

On Tuesday, March 23, President Obama signed into law the “Patient Protection and Affordable Care Act” (“PPACA”). A reconciliation bill making changes to the Act was signed by the President on March 30. The PPACA as amended by the reconciliation bill is collectively referred to as the Act in this summary. This summary provides an overview of the dependent coverage provisions of the Act.

The Departments of Health & Human Services, Treasury and Labor issued Interim Final Regulations implementing the mandate on May 13, 2010. In addition, the Internal Revenue Service issued guidance on April 27, 2010 clarifying that premiums associated with the expanded coverage are tax exempt beginning in 2010.

Summary:	Requires group health plans and insurers providing group or individual insurance coverage that provides coverage for dependent children to continue to make coverage available for an adult child until the child turns 26 years of age. (§ 1001 of PPACA adding § 2714 to the Public Health Service Act; §§ 1004(d) and 2301 of Reconciliation Bill)
Scope:	Applicable to all group health plans (whether insured or self funded) and individual insurance coverage
Coverage Requirements:	If a plan provides coverage for children, the Act requires continued coverage of dependent children until the child’s 26 th birthday, regardless of marital or student status. The Act also amends section 105(b) of the Internal Revenue Code to allow premiums for the expanded dependent coverage to be tax deductible (e.g. these premiums are tax deductible as long as the child has not attained age 27 by the end of the tax year). Coverage is not required to be extended to children of covered children (e.g. grandchildren).
Effect on Rhode Island Law:	The dependent coverage requirements of the Act are broader than certain provisions of Rhode Island law. In particular, the provision of Rhode Island law which extends coverage to students up to age 25 is preempted. However, the provisions of Rhode Island law extending coverage to a child of any age that is unmarried and is financially dependent upon the parent and medically determined to have a physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve (12) months continues in effect. (See RI Gen. Laws 27-19-50)
BCBSRI’s Implementation Plan:	Effective immediately, BCBSRI is no longer conducting student recertification for medical or dental products. Fully Insured group and individual (all medical <u>and</u> dental products): <ul style="list-style-type: none">• To add a dependent, the subscriber must wait until the next open enrollment on or after October 1, 2010 or a special enrollment period (as described in the Subscriber Agreement) after October 1, 2010;• Currently enrolled dependents and dependents added as described above will not be disenrolled until the first day of the month following their 26th birthday or, if they turn 26 between June 1, 2010 and September 30, 2010, on October 1, 2010 (groups may not opt out);• Dependents who are disabled may apply for continued coverage after age 26 in accordance with State law and the Subscriber Agreement. Self-funded groups: <ul style="list-style-type: none">• We urge self funded groups to adopt the process described above.• Self-funded groups may elect to allow dependents to enroll outside of an open enrollment period after June 1, 2010.

Effective Date: Plan years beginning on or after September 23, 2010 (§ 1004 of the PPACA). For grandfathered plans, for plan years beginning before January 1, 2014, this mandate only applies to children who are not eligible to enroll in other employer sponsored coverage. (See BCBSRI's *Federal Healthcare Reform: Grandfathering* fact sheet for more information.)

References: PPACA: http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_bills&docid=fh3590enr.txt.pdf
Reconciliation: http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_bills&docid=fh4872pcs.txt.pdf
Regulation: <http://frwebgate4.access.gpo.gov/cgi-bin/PDFgate.cgi?WAISdocID=363480461393+0+2+0&WAIAction=retrieve>
IRS Notice: <http://www.irs.gov/pub/irs-drop/n-10-38.pdf>

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