



The Vita Viewpoint Important Information for Decision Makers

Early Implementation of Dependent Eligibility to Age 26 – Sort of!

Overview

One of the most highly touted provisions of National Healthcare legislation is the requirement that dependents retain eligibility to age 26 regardless of student or marital status. Pressure from the Secretary of Health and Human Services for insurers to implement this provision *in advance* of the legally required September 23, 2010 kick-off date has also received major media attention.

Unfortunately, the devil is definitely in the details when trying to nail down exactly what this means for any specific employer.

The Details

The details are muddy at best, and it would be folly to claim to know *today* exactly how this is going to pan out. Among the areas requiring clarification:

- Does your carrier offer an early adoption option? If so, what is the effective date? Do you need to “opt in” or “opt out” to take advantage of the early adoption offer? This varies by carrier and group size. Employers insured by pooled plans are essentially being given no choice but to opt IN by most carriers.
- Is there a premium impact for early adopters? This also varies by carrier. Some have announced no rate increase “now” . . . but we expect renewals to be affected. Others are re-pricing immediately and charging higher premiums to groups that opt in.
- What about children who lost eligibility previously? Most carriers are **not** extending the early adoption provision to these dependents. Some have indicated that special enrollments may be negotiated, but presently it appears that these individuals would not be eligible to re-enroll until the next plan anniversary following September 23, 2010. This is especially critical to those on COBRA as a result of having lost eligible dependent status. This situation leaves employers with bifurcated eligibility requirements, where some employees have 24/25 year olds who would be covered while other employees have 24/25 year olds who are either not on the plan or for whom they must pay to continue COBRA coverage.
- What about COBRA premium? Under COBRA, it is not legal to change premiums more than once every 12 months. Are employers going to absorb additional premium for age-out dependents who are on COBRA?
- What about dental and vision care plans? The law only applies to medical plans. Are carriers intending to administer different rules for multiple lines of coverage?
- Are *new* employees subject to the old dependent eligibility definition . . . or the new one? Carrier communications to date have been completely silent on this question. Are you prepared to administer two (or more) different dependent eligibility definitions in your plan?

How Do We Proceed?

We do not recommend attempting to create a definitive corporate strategy until these questions are answered. Vita is actively pursuing answers to all of these questions from all of our health insurance carriers. As we gain clarity from the marketplace, we will be back in touch to clarify the details and to help you navigate this new terrain.