

Extended Dependent Coverage



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Last Monday the Obama Administration issued interim rules allowing young adults to remain on their parents' health insurance plans until age 26. The coverage requirement, effective starting with renewals of October 1, 2010 or later, is one of the most anticipated early benefits of President Obama's new health care law.

Many insurers will be offering extended coverage as of June 1 for those who have children that will otherwise lose their coverage on or after that date due to reaching the maximum age or losing their student status. Please note that this early adoption of the extended dependent age does not allow dependents who have already been dropped from your plan to come back on at this time. Most carriers are only allowing those dependents to come back onto the plan at your open enrollment on or after 10/1/10 when the mandate officially goes into effect.

Carriers that have announced they are offering this early extension include Aetna, Anthem, Blue Shield of California, CIGNA, Group Health, Kaiser, Premera Blue Cross, Regence Blue Shield and United Healthcare. We are awaiting confirmation from other carriers. Each carrier is handling this differently; some are implementing this automatically for all groups while others are requiring plans to opt-in; some are charging additional premium for it and others are not.

This change in dependent eligibility is separate from the recently announced IRS extension of the tax-free status of the benefit for cafeteria plans. Specifically, the IRS now allows coverage provided to adult children to remain a tax-free benefit as long as the child has not reached age 27 by the end of the tax year. This change was effective March 30, 2010, and no longer requires that the child qualify as a dependent for tax purposes. You may immediately give employees the opportunity to make pre-tax contributions if you had been imputing income for these dependents, and may also need to amend your cafeteria plan language (by 12/31/10) to incorporate this change.

We will continue to gather information about these and other changes as it become available. Please contact your PS&F benefits Account Executive if you want to discuss how these provisions can or will impact your plan.