Children's Defense Fund
Health Reform for Young Adults
Q & A: Dependent Coverage Provision

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Despite the fact that 1 in 6 young adults (ages 19-26) has a chronic condition like cancer, diabetes, or asthma, more than 10 million of them – 1 in 3 – are uninsured, leaving them particularly susceptible to poor health outcomes and high medical bills. Nearly one-half of uninsured young adults today reports problems paying medical bills.

Earlier this year, President Barack Obama signed into law landmark health care reform legislation that will guarantee access to health coverage for 32 million people in America, including millions of young adults. With the passage of the ***The Patient Protection and Affordable Care Act (PPACA)*** *and the* ***Health Care and Education Reconciliation Act of 2010****,* Congress and the President have taken a major step towards ensuring affordable and comprehensive health coverage for all Americans. This landmark legislation makes it easier for young adults to get health coverage and keep it.

For the first time, health plans will be required to allow young adults to remain on their parents' health insurance until age 26 even if the young adult no longer lives with his or her parents, is not a dependent on a parent's tax return, is no longer a student or is married (though a spouse or a child of a young adult would not be eligible). This will help millions of students and other young people maintain health coverage during the first years of adulthood. More than 1.2 million uninsured young adults are expected to benefit from this provision almost immediately, about half of whom are now uninsured.

Q: When does the dependent coverage provision go into effect?

A: *Beginning on September 23, 2010 (or when the plan is up for renewal, which in most cases will be January 1, 2011). At that time, young adults who are on their parents' plan now but who would have lost that coverage will have the option to reenroll in their parents' policy. Insurance companies must give young adults 30 days to enroll once the new plan year starts.*

Q: Have some plans decided to enact this provision early?

A: *Yes. Many insurers and several self-insured organizations have already said they will begin to extend coverage to young adults up to age 26 before the plans are required to do so under the law. A comprehensive list is available here (http://www.hhs.gov/ociio/regulations/adult_child_faq.html), but please note that not all plans and employers have agreed to enact this provision early.*

Q: Are all plans required to extend dependent coverage to age 26?

A: *All health plans in the individual market, new employer plans, and existing employer plans are required to extend dependent coverage to age 26 by September 23, 2010 (or when the plan is up for renewal, which in many cases will be January 1, 2011). The law requires all health insurance plans that offer dependent coverage to abide by this provision; while most insurers and employer-sponsored plans offer dependent coverage, there is no requirement to do so.*

Q: If a young adult is offered health coverage through their employer, can they opt out and stay on their parents plan instead?

A: *Initially, no. If a young adult has been offered health coverage through his or her own employer, he/she is not eligible for dependent coverage. However, beginning in 2014, children up to age 26 can stay on their parent's plan even if they have been offered their own health coverage through an employer.*

Q: Will it cost more for a parent to insure a young adult child under their policy?

A: *A parent can only be charged the plan's regular rate for the addition of another dependent to the health insurance plan; the young adult cannot be subject to a higher premium than a child of any other age.*

Q: Will young adults be offered different benefits than other dependents?

A: *No. Young adults are entitled to the same benefit packages available to any other similar dependent who would not have lost coverage due to his/her age or graduation status.*

Q: Are there tax benefits associated with this provision?

A: *Yes. The value of any employer-provided health coverage for an employee's children will be excluded from their taxable income through the year of the child's 26th birthday. This tax benefit was effective as of March 30, 2010.*

For more information on the other provisions benefiting young adults, visit:
http://www.childrensdefense.org/yahealth