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## Important Mandate Going into Effect January 1, 2009

Effective January 1, 2009, employees will be able to enroll newly eligible dependent children in their family plan.<sup>1</sup> Dependent children will need to meet new, state requirements. The definitions for dependent children, as outlined in your clients' Certificates of Coverage, have been extended to include those who:

- **are 30 years of age or younger;**
- are not married;
- have no dependents of their own;
- are either a resident of New Jersey or enrolled as a full-time student at an accredited public or private institution of higher education (a full-time student attending an out of state school **may** need to furnish evidence upon our request, satisfactory to us, that the child is a full-time student); and,
- are not provided coverage as a named subscriber, insured, dependent or covered person under any other group or individual health benefits plan, or entitled to benefits under the Social Security Act.

If the above criteria are met by the dependent child, your client's employee may be able to add the dependent child to their family plan benefit. Coverage for newly eligible dependent children who enroll will be effective on the date all eligibility criteria are met. Coverage for dependents who qualify under the new definitions will extend until the dependent reaches their 31<sup>st</sup> birthday or fails to meet the eligibility criteria. Furthermore, upon termination of coverage, the dependent will not be eligible for COBRA.

## **Exhibit D**

### **OVER-AGE DEPENDENT COVERAGE RIDER**

**[Policy]holder:**

**Group Policy No:**

**Effective Date:**

This Rider amends the Group [Policy] and the [Certificates] issued to over-age dependents who elected coverage under the **NEW JERSEY CONTINUATION RIGHTS FOR OVER-AGE DEPENDENTS** provision.

**I.** The **DEPENDENT COVERAGE** section is deleted in its entirety and replaced with the following section entitled **OVER-AGE DEPENDENT COVERAGE**.

### **OVER-AGE DEPENDENT COVERAGE**

#### **Eligible Dependents**

An Employee's child by blood or law who:

- a) has reached the limiting age of 19 or 23, as applicable, but is less than 30 years of age;
- b) is not married;
- c) has no Dependents of his or her own;
- d) is either a resident of New Jersey or is enrolled as a full-time student at an Accredited School; and
- e) is not covered under any other group or individual health benefits plan, group health plan, church plan or health benefits plan, and is not entitled to Medicare.

#### **Enrollment Requirement**

To continue group health benefits, the Over-Age Dependent must make written election to [the Carrier].

For a Dependent whose coverage has not yet terminated due to the attainment of age 19 or 23, as applicable, the written election must be made within 30 days prior to termination of coverage due to the attainment of age 19 or 23.

For a person who did not qualify as an Over-Age Dependent because he or she failed to meet all the requirements of an Over-Age Dependent, but who subsequently meets all of the requirements for an Over-Age Dependent, written election must be made within 30 days after the person first subsequently meets all of the requirements for an Over-Age Dependent.

This election opportunity is explained in greater detail as follows:

- a) If a person did not qualify because he or she was married, the notice must be given within 30 days of the date he or she is no longer married.
- b) If a person did not qualify because he or she had a Dependent of his or her own, the election must be made within 30 days of the date he or she no longer has a Dependent.
- c) If a person did not qualify because he or she either was not a resident of New Jersey or was not a full-time student at an Accredited school, the election must be made within 30 days of the date he or she becomes a resident of New Jersey, or becomes a full-time student at an accredited school.
- d) If a person did not qualify because he or she was covered under any other group or individual health benefits plan, group health plan, church plan or health benefits plan, or was entitled to Medicare, the election must be made within 30 days of the date he or she is no longer covered under any other group or individual health benefits plan, group health plan, church plan or health benefits plan, or is no longer entitled to Medicare.

An Over-Age Dependent may make written election to continue coverage during a 30 day period beginning on each anniversary date of the date the dependent lost coverage due to attaining the limiting age, provided he or she meets the definition of an "Over-Age Dependent" during that 30-day period.

[A person who qualifies as an Over-Age Dependent as of May 12, 2006, having reached the limiting age under a group plan and lost coverage under such group plan prior to May 12, 2006, may give written notice of an election for continued coverage at any time beginning May 12, 2006 and continuing until May 11, 2007.]

*Note to carriers: This paragraph may be deleted for riders issued after May 11, 2007.*

#### **When Over-Age Dependent Coverage Starts**

The effective date of the continued coverage will be the later of:

- a) the date the Over-Age Dependent gives written notice to [the Carrier]; or
- b) the date the Over-Age Dependent pays the first premium; or
- c) the date the Dependent would otherwise lose coverage due to attainment of the limiting age.

#### **When Over-Age Dependent Coverage Ends**

An Over-Age Dependent's continued group health benefits end on the first of the following:

- a) the date the Over-Age Dependent:
  - 1. attains age 30;
  - 2. marries;
  - 3. acquires a Dependent;
  - 4. is no longer either a resident of New Jersey or enrolled as a full-time student at an Accredited School; or
  - 5. becomes covered under any other group or individual health benefits plan, group health plan, church plan or health benefits plan, or becomes entitled to Medicare

- b) the end of the period for which premium has been paid for the Over-Age Dependent, subject to the Grace Period for such payment;
- c) the date the Policy ceases to provide coverage to the Over-Age Dependent's parent who is the Employee under the Policy.
- d) The date the Policy under which the Over-Age Dependent elected to continue coverage is amended to delete coverage for Dependents.
- e) The date the Over-Age Dependent's parent who is covered as an Employee under the Policy waives Dependent coverage. Except, if the Employee has no other Dependents, the Over-Age Dependent's coverage will not end as a result of the Employee waiving Dependent coverage.

**II.** Coverage for an Over-Age Dependent is single coverage. Any Deductible, Coinsurance and/or Copayments paid by an Over-Age Dependent is independent of any Deductible, Coinsurance and/or Copayments paid by the Over-Age Dependents parents, or siblings. Any provision in the Group [Policy] [and] [,] [Certificate] [and optional benefit rider] allowing for a family deductible or a family Maximum Out of Pocket does not apply to the coverage for the Over-Age Dependent.

**III.** The following provisions are deleted in their entirety:

- a) **COBRA CONTINUATION RIGHTS,**
- b) **NEW JERSEY GROUP CONTINUATION RIGHTS,**
- c) **A TOTALLY DISABLED EMPLOYEE'S RIGHT TO CONTINUE GROUP HEALTH BENEFITS,**
- d) **AN EMPLOYEE'S RIGHT TO CONTINUE GROUP HEALTH BENEFITS DURING A FAMILY LEAVE OF ABSENCE,**
- e) **A DEPENDENT'S RIGHT TO CONTINUE GROUP HEALTH BENEFITS**
- f) **CONVERSION RIGHTS FOR DIVORCED SPOUSES**
- g) **COORDINATION OF BENEFITS AND SERVICES**

This rider is part of the [Policy]. Except as stated above, nothing in this rider changes or affects any other terms of the [Policy].



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*Commissioner*

**BULLETIN NO. 06-13**

**TO: ALL INSURANCE COMPANIES, HEALTH SERVICE CORPORATIONS,  
HOSPITAL SERVICE CORPORATIONS, MEDICAL SERVICE  
CORPORATIONS, AND HEALTH MAINTENANCE ORGANIZATIONS**

**FROM: STEVEN M. GOLDMAN, COMMISSIONER**

**RE: P.L. 2005, C. 375 CONTINUATION COVERAGE FOR ELIGIBLE  
DEPENDENTS UNTIL 30 YEARS OF AGE  
ADMINISTRATION – CLAIMS AND BILLING**

P.L. 2005, c. 375<sup>1</sup> (Chapter 375), enacted on January 12, 2006 and effective on May 12, 2006, permits certain children of persons covered under group health plans the opportunity to maintain dependent coverage after reaching the limiting age specified in the health plan ("Chapter 375 dependents"). Chapter 375 applies to a covered employee's dependents who have lost coverage due to age and who: are under 30 years old, are not married, have no children, are either residents of New Jersey or are full-time students, and are not actually provided coverage under any other health benefit plan (eligible dependents). Chapter 375 allows the group contract holder to require an eligible dependent or covered employee to pay up to 102% of the cost of this coverage, as derived from the applicable portion of the charge for dependent coverage. Although the Department of Banking and Insurance (Department) is developing rules implementing Chapter 375, the rules will not be adopted prior to the effective date of the new law. However, carriers<sup>2</sup> need to take action in advance of the law's effective date in order to assure compliance. Consequently, and as a result of questions the Department has received on how to implement the law, the Department is issuing this bulletin to provide guidance to carriers on certain administrative issues. Separate bulletins have been issued to address questions about rating methodology (Bulletin 06-06), general eligibility issues (Bulletin 06-11), and to provide a temporary supplemental enrollment/change form for purposes of compliance with the Health Information Interchange Technology Law (HINT), P.L. 1999, c. 154 (Bulletin 06-12). *Please note: this bulletin revises guidance previously put forth in Bulletin 06-11.*

<sup>1</sup> Assembly Bill 3759 (Fourth Reprint), in the 2004-2005 Legislative Session. The codified law appears at N.J.S.A. 17:48-6.19, 17:48A-7.13, 17:48E-30.1, 17B:27-30.5, 17B:27A-19.16, and 26:2J-10.3.

<sup>2</sup> The term carrier includes a health service corporation, hospital service corporation, medical service corporation, health maintenance organization and an insurer authorized to offer group health insurance.

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Carriers have asked questions about the implementation of Chapter 375 for their claims and billing systems. To simplify the administrative issues, the Department will consider a carrier to be compliant with the statute when the carrier implements the Chapter 375 continuation requirement consistent with either Option 1 or Option 2 as set forth below.

**Option 1: Integrated**

In the Integrated Option, charges incurred by the Chapter 375 dependent are combined with the charges incurred by other family members covered under the policy for purposes of meeting the family deductible, maximum out-of-pocket expenses (MOOP) and other cost-sharing requirements or limitations. In addition:

- The premium of the Chapter 375 dependent is included in the group premium billed to the employer by the carrier;
- The employer collects the premium for the Chapter 375 dependent coverage with the group premium for employees and dependents and remits the premium to the carrier; and
- The employer retains, or the carrier provides the employer credit for, the 2% administrative component of the Chapter 375 dependent premium.

Note that the Department's response to Question #31 of Bulletin 06-11 indicated that the carrier is entitled to keep the 2% administrative fee calculated in the Chapter 375 dependent rate. The Department acknowledges that the previously-issued response is not consistent with the Integrated Option, because the prior response did not presume the employer would collect and remit the additional charge for Chapter 375 dependents. Carriers electing the Integrated Option should disregard the response to Question #31 in Bulletin 06-11. The Department also acknowledges that some readers may consider the Integrated Option to be inconsistent with the Department's response to Question #30 of Bulletin 06-11 regarding billing and collection of the premium. However, the Department is attempting to be flexible in order to resolve operational problems as they arise during actual efforts to implement Chapter 375. The Department acknowledges that in some instances, collection of the premium may be best accomplished through the employer. All other aspects of Bulletin 06-11 continue to apply for the Integrated Option.

**Option 2: Stand Alone**

In the Stand Alone Option, charges incurred by the Chapter 375 dependent are separated from those charges incurred by other members of the family covered on the policy. The Chapter 375 dependent's covered charges do not apply toward meeting the family deductible, MOOP or other cost-sharing requirements or limitations applicable to the other family members as a unit. Instead, the Chapter 375 dependent's covered charges are applied towards meeting a deductible, MOOP or other cost-sharing requirements and limitations as if the dependent had single coverage under the group contract. In addition:

- The carrier bills the Chapter 375 dependent premium directly to the Chapter 375 dependent;
- The carrier retains the 2% administrative component of the Chapter 375 dependent premium;

- The carrier may charge a reduced Chapter 375 dependent premium to reflect any higher cost-sharing resulting from application of the separate cost-sharing requirements;
- Prior to application, the carrier notifies the Chapter 375 dependent in writing, either through an attachment to the supplemental enrollment/change form or otherwise, of the separate application of the deductible, MOOP and other cost-sharing requirements and/or limitations and, upon conferring the coverage as described under Option 2, issues to the Chapter 375 dependent an ID card with a unique identification number.

It should be noted that the Department's response to Question #21 in Bulletin 06-11 indicated that the covered charges incurred by a Chapter 375 dependent must contribute to satisfaction of the family deductible and MOOP. The Department acknowledges that the previously-issued response is not consistent with the Stand Alone Option. Carriers electing the Stand Alone Option should disregard the response to Question #21. However, all other aspects of Bulletin 06-11 continue to be appropriate in relation to the Stand Alone Option.

Questions regarding this bulletin may be directed to the Office of Life and Health by phone at (609) 292-5427 x 50340, or by fax at (609) 633-0527. Please specify that the question concerns the Chapter 375 Administration Bulletin 06-13.

The Department intends to propose rules in the near future to implement the provisions of Chapter 375. Notice of the proposed rulemaking will appear on the Department's website at [www.state.nj.us/dobi/legsregs.htm](http://www.state.nj.us/dobi/legsregs.htm). A copy of this bulletin will also be posted to the website.

5/1/06  
Date

/s/ Steven M. Goldman  
Steven M. Goldman  
Commissioner

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