

Ohio House Bill 1 (HB1)

Coverage Continuation for Unmarried Adult Children Dependent Age FAQs

Summary: Ohio HB 1 requires all health care plans to offer coverage, *at the insured's request*, to unmarried dependent children until the dependent child reaches 28 years of age if all of the following are true:

- The child is the natural child, stepchild or adopted child of the insured.
- The child is a resident of Ohio or a full-time student at an accredited higher education institution
- The child is not eligible for employer-sponsored coverage.
- The child is not eligible for coverage under Medicaid or Medicare

The law does not do any of the following:

- Does not require that any policy or contract include coverage for dependent children or include coverage for an unmarried dependent child's children as dependents under the policy
- Does not require an employer to pay for any part of the premium for these dependents that have attained the limiting age in the policy and have selected the extended coverage permitted by this law.

Public employee benefit plans and health benefit plans regulated under ERISA are specifically included in this mandate.

This requirement does not apply to any policy that only covers supplemental or specialty health care services.

It provides an Ohio income tax deduction for amounts the taxpayer paid for the premiums under this law.

Additional information is available at the Ohio Department of Insurance web site:

ODI Q&A:

<http://www.insurance.ohio.gov/Consumer/Documents/ConsumerFAQs2.pdf>

HB1: http://www.legislature.state.oh.us/BillText128/128_HB_1_EN_N.pdf

Q1: What is the effective date of this new requirement?

A1: This new provision of HB1 is effective for contracts issued or renewed on or after July 1, 2010.

Q2: What are the eligibility requirements for qualifying "dependents" under this new law?

A2: Dependent children must be unmarried and can be covered until the dependent child reaches 28 years of age if all of the following are true:

- The child is the natural child, stepchild or adopted child of the insured
- The child is a resident of Ohio **or** a full-time student at an accredited higher education institution
- The child is not eligible for employer-sponsored coverage and
- The child is not eligible for coverage under Medicaid or Medicare.

Q3: Does this apply to both fully-insured and ASO? ERISA and Non-ERISA (groups like schools and local government)?

A3: This new law will apply to fully-insured and non-ERISA self-funded (ASO) group plans. ERISA self-funded (ASO) plans are not subject to this requirement.

Q4: Is continuous coverage required for these newly eligible dependents? How do these new regulations affect dependents that previously lost coverage due to age? Are they now allowed to re-enroll? For individuals currently on COBRA, will they be able to rejoin their parent's group plan?

A4: The governor vetoed a provision that would have required the unmarried child be continuously covered in order to be eligible. Therefore, the newly eligible dependent will be able to rejoin their parent's plan as long as they meet all criteria for an eligible dependent. A child on COBRA may rejoin their parent's policy as long as the child meets the eligibility criteria.

Q5: Can pre-existing condition exclusions be applied for these dependents who have had a break in coverage, or will they be eligible for coverage immediately?

A5: Yes, pre-existing exclusions can be applied for the child who has previously reached the policy's limiting age the same as for any other person covered under the policy. Limits on pre-existing condition exclusions apply to older children the same as they apply to any other insured.

Q6: How does the law apply the new dependent age – to include the age of 28 or through the age of 27? How will Anthem apply the new dependent age?

A6: The requirement of the law is to cover the dependent to age 28 or through the age of 27. Anthem is still evaluating the law and impact but at a minimum will cover these newly eligible dependents until their 28th birthday.

Q7: Does this change apply only to medical insurance, or does it impact specialty coverage (e.g., dental, vision, etc.) as well?

A7: This requirement does not apply to any policy that only covers supplemental or specialty health care services.

Q8: How does this affect pre-tax premiums when the dependent is over the Section 125 dependent eligibility age? What are the tax impacts (1099 implications, etc)?

A8: Purchasers of health benefit plans providing coverage to eligible dependents up to age 28 may have state and/or federal tax implications to either or both the employer groups and/or the employee. Because Anthem is licensed as a health plan and is not licensed to dispense tax or legal advice, groups must consult their own legal and tax advisors for more information on whether tax implications may exist in your particular situation.

The bill does provide a deduction for the Ohio personal income tax for premiums paid by the taxpayer.

Q9: What will employers be required to do under this new mandate? What notification requirements will Anthem have?

A9: Coverage for newly eligible dependents is *at the insured's request*. Policy and procedures will need to be established through the business implementation teams.

Q10: Since there are no requirements that the employer pay for any of the premiums, how will Anthem implement this?

A10: Policy and procedures will need to be established through the business implementation teams.

Q11: Will Anthem create a separate rate for these dependents or just continue to cover as normal?

A11: Policy and procedures will need to be established through the business implementation teams.

Q12: How will this impact the limiting age established in our certificates? Does this increase the limiting age to 28 for all plans/all dependents?

A12: The bill does not change the mandated “limiting age” for all dependents to age 28. It is an option that *at the request of the insured* (i.e., the parent) the insurer must offer coverage under the group plan for that dependent if the dependent meets all eligibility requirements.