



Healthcare Coverage for Children

Currently, most employer sponsored group health plans allow dependent children to maintain eligibility for coverage up to age 19, or to age 23 (sometimes 25) if they are a full time student at an accredited college or university. Loss of coverage at these ages is a qualifying event for continuation of coverage at the single employee rate under COBRA or state continuation (Mini-COBRA).

Healthcare Reform requires that adult children be allowed to continue as a dependent to age 26, regardless of student status. In addition to continuing coverage longer and without the student status requirement, the cost will usually be substantially less as a dependent rather than at the single employee rate. This new policy must be implemented by the first plan anniversary after 9/23/10.

Most carriers have decided to allow partial implementation of this policy prior to the required effective date. The chart below shows how several carriers are conducting their partial implementation compared to the Federal Mandate.

	Federal Mandate	IBC & Ameri-health	Aetna	United	Coventry	Horizon	BCBS Delaware
Effective Date: (The date when people under the age of 26 will be allowed to continue coverage as a dependent. For carriers offering partial compliance, restrictions may exist based upon current coverage status, when they lost their eligibility, college status, or their participation in COBRA)	1 st plan anniv. after 9/23/10	5/1/10	6/1/10	4/19/10	4/23/10	5/1/10	5/1/10
Full/Partial Compliance: (Indicates whether the carrier is complying with the Federal Mandate in full prior to the required effective date, or partially)	Full	Partial	Partial	Partial	Partial	Partial	Partial
Eligibility Requirements							
Under Age 26: (Indicates the need for the person to be under the age of 26 as of their effective date)	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Actively Covered: (Indicates whether or not the under age person must be actively covered under the plan prior to the Loss of Eligibility Date shown below to elect continued coverage)	No	Yes	Yes	Yes	Yes	Yes	Yes
Loss of Eligibility Date: (Indicates the latest date the person could have lost coverage to be eligible for the "To Age 26" benefit. Those who lost coverage prior to these dates will be eligible on the first plan anniversary after 9/23/10 if still under the age of 26. If you have someone who has already been terminated but after these dates, check with us to see if they can be reinstated)	No	4/30/10 or after	5/31/10 or after	4/19/10 or after	4/23/10 or after	5/1/10 or after	5/1/10 or after
College Graduate: (Indicates whether the carrier requires the person to be a college graduate to be eligible for the partial compliance benefit)	No	No	No	Yes	No	No	No
Includes COBRA Participants: (Indicates whether those currently on COBRA will be allowed to change back to dependent status under the "To Age 26" benefit prior to the Federal Mandated effective date"	Yes	No	No	No	No	No	No

In addition to the Federal mandates, some states have enacted options for employers to allow children to purchase coverage under their parent's employer health plan. Pennsylvania has enacted Act 4 of 2009 which allows eligible adult children up to age 30 to elect a single policy under their parents plan. This is optional at the employer's discretion. The cost of this policy is the same as a single employee monthly cost to the employer. New Jersey has enacted Dependent Under 31 which allows eligible children to purchase coverage under the parent's policy at a percentage of the cost of single coverage. Generally to be eligible under these plans the children must be younger than 30 or 31 years of age; a resident of the state, or, if not a resident, a full-time student at an accredited public or private institution of higher education; have no children; and have no spouse, civil union partner or domestic partner.

For employers trying to help employees whose children have already lost coverage prior to the dates shown in the chart, the state programs may be helpful, although the rates are based on the single rate versus as a dependent.

For plan anniversaries after the 9/23/10 compliance date, we expect more detailed explanations from the insurers as to how we can reinstate eligible dependents who lost their coverage prior to the dates shown above. We anticipate at your first renewal after 9/23/10 we will be able to transition dependent children who are COBRA participants, those covered on a Dependent to 30/31 policy or those not covered at all to be eligible for re-enrollment under your employee's plan. As more details emerge on this we will relay to you.

If you have any questions please contact Fredonna Smith at 610-889-9500, extension 103 or fredonna.smith@conestoga.biz.

The Conestoga Group is an insurance, investment and employee benefits broker and consulting firm based in Frazer, PA. Conestoga specializes in providing financial products and services to small businesses and their owner/executives and other employees. Founder and President Brad Palmer is an Investment Advisory Representative of Commonwealth Financial Network-a Registered Investment Adviser and member firm of the FINRA/SIPC. Brad can be reached at 610-889-9500 extension 101 or at brad.palmer@conestoga.biz.

NOTICE

These legislative comments are our interpretations of information provided to us by various legal and other resources as of 5/21/10. It is possible the information was presented incorrectly or that we have misunderstood the presentation. The purpose of this communication is to provide you with basic summary information on the subject matter to assist you in determining if you may need to seek legal or other professional assistance. This update and its attachments should not be construed as legal, tax, investment, or other advice and does not take into consideration specific factors unique to the reader's situation.