



May 3, 2010

## Health Care Reform: HealthFlex Dependent Children Coverage

### Introduction

The Patient Protection and Affordable Care Act and the Health Care and Education Affordability Reconciliation Act of 2010 (the “Health Reform Acts”) require health plans that cover participants’ dependent children to offer that coverage to those children up to age 26, if the children are not eligible for employer-provided coverage. This requirement goes into effect the first plan year after September 23, 2010; for HealthFlex, this plan year begins January 1, 2011.

### New Coverage in 2011

On January 1, 2011, HealthFlex will begin offering coverage to participants’ children who are under age 26, regardless of their student or dependent status—if the children are not eligible for their own employer-provided coverage.

Participants whose children are not currently covered in HealthFlex, but who would be eligible for this coverage, may enroll the child or children during the HealthFlex Annual Election period in November 2010 for coverage beginning January 1, 2011.

Some of the details surrounding that coverage will be determined in part by forthcoming regulations and guidance from the U.S. Department of Health and Human Services (HHS).

### Bridge Coverage in 2010

This new provision of the Health Reform Acts is effective January 1, 2011 for HealthFlex. However, to prevent an unnecessary interruption in coverage for *older children currently covered under HealthFlex* (covered on or after March 23, 2010), the plan will continue coverage for certain children currently covered (who are not eligible for their own employer coverage) until the new provision takes effect on January 1, 2011.

Rather than have college (and other post-secondary) students currently covered in HealthFlex terminate coverage after their graduation earlier in 2010, only to re-enroll in November (during Annual Election) for coverage effective January 1, 2011, HealthFlex will bridge the graduating students’ coverage (keep their coverage intact) until the provision of the Health Reform Acts takes effect on January 1, 2011. Similarly, children who reach age 19, who do not enroll in college and who would otherwise “age out” of dependent eligibility in HealthFlex will also be permitted to remain covered through the remainder of 2010.

Bridging this coverage gap will alleviate an unnecessary disruption in health insurance coverage for young adults and an inconvenience for their parents. It will also save participants, their children, annual conferences, plan sponsors and the plan the administrative burden of terminating and then re-enrolling young adults.

Children who became ineligible due to age or loss of student status before March 23, 2010 may not be re-enrolled until HealthFlex Annual Election in November 2010.

### **Coverage in 2014**

On January 1, 2014, the extended dependent coverage under the Health Reform Acts will expand to participants' children under age 26, whether or not they are eligible for employer-provided coverage.

### **Tax Effects**

Due to a change in the tax code made by the Health Reform Acts effective March 30, 2010, the expanded health coverage will be considered a tax-free benefit if paid, in whole or in part, by an employer—even if the covered older child is no longer a tax dependent.

### **Questions**

If you have questions about the impact of health care reform, please send your inquiry to:

[healthcarereform@gbophb.org](mailto:healthcarereform@gbophb.org).

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