Health care reform dependent coverage FAQ

Frequently asked questions about the extension of dependent coverage until age 26

Young adults may feel invincible, but it was not long ago that insurance policies could drop their benefits because of their age – leaving many without coverage for accidents, illnesses or even routine health care. Extending dependent coverage to young adults until age 26 was one of the first and most popular parts of the Affordable Care Act (ACA) to take effect. Below are straightforward answers to frequently asked questions about the law's dependent coverage extension and what parents and their adult children need to know as their children approach their 26th birthday.

Q. Who is required to be covered under the ACA's dependent coverage rules?

A. The law requires private health insurance policies that offer dependent coverage to cover adult children under the age of 26, regardless of their financial dependency on or residency with their parent, student status, employment status or marital status, including major medical insurance and certain excepted benefits such as voluntary insurance. Though the law does not require all plans to offer dependent coverage, if the plan does – that coverage must be extended to young adults up to age 26.

Q. If a dependent is turning 26 this year, when will he or she lose coverage?

A. Plans are free to choose to extend dependent coverage until the end of the year, but technically the law only requires it to insure dependents up to their 26th birthday. That means that if a dependent turns 26 on July 17, the plan is only required to cover the dependent through July 16. The rules are slightly different for grandfathered plans, which can drop dependent coverage before a dependent's 26th birthday if the dependent can enroll in an eligible employer-sponsored health plan. Since every health plan is different, employees should check directly with their employer or insurer for the most accurate and helpful information.

Q. What benefits options do adults have after their 26th birthday?

A. An adult who is aging out of their parents' plan may have several options:

- **Special enrollment in an employer's plan:** If they are employed and that employer offers health insurance, they may be eligible for a special enrollment through their employer's plan since this is a life-event trigger. Most plans require the dependent to request enrollment within 30 days of losing coverage.

- **COBRA (Consolidated Omnibus Budget Reconciliation Act):** If the parent's plan is sponsored by an employer with 20 or more employees, they may be able to purchase temporary coverage through COBRA if they notify the plan in writing within 60 days of turning 26 years old.

- **Healthcare.gov:** The dependent may be eligible for a special enrollment in individual coverage through their state's health insurance marketplace if they apply within 60 days of losing coverage.

Most plans require the dependent to request enrollment within 30 days of losing coverage.

Q. How quickly does a dependent need to secure alternative coverage before being subject to fines for not complying with the Individual Mandate provision of the ACA?

A. This question requires a two-part answer:

- **Part 1 –** It is reassuring to know that health care reform allows for one gap in coverage annually. Technically, individuals can go without health care coverage for less than three months consecutively without being penalized for not having health care coverage.

That means they can go two consecutive months without coverage but must secure coverage for at least one day within the third month of losing major medical coverage to avoid the penalty.

» **Part 2 –** Another issue is the required timeframe for applying for alternate coverage. Special enrollment through an employer plan usually requires an individual to apply within 30 days of losing coverage, and special enrollment through healthcare.gov or a temporary extension through COBRA requires an individual to apply within 60 days. Missing the window to apply for coverage altogether may mean being uninsured until the next open enrollment season and penalties for being uninsured.

Q. How can Aflac voluntary insurance help?

A. Voluntary benefits are also extended to dependents under the age of 26. Though voluntary insurance is not major medical coverage and does not meet the definition of minimum essential coverage under the ACA, these policies pay cash to help cover bills and out-of-pocket costs that may not be covered by major medical insurance.

Regardless of your major medical coverage, voluntary insurance benefits help pay for costs such as deductibles and copays, mortgage and rent payments, groceries and other costs that add up when you are sick or injured. Learn more about voluntary insurance at Aflac.com.

For more information about dependent coverage, please visit:

- dol.gov/ebsa/newsroom/fsdependentcoverage.html
- dol.gov/ebsa/faqs/faq-dependentcoverage.html
- whitehouse.gov/sites/default/files/rss_viewer/qa_young_adults_may.pdf

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