

Frequently Asked Questions (FAQs)

Age 26 Dependent Young Adults and the Affordable Care Act

1. Q: How does the Affordable Care Act help young adults?

A: Before the President signed the Affordable Care Act into law, many health plans and issuers could remove adult children from their parents' policies because of their age, whether or not they were a student or where they lived. The Affordable Care Act requires plans and issuers that offer dependent coverage to make the coverage available until the adult child reaches the age of 26.

2. Q: What plans are required to extend dependent coverage up to age 26?

A: The Affordable Care Act requires plans and issuers that offer dependent coverage to make the coverage available until a child reaches the age of 26. Both married and unmarried children qualify for this coverage. This rule applies to all plans in the individual insurance coverage market and to new employer plans. It also applies to existing employer plans unless the adult child has another offer of employer-based coverage (i.e., through his or her job). Subsequently, coordination of benefits rules would apply regarding the dependent's coverage. Beginning in 2014, children up to age 26 can stay on their parent's employer plan even if they have another offer of coverage through an employer.

3. Q: Now that the regulation is published, are plans required to immediately enroll eligible young adults in their parents' plan?

A: No. The law says that the extension of dependent coverage for children is effective for plan years beginning on or after 6 months after the enactment of the law – that means plan years beginning on or after September 23, 2010.

4. Q: Will young adults be given a special chance to enroll after September 23, 2010?

A: Yes. For plan or policy years beginning on or after September 23, 2010, plans and issuers must give children who qualify an opportunity to enroll that continues for at least 30 days regardless of whether the plan or coverage offers an open enrollment period. This enrollment opportunity and a written notice must be provided not later than the first day of the first plan or policy year beginning on or after September 23, 2010.

5. Q: Will young adults have to pay more for coverage or accept a different benefit package?

A: Any qualified individual must be offered all of the benefit packages available to children who did not lose coverage because of loss of dependent status. The qualified young adult cannot be required to pay more for coverage than similarly situated individuals who did not lose coverage due to the loss of dependent status.

6. Q: Can plans or issuers who offer dependent coverage continue to impose limits on who qualifies based upon financial dependency, marital status, enrollment in school, residency or other factors?

A: No. Plans and issuers that offer dependent coverage must provide coverage until a child reaches the age of 26. There is one exception for group plans in existence on March 23, 2010. Those group plans may exclude adult children who are eligible to enroll in an employer-sponsored health plan, unless it is the group health plan of their parent. This exception is no longer applicable for plan years beginning on or after January 1, 2014.

7. Q: Does the adult child have to purchase an individual policy?

A: No. Eligible adult children wishing to take advantage of the new coverage will be included in the parents' family policy.

8. Q: Will Medicare cover adult children in the same way that private health insurance will?

A: No. The provision does not apply to Medicare.

9. Q: Are both married and unmarried young adults covered?

A: Yes

10. Q: Are plans or issuers required to provide coverage for children of children receiving the extended coverage?

A: No

11. Q: Why is there a special exception for group plans in existence on March 23, 2010?

A: The goal is to cover as many young adults under the age of 26 as possible with the least amount of burden. If a young adult is eligible to purchase other employer-based health insurance such as through his job, the law does not require the parent or parents' plan to enroll that child if the parents' plan is a grandfathered health plan (i.e., in existence on March 23, 2010). In 2014, this exception will no longer apply.

12. Q: What happens if a young adult under the age of 26 is not eligible for employer-sponsored insurance and both parents have separate plans that offer dependent coverage?

A: Neither parent's plan can deny coverage.

13. Q: Does the law apply to plans or issuers that do not provide dependent coverage?

A: No. There is no federal requirement compelling a plan or issuer to offer dependent coverage at this time. However, the vast majority of group health plans offer dependent coverage and many family policies exist in the individual insurance coverage market.