

March, 2009

Dependent Coverage

The State of Illinois has passed legislation that will change how dependent children are covered under their parents group or individual health insurance plans. Plans which provide coverage for dependent children must now allow for coverage up to age 26 and up to age 30 for military veteran dependents regardless of student status. This change takes effect for plans that are issued or renew beginning June 1, 2009.

Are all plans affected by this new law?

No. PA 95-0958 applies to all *fully insured* individual and group health insurance policies and HMO plans in Illinois. This also includes *fully insured* dental and vision plans. Additionally, the legislation applies to *all* state, county, municipal and school district employees in the State of Illinois even if they are self-insured.

The new Illinois Dependent Coverage does *not* apply to the following plans:

- Individual or group plans and HMO plans that do not include coverage for dependents
- Self-Insured, non-public employer plans
- Self-Insured health and welfare plans (typically union plans)
- Policies or trust plans originating in other states.

Who is considered a dependent under this new law?

If the employee's plan provides coverage for dependent children, a dependent child is now defined as one who is:

- A military veteran, is a resident of Illinois, is not married, and is under the age of 30.
- Not military veteran, is a resident of Illinois, is not married, and is under the age of 26.

Student status can no longer be used to determine dependent status. Additionally, an insurer may *not* impose any additional eligibility requirements such as financial or IRS dependency rules.

How do dependents enroll?

Policies must allow a 90 day initial enrollment period for the addition of eligible dependents during the annual open enrollment period or annual renewal of group plans after June 1, 2009. During this 90 day initial enrollment period requirements for creditable coverage, continuous coverage or breaks in coverage may *not* apply, but pre-existing condition limitations can be applied if creditable coverage has not been established.

Can dependents be added after the 90 day initial enrollment period?

Yes. An annual open enrollment period must be provided and dependents must be allowed to enroll at this time. Dependents must meet the requirement of 90 days of continuous coverage without a break in coverage of more than 63 days. If they meet this requirement, pre-existing condition limitations may *not* be imposed. The HIPAA special enrollment periods still apply so a dependent may be added to a group policy within 30 days if a HIPAA special enrollment event occurs i.e. loss of coverage elsewhere.

Can eligible dependents be denied coverage due to health conditions?

No. Coverage can not be declined based on health status. Pre-existing condition limitations however, can apply if prior creditable coverage has not been established.

Other circumstances when a dependent can be denied coverage?

After the initial 90 day enrollment period (i.e. future open enrollment periods in subsequent years), dependents can be denied coverage if they do not have 90 days of continuous coverage without a break in coverage of more than 63 days. During the initial 90 day enrollment period, dependents can not be denied coverage if they do not meet this continuous coverage rule.

What action do I need to take?

If you provide fully insured medical, dental or vision plans, your carrier will amend your plans to include the new definition of dependents.

You will no longer need to inquire about or monitor student status; however you will need to confirm veteran status for some dependents. You will also want to inform employees of the changes and update any employee handbook or policy.

If you are a non-public entity and offer a self-insured benefit plan, you are not subject to this new dependent eligibility law. Your plan will continue to be administered with the same dependent eligibility. Your Euclid representative is available to discuss your options with you.

Additional information is available from the Illinois Department of Financial and Professional Regulation Division of Insurance at www.idfpr.com/doi/default2.asp

Euclid will continue to provide you with information and updates on these and other state and federal laws that may affect your benefit offerings. Contact your Euclid representative for more information.

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