

Is Putting Older Kids On Your Health Plan The Best Option For You?

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HEADLINE: Is putting older kids on your health plan the best option for you?

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Your son has a bushy beard and is old enough to buy beer, but in your eyes, he's still your baby boy. Likewise, your daughter, who sports an eyebrow ring and has a bachelor's degree, is still your little girl. And so you worry that they'll have a hard time finding a job, move in with someone who has a criminal record, or go without health insurance.

Unless you own your own business, you can't do much about the job situation, and most parents know better than to interfere with their children's love lives. But if your child is younger than 26, you may be able to help out with health insurance.

The health care bill signed into law in March allows adult children to remain on their parents' group insurance policies until age 26.

Some states already allow adult children to remain on their parents' plan, but the maximum age varies, and some states limit the coverage to full-time students. In addition, the state requirements don't apply to companies with self-funded insurance plans.

Under the federal health care law, any child younger than 26 can remain on a parent's plan, as long as the child doesn't have access to an employer-provided plan. The requirement will include self-funded plans.

This change could provide a huge benefit for young adults who graduate this spring and don't have a job, or end up working for an employer that doesn't provide health insurance. But some graduates may not be able to jump on their parents' plan right away.

The provision takes effect Sept. 23 -- six months after enactment of the health care bill -- but insurers aren't required to extend coverage until they start a new plan year, says Joanne Hustead, senior health compliance specialist with Segal Co.

For insurance plans that operate on a calendar year basis -- the case for most plans -- that means they can wait until Jan. 1.

Last week, however, WellPoint, UnitedHealthcare, Humana and Kaiser Permanente announced that they will extend coverage ahead of schedule. UnitedHealthcare and Humana will immediately allow young adults younger than 26 to remain on their parents' plans.

WellPoint, which operates 14 BlueCross and BlueShield plans nationally, will allow extended coverage starting June 1; Kaiser plans to extend it in September.

If you're a parent of a young adult who doesn't have insurance, here's what you need to do:

*Make sure there aren't any gaps in your child's coverage. Ask your plan administrator when extended coverage will be available. If it won't be added until next year, and your child is graduating from college this spring, you'll need to consider other alternatives, says Tracy Watts, a partner in Mercer's health and benefits business practice. Your child may be able to get a short-term health insurance plan that will cover her until your insurance is available.

College graduates can also take advantage of the federal law known as COBRA, which requires companies to allow employees to maintain insurance coverage for up to 36 months if they or a dependent on their policy becomes ineligible for the group plan. However, COBRA is expensive: You'll pay 100% of the child's premium, plus administrative costs.

*Find out how much it will cost to cover your child. Some employer-provided plans charge a flat family premium, while others base premiums on the number of dependents covered, says Helen Darling, president of the National Business Group on Health, which represents large employers. If your plan uses the latter approach, adding an adult child could increase your cost. In addition, there's nothing in the law that prevents employers from charging a higher premium to cover an adult child, says Randy Abbott, health care consultant for Towers Watson.

*Compare the cost of extending your own coverage to the cost of a high-deductible individual insurance policy for your child. A young, healthy person can buy an individual insurance policy with a \$5,000 deductible for less than \$100 a month, according to the eHealthInsurance website.

For a young adult, "It's not that difficult to find an individual policy," Watts says. "Depending on the price that the employer charges for adding back in this dependent, they (parents) might be well-served to shop around."

In general, though, group insurance costs less than an individual plan and provides more coverage, Darling says. And if your child has medical problems, he may not be able to get an individual plan. Group plans are prohibited from denying coverage to eligible members who have pre-existing medical conditions.

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