



Illinois Insurance Facts

Illinois Department of Insurance

Young Adult Dependent Coverage

Revised
May 29, 2009

Parents often want or need to elect dependent coverage for their young adult dependent children.

Effective beginning June 1, 2009, all individual and group health insurance and HMO contracts must abide by the provisions of Public Act 95-0958, a new Illinois law (215 ILCS 356z.12) that gives parents with insurance policies that cover dependents the right to elect coverage for qualifying dependents up to age 26 and up to age 30 for military veteran dependents. Here are the basic facts about the new law.

What is the Effective Date of the Law?

The law will be effective as early as June 1, 2009. New policies issued after June 1, 2009, must include coverage required by the new law. For existing policies, the law's effective date will vary depending on when the policy is amended or renewed after June 1, 2009. For example, if your policy renews every year on January 1st, your policy must include the required coverage by January 1, 2010. Check with your insurance agent, employer or insurance company for the date the law will become effective for your policy.

Which Health Insurance Policies Must Offer Dependent Coverage for Young Adults?

All individual and group health insurance policies and HMO contracts (including dental and vision) that offer dependent coverage must abide by the new law. Health coverage provided to state (5 ILCS 375/6.11), county (55 ILCS 5/5-1069.3), and municipal (65 ILCS 5/10-4-2.3) employees (and employees subject to the Schools Code (105 ILCS 5/1-1 *et seq.*)) must also meet the new young adult dependent coverage requirements.

NOTE: This law does not require employers to offer health insurance benefits or to offer dependent coverage benefits to employees. The law does not require individual policies to include dependent coverage.

The Young Adult Dependent Coverage Law Does Not Apply to:

- Individual or group health insurance policies or HMO contracts that do not include dependent coverage.
- Self-insured, non-public employers.
- Self-insured health and welfare plans, such as union plans.
- Insurance policies or trusts issued in other states.

NOTE: For HMOs, the law does apply to contracts written outside of Illinois if the HMO member is a resident of Illinois and the HMO has established a provider network in Illinois. To determine if your HMO coverage provides Illinois dependent coverage rights, contact the HMO or check your certificate of coverage.

Who is Eligible for Coverage Under the Young Adult Dependent Coverage Law?

Non-Military Dependents who are not married, under the age of 26, and whose parent's policy provides for dependent coverage.

Military Veteran Dependents who are Illinois residents, not married, under the age of 30, and whose parent's policy provides for dependent coverage.

- . To be eligible, veterans must have:
 - o Served in the active or reserve components of the U.S. Armed Forces, including the National Guard;
 - o Received a release or discharge other than a dishonorable discharge; and
 - o Submitted proof of service using a DD2-14 (Member 4 or 6) form, otherwise known as a "Certificate of Release or Discharge from Active Duty." This form is issued by the federal government to all veterans. For more information on how to obtain a copy of a DD2-14, the veteran can call the Illinois Department of Veterans' Affairs at 1-800-437-9824 or the U.S. Department of Veterans' Affairs at 1-800-827-1000.

Is My Child Eligible for Young Adult Dependent Coverage If I Can No Longer Claim Her as a Dependent for Tax Purposes?

Health insurance policies and HMO contracts subject to the new law must provide coverage for unmarried dependents regardless of age (up to age 26, or age 30 for military veterans) or enrollment in an educational institution. The IRS definition of dependent excludes children over the age of 18, or over the age of 23 for full-time students. Therefore, a child can be eligible for dependent coverage under the new law even if she cannot be claimed as a dependent on a parent's income tax return.

Insurers may apply other eligibility conditions provided that those conditions do not act as a substitute for age or student status. Check with your insurance agent, employer or insurance company to see if your child qualifies as a dependent under your policy.

When Can I Enroll My Dependents?

Initial 90-Day Enrollment Period

All policies must offer an initial 90-day enrollment period to eligible dependents. New policies issued after June 1, 2009, must provide the initial 90-day enrollment period immediately upon issuance or delivery. For existing policies, the initial enrollment period will vary depending on the date your policy is issued, amended or renewed. For example, if your policy renews every year on January 1st, the initial enrollment period for your policy will begin on January 1, 2010. Check with your employer group or your insurer for the date on which your initial 90-day enrollment period begins. During the initial 90-day enrollment period, requirements for creditable coverage, continuous coverage or breaks in coverage may not be applied.

Adding Coverage after the Initial 90-Day Enrollment Period

Annual Enrollment Period: Group and individual policies must provide enrollment for eligible dependents during the annual open enrollment period or at the policy's renewal or anniversary date.

Check with your employer group or your insurer for the date on which the annual enrollment period will begin. To be added during this time, eligible dependents may be required to have been previously insured for a period of 90 continuous days and not have been uninsured for more than 63 days prior to the date of enrollment.

Adding Coverage at Other Times During the Year:

For **group policies**, eligible dependents may be added if a “special enrollment” event occurs, such as loss of other coverage. Please see Facts about HIPAA – Preexisting Conditions for more information regarding special enrollment. The dependent must be enrolled within 30 days of the event that qualified him or her for special enrollment.

For **individual policies**, a dependent may be added outside of the annual enrollment period but can be declined coverage due to his or her health status.

Can the Insurer Decline Coverage for Eligible Dependents Due to Health Conditions?

Group policies: Dependents added during the initial 90-day enrollment, annual enrollment, or special enrollment periods may not be declined coverage due to health status.

Individual policies: For parents seeking to purchase an individual policy, the parent must first meet the company’s underwriting guidelines in order to receive an offer of coverage. If the individual policy provides dependent coverage, eligible dependents (up to age 26, or age 30 for military veteran dependents) must be offered coverage regardless of health status.

For parents already covered by an individual policy, the insurer may not decline coverage to an eligible dependent due to health status during the **initial 90-day enrollment** period or subsequent **annual enrollment** periods. If a parent seeks to add a dependent at a time other than the initial 90-day enrollment or annual enrollment periods, the dependent may be denied coverage if he or she does not meet the company’s underwriting guidelines.

Can Insurers Deny Claims for Preexisting Conditions?

Group policies: Dependents may be subject to preexisting condition limitations contained in the policy. Group policies must apply “creditable coverage” as defined under HIPAA to any preexisting condition waiting period. For an explanation of these terms, please see the Department’s fact sheet entitled “Facts about HIPAA – Preexisting Conditions.”

Individual policies: Dependents added to an individual policy during the **initial 90-day enrollment** period may be subject to preexisting condition limitations contained in the policy. Individual policy preexisting condition waiting periods can last up to two years and need not be reduced based on a dependent’s history of continuous creditable coverage.

Dependents added to an individual policy during an **annual enrollment period** may be subject to preexisting condition limitations. However, preexisting condition waiting periods must be reduced by the amount of a dependent’s prior creditable coverage as defined under HIPAA. For example, if a dependent has 14 months of continuous creditable coverage, and was not uninsured for more than

63 days prior to the date of enrollment, the maximum preexisting condition waiting period that can be applied is 10 months.

Dependents added to an individual policy at a time other than the initial 90-day enrollment or annual enrollment periods may be subject to preexisting condition limitations contained in the policy. For these dependents, insurers must apply creditable coverage at the time of the next annual enrollment period provided under the policy.

How Much Will Coverage Cost?

For employer group plans, the Young Adult Dependent Coverage Law states that employers are not required to pay the cost of dependent coverage for young adults. You may be responsible for the full cost of the coverage.

For other group plans and individual plans – Illinois law does not restrict the rates insurance companies charge for these plans. Parents who seek to add dependents to these policies may find that the insurance company offer is unaffordable.

How Can I Cover My Young Adult Dependents Until My Initial 90 Day Enrollment Period?

If you have employer based group coverage and your dependent is terminated due to attainment of the maximum age, the policy should offer federal or state continuation coverage. Ask your employer about your dependent's continuation rights, or see the Department's fact sheet, "Continuation Rights – Dependent Children" for more information.

If you have an individual policy and your dependent is terminated due to attainment of the maximum age, you should seek coverage on the open market. If your dependent has a health condition that precludes coverage on the open market, please contact the Comprehensive Health Insurance Plan at www.chip.state.il.us or 866-851-2751.

For More Information

Call the Department of Insurance Consumer Services Section at (312) 814-2427 or our Office of Consumer Health Insurance toll free at (877) 527-9431 or visit us on our website at insurance.illinois.gov

Related Information

[HIPAA – Preexisting Conditions](#)

[Continuation Rights – Dependent Children](#)