

# Young adults can now receive health benefits until age 30 through a parent's health plan.



## Who is eligible for this coverage?

Any dependant, whether by blood or otherwise by law, is eligible for coverage if he or she meets the following criteria:

- Is less than 30 years of age
- Is unmarried
- Has no dependant of his/her own
- Is a resident of this State, or is enrolled as a full-time student in college or graduate school regardless of residency
- Is not provided coverage as the named policy holder on any other health insurance contract, or is not entitled to health insurance for the aged or disabled under Title XVII Social Security benefits.

## What is "aging out"?

"Aging out" is reaching a specific age where a dependant is no longer eligible for insurance coverage under his or her parent's present health insurance policy.

## When does this law go into effect?

The law goes into effect on May 12, 2006. It only applies to insurance contracts issued, executed, or renewed on or after May 12, 2006. If an insurance contract went into effect before this date, the extended coverage is not available until the time of it's renewal.

## Which insurance carriers must comply with this new law?

This law applies to insurance carriers doing business in New Jersey as carriers for employer-purchased insurance contracts concerning employee health benefits, and the State Health Benefits Program providing State employee benefits.

## Are Any Carriers Exempted?

Yes. If an employer self-insures or self-funds its employees' health benefits, then that employer is only governed by the federal requirements of ERISA, the Employee Retirement Income Security Act of 1974.

## What should a dependant do to extend coverage before "aging out"?

A dependant covered by a contract may make a written election for further coverage under the following conditions:

- Within 30 days prior to "aging out," providing continuous coverage
- Within 30 days after meeting the criteria for qualified dependant.
- During an open enrollment period provided, or if the carrier does not offer an open enrollment, during a period once each year following the year that the dependant initially "ages out."

## What about dependants who have "aged out" prior to the effective date of this new law?

For these individuals there will be a 12 month period, May 12, 2006 to May 12, 2007, when they may seek to reinstate coverage by making a written election.

## Is there a limit on dropping and reinstating coverage?

No. Before the dependant's 30<sup>th</sup> birthday, he or she can request and received coverage, then voluntarily drop or otherwise lose this coverage, and subsequently reinstate coverage an unlimited number of times.

## Under what circumstances will coverage terminate?

- When the dependent no longer meets the requirements for dependant status
- A failure by the dependant or named insured (as appropriate) to make a timely premium payment.
- The named insured loses coverage under the contract.

## Who is responsible for paying the insurance premium?

Since the coverage is issued through the insured's health plan, it is the insured who is contractually responsible for paying the premium. The covered dependant and the insured must make their own agreement as to how this will be satisfied.

## Will the premium remain the same?

The cost of the dependent coverage will be capped at 102% if the applicable portion of the premium paid for that dependant's coverage under the contract prior to the time he or she "aged out" under its terms.

The new law sponsored by Senator Gill extends up to age 30 the coverage provided to certain dependents under health benefits plans issued by health insurers, including hospital service corporations, medical service corporations, health service corporations, commercial insurers, health maintenance organizations and health benefits plans issued pursuant to the New Jersey Individual Health Coverage Program, the New Jersey Small Employer Health Benefits Program and the New Jersey State Health Benefits Program.

For further details or questions please contact your health insurance carrier.