



## Federal Health Care Reform Update: Children up to Age 26

On May 10, 2010, the Department of Health and Human Services (*HHS*) issued regulations on the requirement that group health plans and health insurers offer coverage for children up to the age of 26.

Group health plans and insurers are not required to offer dependent coverage.

But those plans that do will be required to offer coverage to children up to the age of 26. The child does not need to be a “*dependent*” for tax purposes in order to qualify for coverage. However, until January 1, 2014, plans will be required to cover children up to age 26 only if those children are not eligible for health benefit coverage through another employer.



Coverage for children up to the age of 26 who have no other employer sponsored coverage will become effective on the first day of the first plan year that begins on or after September 23, 2010. For example, for calendar year plans, the expanded coverage becomes effective on January 1, 2011. A qualified child may enroll in the health plan of either parent provided that parent’s plan offers dependent coverage.

The new rules also apply to coverage maintained under COBRA.

A child may be married or unmarried, but a child’s spouse and children are not eligible.

Children up to age 26 will receive the tax benefits that were previously available only to “dependent children”.

The coverage requirement does *not* apply to stand alone dental and stand alone vision plans. However, these plans may voluntarily extend coverage to children up to the age of 26 with the tax benefits that were previously available only to “dependent children”.

When the coverage requirement becomes effective, the health plan must offer a special open enrollment period for these children. A written notice must be provided not later than the first day of the plan year and the children must be given 30 days to enroll. The plan may combine the special open enrollment with its annual open enrollment, as long as the plan includes the written notice and the 30 day enrollment period.

In anticipation of this new coverage requirement, 65 carriers have voluntarily accelerated coverage of children up to age 26 for those children who will graduate from school, or otherwise “age off” their parent’s plan, before the new rules become effective. A list of those carriers is available at the HHS website ([www.hhs.gov/ociio](http://www.hhs.gov/ociio)).

Should you have any questions regarding this Update or any other compliance matters, please contact Benemax Compliance Officer Walter Hiltz at 800-528-1530 ext.120 or [walter@benemax.com](mailto:walter@benemax.com).

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