

# Health Care Reform

## Simplifying Reform - General Q&A

### BCBSM continues coverage for dependent children to age 26 ahead of health care reform changes required for September 2010

**April 22, 2010**

**Background:** BCBSM and BCN reached an agreement with the Department of Health and Human Services (HHS) to continue dependent coverage up to age 26 in advance of this requirement becoming effective under the Patient Protection and Affordable Care Act. Specifically, for insured plans, BCBSM will not terminate coverage for dependents currently enrolled if they are under age 26, effective immediately. Under federal law, these requirements take effect on plan years beginning on or after Sept. 23, 2010.

Self-funded groups are not required to offer extended coverage early but have the option to do so.

Following is information that will help you answer questions you receive from members:

#### **General Q & A**

**What is happening with coverage for children who would normally roll off their parents' policies when they turn a certain age?**

It has been BCBSM's longstanding policy to allow college graduates to remain on their parents' BCBSM health insurance coverage for the remainder of the calendar year after graduating. This is also true for dependents turning 19 who are not in college.

Reform legislation requires health plans to cover dependent children until age 26, for plan years beginning on or after Sept. 23, 2010. BCBSM will begin coverage for dependent children up to age 26 immediately, instead of waiting until September.

NOTE: The Department of Health and Human Services still has to provide additional guidelines about what the criteria are for a child to qualify as a dependent. We will keep you informed as these details emerge.

**Does this apply to all people who have group coverage?**

No. There are a few groups that do not offer dependent coverage, and therefore this legislation will not apply to them. For all other groups, it does apply.

**Does this apply to all individual policies?**

Yes, this applies to all BCBSM individual policies. However, we are waiting for additional guidance from HHS as to the definition of "benefit plan year" to understand the exact date when policies must comply. Rates for individual policies will not change until renewal.

## **What about my child who previously rolled off my policy but is still under 26?**

BCBSM will allow customers to re-enroll dependents under 26 when the law becomes effective for their group. However, coverage will not be retroactive to the date coverage originally ended. BCBSM will work with customers to enroll dependents under 26 in time for policies to meet legal requirements.

## **How can I re-enroll my child who is under 26?**

BCBSM will work with customers to enroll dependents under 26 in time to meet legal requirements. .

## **When will it be effective if we choose to comply early?**

Customers will use their existing membership change process using the effective date supplied by the group.

## **What is the method for self-funded groups to notify BCBSM if they want to keep dependents up to age 26 or to opt out of doing so?**

Groups must submit membership changes, and if they do not, their agreements will be administered per the terms of their existing agreements.

## **What happens to existing certificates and riders pertaining to dependents?**

BCBSM is revising all certificates and riders to comply with the law and will update these riders before the Sept. 23 deadline. BCBSM will redefine certificates and riders to include dependents up to age 26 and will notify groups when this is done so they know when they can begin submitting changes.

## **Who pays for this?**

For insured business BCBSM will continue to bear the risk for covered claims for dependents whose coverage is extended up to age 26.

Self-funded groups will bear the risk and associated costs.

For insured groups with dependent coverage, they will be charged for additional dependents added to policies, and BCBSM will be responsible for claims payments for covered services.

Self-funded groups with dependent coverage, rates will reflect charges for each additional dependent added to policies, and groups will be responsible for all claims payments.

## **Is the requirement to cover dependents up to age 26 effective with the next plan year, at renewal or as of Sept. 23?**

The law requires that new groups starting on or after Sept. 23 start on their effective date.

For existing groups, the law goes in to effect based on their “benefit plan year,” which for most groups is Jan. 1. This is not based on their renewal date. The Department of Health and Human Services will be providing additional guidelines about the definition of “benefit plan year” for group policies.

## **What is the estimated cost impact on claims?**

