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Phone: 248.355.9600

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**FAMILY CONTINUATION PREMIUM SURCHARGE
ELIMINATED UNDER HEALTH CARE REFORM**

In the State of Michigan, it is common practice for insurance carriers to charge a nominal additional premium for dependents age 19 to 25. This is commonly referred to as "Family Continuation." On May 10th, the Department of Labor (DOL) confirmed that charging additional premium for dependents is no longer allowed. Under the Affordable Care Act (ACA), the DOL clarifies in its release ([26 CFR Part 54 & 602](#)) the interim final rules for group health plans concerning dependent coverage of children up to age 26.

THE DEPARTMENT OF LABOR SAYS:

Same Benefits/Same Price. Any qualified young adult must be offered all of the benefit packages available to similarly situated individuals who did not lose coverage because of cessation of dependent status. The qualified individual cannot be required to pay more for coverage than those similarly situated individuals. The new policy applies only to health insurance plans that offer dependent coverage in the first place: while most insurers and employer-sponsored plans offer dependent coverage, there is no requirement to do so.



Plans must comply with this change the first renewal following 9/23/10.

TWO PRACTICAL EXAMPLES

ABC's group health plan offers a choice of self-only or family health coverage. As part of the family coverage, ABC offers coverage to dependents of participants who have not attained age 26. However the group's plan imposes an additional premium surcharge (family continuation) for children who are 19 and older.

In this example, the plan violates the "Same Benefits/Same Price" requirements of the Employee Benefits Security Administration (EBSA). The group plan varies the premium, and possibly the contribution requirements, for dependent coverage based on age. This plan will require an amendment.

XYZ's group health plan offers a choice of self-only or family health coverage. As part of the family coverage, XYZ offers coverage to dependents who have not attained age 26. If they are a full-time student, XYZ provides the coverage at no additional cost to the employee. If they are not a full-time student, XYZ requires the employee to pay the full cost of premium.

The law states that a dependent cannot be required to pay more for coverage than similarly situated individuals who did not lose coverage by reason of cessation of dependent status. Variance in premium and/or contribution can no longer be based on student status, marital status, nor physical address. This plan will require an amendment.

HELPFUL LINKS

Regulation: <http://www.dol.gov/ebsa/pdf/dependentcoverage.pdf>

Fact Sheet: <http://www.dol.gov/ebsa/newsroom/fsdependentcoverage.html>

FAQs: <http://www.dol.gov/ebsa/faqs/faq-dependentcoverage.html>

QUESTIONS

If you have any questions regarding this release, please contact Russ Kotila at 248.996.1845 or email russ@jsclarkagency.com.