

Some Health Insurers Extend Coverage to Young Adults Ahead of Reform Law
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Fran Lysiak

MINNEAPOLIS

Some of the biggest U.S. health insurers, along with the 39 member companies of the Blue Cross and Blue Shield Association, are extending coverage for graduating college students ahead of the effective date of the dependent-care provision contained in the new U.S. health care reform law.

As part of the Patient Protection and Affordable Care Act signed last month by President Barack Obama, plans must raise age cut-offs for child coverage to at least 26, for plan years beginning Sept. 23.

Every Blues company has agreed to allow covered individuals younger than age 26 to remain on their parents' individual health policies starting June 1, the national Blue Cross and Blue Shield Association said.

Brett Lieberman, a spokesman for the association, said the Blues companies recognize the timetable of this provision could result in many young people losing their coverage before the effective date.

This is an example of how the Blues "are committed to implementing both the letter and intent of the new law," he said. All but two of the 39 Blue companies are nonprofit, according to Lieberman.

UnitedHealthcare, a unit of UnitedHealth Group (NYSE: UNH), has said it would extend the coverage that graduating college students have under their parents' plans until the provision requiring dependent coverage up to age 26 is fully implemented. It was the first company to offer the extension before Sept. 23.

"It is a straightforward approach to implement the spirit of health care reform," said Tyler Mason, a spokesman for UnitedHealth. As for the financial impact to the U.S. health insurance industry overall, "administratively, easy to implement, with minimal financial impact," he said.

However, "this is the first time we have a federal guideline on this," Mason said.

Lieberman wasn't able to comment on the financial impact of this provision to the industry. However, about 160 million Americans receive their benefits coverage through their employers, he said.

Many employers, especially large ones, self-fund their employee health benefits, with health insurers often acting as claims administrators.

The for-profit WellPoint Inc. (NYSE: WLP), which also is the Blue Cross or Blue Cross and Blue Shield licensee in 14 states, said its affiliated health plans, will allow young people to remain on their parents' policies before the provision takes effect as well.

Clients who self insure may choose not to offer the extended coverage, the company said.

Humana Inc. (NYSE: HUM), too, said it will extend coverage for young adults.

Aetna (NYSE: AET) said it will work with customers to extend dependent coverage to young adults.

Shares of WellPoint in the afternoon of April 21 were trading at \$58.50, down 2.24%

from the previous close. Shares of Humana were trading at \$44.30, down 1.93% from the previous close. Shares of UnitedHealth were trading at \$30.12, down 2.78% from the previous close. Aetna was trading at \$31.07, down 2.82%.

(By Fran Matso Lysiak, senior associate editor, BestWeek: fran.lysiak@ambest.com)

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