



Patient Protection and Affordable Care Act (PPACA) - Adult Dependent Children

Interim final regulations provide that a group health plan or health insurance issuer (group and individual policies) offering dependent coverage of children must make such coverage available for children until attainment of 26 years of age. This provision is generally effective for plan years beginning on or after September 23, 2010. There is a “special rule” that applies to “grandfathered health plans” (see below). This provision does not mandate plans to provide dependent child coverage and only applies if a plan already offers dependent child coverage.

KEY POINTS

Restrictions on Plan Definition of Dependent

With respect to a child who has not attained age 26, a group health plan may not define a dependent for purposes of eligibility for dependent coverage of children other than in terms of a relationship between a child and the participant. A group health plan may not deny or restrict coverage for a child who has not attained age 26 based on the presence or absence of the child’s financial dependency (upon the participant or any other person), residency with the participant or with any other person, student status, employment, or any combination of those factors.

In addition, a group health plan may not deny or restrict coverage of a child based on eligibility for other coverage (except where the “special rule” applies). The “special rule” applies to “grandfathered health plans” for plan years beginning before January 1, 2014. Under the “special rule,” a “grandfathered health plan” may exclude from coverage an adult child who has not attained age 26 if the adult child is eligible to enroll in an employer-sponsored health plan other than a group health plan of a parent.

New Enrollment Opportunity Created

The interim final regulations require a plan or insurer to give eligible children who were dropped from the plan due to a failure to satisfy a dependent status condition an opportunity to enroll in the plan. This new enrollment opportunity must continue for at least 30 days. Coverage must begin not later than the first day of the first plan year beginning on or after September 23, 2010, even if the request for enrollment is made after the first day of the plan year. Any child enrolling under this provision must be given the same treatment as HIPAA special enrollees: the child must be offered the same benefit packages and charged the same as similarly situated individuals who did not lose coverage.

New Written Notice Required for New Enrollment Opportunity – The new written notice explaining the new enrollment opportunity must be provided not later than the first day of the first plan year beginning on or after September 23, 2010. Note: Plans will want to send this notice well before the first day of the first plan year beginning on or after September 23 so they can avoid retroactive coverage. IMS will prepare and provide this notice during the renewal process.

Content of Written Notice – The written notice must include a statement that children whose coverage ended, or who were denied coverage (or were not eligible for coverage), because the availability of dependent coverage of children ended before attainment of age 26 are eligible to enroll in the plan.

- **Parent Not Enrolled** – If a parent is not enrolled in the plan but is otherwise eligible and a child qualifies for the new enrollment opportunity, the plan must provide an opportunity to enroll the parent, in addition to the child.
- **Switch Benefit Package Option** – The plan must provide an opportunity to enroll the child in any benefit package option for which the child is otherwise eligible; thereby allowing the parent to switch benefit package options.
- **Child on COBRA** – A child who qualifies for the new enrollment opportunity and is currently covered under COBRA must be given the opportunity to enroll as a dependent of an active employee.
- **Child Never Enrolled** – Children, not yet 26, who never enrolled because the children were too old under the terms of the plan must be given an opportunity to enroll.

Coverage of Grandchildren not Required – The interim final rules clarify that PPACA does not require coverage of grandchildren.

Adult Child Eligible for Both Parents Plans – In the case of an adult child who is eligible for coverage under the plans of the employers of both parents, neither plan may exclude the adult child from coverage based on the fact that the adult child is eligible to enroll in the plan of the other parents' employer.