continue for at least 30 days.

Groups should consider the following when communicating to their employees about this special enrollment:

- Notice to employees serves as the communication to the dependent and may be included with other open enrollment materials, but must be prominently displayed.
- Coverage must be effective no later than the first day of the plan year and retroactive, if necessary.
- During the special enrollment period, dependents who previously “aged out” of coverage or were not enrolled in coverage and who are under age 26 years can enroll in their parents’ coverage.
- The special enrollment period means that the adult child is treated as a special enrollee under the Health Insurance Portability and Affordability Act (HIPAA). This means that:
 - Dependents must be offered all benefit packages available to similarly situated individuals who did not lose coverage by reason of cessation of dependent status.
 - Dependents cannot be required to pay more for coverage than similarly situated individuals who did not lose coverage by reason of cessation of dependent status.
- Parents with a choice of coverage can change their coverage or enroll if they previously did not have coverage.

Please remind your clients about these requirements.

Information about the plan year:

In general, for both small employer (2 to 50 employees) and midsize (51 to 99 employees) groups, the plan year is the 12-month period from January 1 through December 31. For those groups, the required special enrollment period must begin no later than December 1, 2010, with an effective date of January 1, 2011.

Plan year is generally defined in the Employee Retirement Income Security Act of 1974 (ERISA) plan documents. If there is no definition in those documents, a group’s plan year is:

- The deductible or limit year used under the plan;
- The policy year, if the plan does not impose deductibles or limits on the basis of a 12-month period;
- The employer’s (or plan sponsor’s) taxable year, if the plan does not impose deductibles or limits on the basis of a 12-month period, and either the plan is not insured or the insurance policy is not renewed on the basis of a 12-month period; or
- A calendar year in other cases not defined above.

Since all New Jersey small group plans include a definition of plan year, that definition must be used and is a calendar period. For groups in the standard midsize (51 to 99 employees) designs, no such term is defined, but the deductible and benefits period is a calendar year.

For more information, please contact your Horizon BCBSNJ sales representative.