



Health Care Reform Update: Guidance Issued on the Dependent Age 26 Mandate

As you may be aware, Health Care Reform added a mandate requiring group health plans and health insurance issuers that provide dependent coverage to cover dependent children until the dependent child's 26th birth date. The new law also provides that coverage of the child will not be taxable to employees through the last day of the year when the child turns 26. This mandate is effective beginning with the first plan year beginning on or after September 23, 2010.

Last week, the IRS, DOL, and HHS jointly issued much anticipated guidance regarding the dependent age 26 mandate. An overview of these interim final regulations are listed below.

- A group health plan may base eligibility for dependent coverage only in terms of the relationship between the employee and the dependent. The plan may not deny or restrict coverage due to other factors, such as: student status, financial dependency, residency, employment, marital status, or eligibility for other coverage [Before 2014, grandfathered plans are not required to provide dependent coverage to a child who has other available employer-sponsored coverage].
- Coverage provided to adult dependent children can be no less favorable than the coverage provided to any other dependent. Plans may not charge a higher premium for the coverage of adult dependent children. However, plans may continue to have different tiers of coverage, such as employee only, employee plus one, and family coverage, and may continue to charge different rates based on the number of individuals covered.
- A dependent who enrolls due to this new enrollment opportunity must be treated as a HIPAA special enrollee. This means that the dependent must be offered all benefit options available to all other dependents. Also, if a dependent qualifies for this open enrollment, but the otherwise eligible employee is not enrolled in the plan, the plan must permit both the employee and the dependent to enroll in the plan. Further, the employee must also be permitted to change coverage, including switching from single to family coverage or switching from one benefit plan to another [e.g., switching from a PPO to a HDHP].
- All plans must provide a one-time open enrollment period to provide employees the chance to enroll dependent children who are becoming eligible for coverage due to this mandate. This open enrollment period must begin no later than the first day of the first plan year to which the new law applies and must last for a period of at least 30 days. If a group health plan's routine open enrollment period is prior to the first day of the plan year this new law is effective, the plan does not need to provide a separate open enrollment as long as their usual open enrollment period lasts for at least 30 days.
- Employers who sponsor group health plans must provide all children who may be eligible for coverage under the mandate with notice that they are eligible for coverage no later than the first day of the plan year to which the mandate applies. This notice requirement may be satisfied by sending a notice to the employee on behalf of the employee's child and may be included in other enrollment materials, as long as the statement is prominent.

HORAN is coordinating an education session to guide clients through these new regulations. Please watch for details and registration information coming soon.

Please contact your HORAN representative with any questions.



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