

Dependent Care Provision of Health Care Reform Frequently Asked Questions

Overview

With the recent passage of Health Reform, the dependent limiting age was increased to age 26. Health reform was signed into law March 23, 2010; however, the dependent limiting age provision was not effective until September 23, 2010.

A possible coverage gap existed for young adults who exhausted their full time student status or met the prior dependent limiting age. In order to address this issue, on April 19, Humana announced that it would honor the new dependent limiting age requirements for all fully insured business as set forth in Health Reform legislation.

Here are some questions that your clients may ask:

Q. What are the impacts of Humana's decision?

Young adult dependents currently covered by their parents' plan, who faced a possible gap in coverage this year, will now be covered through that gap, until the dependent-care provision of the health reform law takes effect on September 23, 2010.

Q. Will Humana's decision affect current dependents that are covered as well as dependents not currently covered, but under age 26?

Humana's announcement only covers currently covered dependents as of March 23, 2010, that are under the age of 26.

Q. Does the announcement apply to both new and existing employer groups?

It applies to existing employer groups that were effective with Humana on

March 23, 2010.

Q. What if the employer is an Administrative Services Only (ASO) client of Humana?

Humana's decision only impacted fully insured business; thus, ASO clients would determine if they will offer the gap coverage for any young adults affected under their policy. Humana encourages them to do so.

Q. Does Humana's decision apply to all product lines, such as Humana's Specialty Benefits products?

Humana's decision impacted all fully insured medical employer groups only. Dental and vision products are included only if they are sold with a Humana medical product.

Q. Does the Health Reform legislation limit coverage to dependents for tax purposes?

No, the new federal law does not limit the dependent coverage age increase that are dependent for tax purposes. Additionally, the IRS code has been modified to provide that any employer contribution towards premium for a young adult is a tax deductible business expense. This applies to both fully insured employer groups and ASO clients.