

Health Care Reform Fact Sheet #1

Young Adults

June 2010



Coverage up to Age 26

- There is a provision in the new health care reform laws enabling young adults to be covered on a parent's insurance policy up to their 26th birthday.

Exceptions

- In general, a young adult cannot stay on their parent's insurance if they have an offer of coverage through an employer. However, young adults in newer plans—those established after March 23, 2010—and in plans purchased in the individual market can stay on a parent's plan regardless of their own job status.
- Beginning in January 1, 2014 young adults can opt to stay on any parent's plan regardless of whether or not they have an offer of coverage through their own employer

When Does it Go Into Effect?

- The requirement for coverage for dependents under 26 will take effect the next time the parent's plan comes up for renewal after September 23. Adult children who are on a parent's plan now but who lose that coverage when they graduate from college will have the option of rejoining their parent's policy in the next plan year. Those whose parent(s) work at self-insured companies will also be eligible.
- Some insurance companies have decided to extend the dependent coverage immediately (see list below).
- Parents wanting to add a dependent to their policy can do so during the next open enrollment period on or after September 23, 2010. Insurers and employers are required to provide written notice for this special 30-day enrollment period at the beginning of each insurance company's policy year. The new policy does not otherwise change the enrollment period or start of the plan or policy year. During that period, employers are allowed to give their employees the option of switching from their current plan to another benefit package.

Bridging the Gap

- For many health insurance plans, coverage continues through the full calendar year of the year in which a student ends student status. Some student health insurance plans require only that a student be enrolled in school for one term of the

coverage year, so the student may be able to stay on the plan for the remainder of 2010.

- For plans ending in July or August after graduation, and where new coverage may not take effect until well into 2011 (depending on when the plan year begins), there may be a gap in coverage. In such cases, one option would be to purchase COBRA for a few months until coverage under a parent's plan begins (see below).
- The young adult may be allowed to "convert" his or her coverage to an individual policy that is offered by the same insurer. In this case, the insurer may offer an individual policy that has different benefits than the coverage that the young adult had before, but which does not exclude treatment of pre-existing conditions.
- *COBRA*: After aging out of a parent's plan, young adults may be eligible for COBRA (Consolidated Omnibus Budget Reconciliation Act) coverage or "state continuation" coverage. If the parent has a job-based health plan and the employer had 20 or more employees, under the federal COBRA law, the young adult can elect to stay on the plan for 18 more months and pay the full cost of premiums (the employee share and the amount that the employer paid). If the parent has a job-based plan and the employer had fewer than 20 employees, the young adult may have a similar right under state law.

Other Details

- Dependent insurance is not based on financial dependency, marital status, school enrollment, living at home, parent's tax returns, state residency or other factors. Married young adults can be covered by a parent's health insurance but the dependent's spouse and any children of the young adult will not be covered.
- Any qualified young adults must be offered all of the insurance benefit packages available. They are required to be treated the same as someone who did not lose coverage because they aged-out of a parent's insurance policy and they cannot be required to pay more for coverage than would be paid for other dependents.
- The new law applies only to health insurance plans that offer dependent coverage. While most insurers and employer-sponsored plans offer dependent coverage, there is no requirement to do so. There is

no federal requirement compelling a plan or issuer to offer dependent coverage at this time.

- The young adult does not have to purchase an individual policy to be included in the parent's family policy.
- The provision does not apply to Medicare, meaning Medicare will not cover adult children comparable to a private health insurance plan.
- The current bill overrides conflicting state laws. If state law gives young adults more rights than the new federal law, state law still applies.
- A young adult does not have to be classified as a "dependent" to be eligible for the parent's coverage.
- The new bill does not cover dental and vision benefits, if already separate from the medical insurance plans.
- Tri-Care (the health insurance system for military service-members, retirees, and their families) was intentionally excluded from the health care reform law. As a result, the dependent coverage cut-off remains the same (21, or 23 if the dependent is a full-time student). Upcoming legislation may amend Tri-Care to raise the dependent coverage age.

Who Pays?

- In the new bill, the cost of dependent health insurance will still be largely paid by the parents. Under current state provisions that expand coverage, employers have the option of making families with adult dependents pay extra, or splitting that extra cost among all employees. Parents might see their premiums go up slightly to pay for new coverage. Yet the premium for a young adult on family coverage will generally be cheaper than purchasing an individual plan.

Preexisting Conditions

- *Employer-Sponsored Policies:* Uninsured young adults with a pre-existing condition who join a parent's employer-sponsored coverage plan may face a pre-existing condition exclusion of up to 12 months if they were uninsured for 63 days or more prior to gaining coverage. Beginning in 2014, pre-existing condition exclusions will no longer be permitted in either employer-sponsored or individually purchased health plans.
- *Individually Purchased Policies:* Young adults joining a parent's individually purchased policy may also face a pre-existing condition exclusion. In this case, insurers can exclude coverage of pre-existing conditions to the extent that it is allowed by state laws governing health insurance policies purchased by individuals.

Thus far, the following insurance companies have agreed to cover young adults under 26 before the September 23, 2010 deadline. Please check with your own insurance provider to see if they are participating.

Aetna

Arkansas Blue Cross and Blue Shield
Blue Cross & Blue Shield of Mississippi
Blue Cross & Blue Shield of Rhode Island
Blue Cross and Blue Shield of Alabama
Blue Cross and Blue Shield of Arizona, Inc.
Blue Cross and Blue Shield of Florida
Blue Cross and Blue Shield of Hawaii
Blue Cross and Blue Shield of Kansas
Blue Cross and Blue Shield of Kansas City
Blue Cross and Blue Shield of Louisiana
Blue Cross and Blue Shield of Massachusetts
Blue Cross and Blue Shield of Michigan
Blue Cross and Blue Shield of Minnesota
Blue Cross and Blue Shield of Montana
Blue Cross and Blue Shield of Nebraska
Blue Cross and Blue Shield of North Carolina
Blue Cross and Blue Shield of South Carolina
Blue Cross and Blue Shield of Vermont
Blue Cross and Blue Shield of Wyoming
Blue Cross Blue Shield Association
Blue Cross Blue Shield of Delaware
Blue Cross of Idaho Health Service
Blue Cross of Northeastern Pennsylvania

Blue Shield of California
BlueCross and BlueShield of Tennessee
BlueCross BlueShield of North Dakota
Capital BlueCross
Capital District Physicians' Health Plan (CDPHP),
Albany, New York
Capital Health Plan, Tallahassee, Florida
Care Oregon, Portland, Oregon
CareFirst BlueCross and BlueShield
Cigna
Coventry Healthcare, Inc.
Emblem Health, New York, New York
Excellus Blue Cross and Blue Shield
Fallon Community Health Plan, Worcester,
Massachusetts
Geisinger Health Plan, Danville, Pennsylvania
Group Health Cooperative Of South Central
Wisconsin, Madison, Wisconsin
Group Health, Seattle, Washington
Health Care Service Corporation
Health Partners, Minneapolis, Minnesota
HealthNow New York, Inc.
Highmark, Inc.

Horizon Blue Cross and Blue Shield of New Jersey,
Inc.
Humana
Independence Blue Cross
Independent Health, Buffalo, New York
Kaiser Foundation Health Plan Oakland, California
Kaiser Permanente
Martin's Point Health Care, Portland, Maine
New West Health Services, Helena, Mt
Premera Blue Cross
Priority Health, Grand Rapids, Michigan
Regence Blue Shield of Idaho
Scott & White Health Plan, Temple, Texas
Security Health Plan, Marshfield, Wisconsin
The Permanente Federation, Oakland, California
The Regence Group
Tufts Health Plan, Waltham, Massachusetts
UCARE, Minneapolis, Minnesota
United
UPMC Health Plan, Pittsburgh, Pennsylvania
Wellmark Blue Cross and Blue Shield of Iowa
WellPoint
WellPoint, Inc.

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