

**Horizon Blue Cross Blue Shield of New Jersey  
Amendments to Chapter Law 375  
Revisions to the Dependent to Age 30 Continuation Benefit**

**Questions and Answers**

***General***

**Q1. What does the amendment to Chapter 375 state?**

A1. The amendment to Chapter 375 allows an eligible dependent child of an employee covered under a group health benefits plan the option to maintain dependent coverage, after reaching the limiting age specified in the health plan, to the age of 31. The amended mandate is also known as DU31.

**Q2. When does amendment to Chapter 375 take effect?**

A2. P.L. 2008, Chapter 38, became effective on January 4, 2009; however, Horizon Blue Cross Blue Shield of New Jersey began to administer the extension of benefits to age 31 as of January 1, 2009.

**Q3. Does the amendment to Chapter 375 apply to all groups?**

A3. No. The amended law applies only to insured business issued in New Jersey and the New Jersey State Health Benefits Plan (SHBP). It does not apply to employers with Administrative Services Only (ASO) contracts (employers who self-insure their medical plans); however, these employers have the option to offer the continued coverage to their employees.

**Q4. Which products does the law apply to?**

A4. The amendment did not change the affected products. The mandate continues to apply to all group medical (including HMO) and prescription drug products and the SHBP. It does not apply to dental products or consumer products.

**Q5. Are employers required to notify their employees of the opportunity for their dependents to elect coverage?**

A5. No. The amendment to the law changed the notification requirements from the employer's responsibility to the health plan's responsibility.

**Q6. What are Horizon BCBSNJ's responsibilities?**

A6. The health plan must provide the subscriber (parent of the dependent) with notice of the availability of dependent coverage up to age 31 in the Certificate of Coverage or other equivalent document prepared for subscribers and delivered on or about the date of commencement of the subscriber's coverage; and in a notice delivered to subscribers on a quarterly basis.

Horizon BCBSNJ plans on using our member newsletters (such as *Focus*) as the vehicles to inform members of this benefit.

***Eligibility***

**Q7. Who is an eligible over-age dependent?**

A7. An eligible over-age dependent is the child of an employee by blood or law covered under a group health benefits plan who;

- Is 30 years of age (30 years, 0 days) or younger;
- Is unmarried and is not a domestic partner or in a civil union;
- Has no dependents of his/her own;
- Is either a resident of New Jersey or is enrolled as a full-time student at an accredited school;
- Is not covered under any other group or individual health benefits plan, group health plan, church plan, health benefits plan and is not covered under Medicare; and
- Provides evidence of prior, creditable coverage or receipt of benefits from another individual health benefits plan, group health plan, church plan, health benefits plan or Medicare.

**Q8. If an over-age dependent was covered under Chapter 375 before the amendment goes into effect on January 1, 2009, and his coverage was terminated due to turning age 30, are they eligible to re-enroll?**

A8. Yes. If an over-age dependent covered in 2008 who was disenrolled because he or she turned 30 years old prior to January 1, 2009, he/she may make a DU31 election at any time after January 1, 2009 (prior to his or her 31<sup>st</sup> birthday).

No over-age dependent who turns 30 years old in 2009 should be required to disenroll prior to his or her 31<sup>st</sup> birthday, assuming all other conditions for enrollment continue to be met.

**Q9. If the over-age dependent becomes divorced or widowed, could he/she be eligible for benefits?**

A9. Yes. Divorcees and widows/widowers are not considered married and are eligible for coverage as long as they meet all of the eligibility requirements.

**Q10. Does the over-age dependent have to live with the covered employee to be eligible?**

A10. No. The over-age dependent does not have to live with the covered employee, or be the covered employee's dependent for tax purposes, to qualify.

**Q11. Is the over-age dependent's eligibility contingent upon the covered employee being a New Jersey resident or working in New Jersey?**

A11. No. However, the covered employee must be covered under a group policy issued in New Jersey.

**Q12. Does the over-age dependent have to live in New Jersey?**

A12. No. However, if the over-age dependent is not a New Jersey resident, then he/she is only entitled to make the election and maintain coverage if he/she is a full-time student at an accredited school (and meets all other eligibility requirements).

**Q13. If an employer has multi-state work locations, including some in New Jersey, does the law only apply to the employees located in New Jersey?**

A13. Whether the law applies to a group's plan is based on where the group policy is issued, not on the work location of the employee. If the policy is issued outside New Jersey, then the law does not apply.

**Q14. Is an over-age dependent's eligibility contingent upon showing that he/she is not eligible for other coverage?**

A14. No. However, the over-age dependent must provide evidence of prior, creditable coverage or receipt of benefits under a group or individual health benefits plan, group health plan, church plan, health benefits plan or Medicare. An over-age dependent who is covered under Medicare is not entitled to Chapter 375 continuation.

**Q15. If the over-age dependent is covered under Medicaid, does that make him/her ineligible for Chapter 375 continuation?**

A15. No, it does not.

**Q16. Does an eligible over-age dependent's continuing coverage terminate when that parent's (covered employee) group health policy terminates?**

A16. Yes.

**Q17. Will an eligible over-age dependent's coverage terminate if the eligible over-age dependent gives birth to a child?**

A17. Horizon BCBSNJ will terminate coverage upon the birth of an over-age dependent's child as follows:

- If the over-age dependent is the mother, upon discharge of the over-age dependent from the hospital; and
- If the over-age dependent is the father, upon the birth of his/her child.

However, an over-age dependent who has a child for whom his/her parental rights are legally terminated may remain enrolled.

**Q18. Can an eligible over-age dependent re-establish eligibility if the dependent lost eligibility due to having a dependent of his/her own, but parental rights with respect to a child are legally terminated, assuming other eligibility criteria are met?**

A18. Yes, an over-age dependent may re-establish eligibility, assuming other eligible criteria is met.

**Q19. Is the over-age dependent covered to the end of the year in which he/she turns age 31?**

A19. No. The over-age dependent is only eligible until he/she reaches age 31. As such, coverage will terminate at 12 a.m. on his/her 31<sup>st</sup> birthday.

### ***Enrolling***

**Q20. How do employees elect coverage for eligible dependents?**

A20. The dependent must affirmatively elect coverage in writing:

- Within 30 days prior to termination of coverage under the employee's contract due to reaching the dependent limiting age.
- For a child who did not qualify because he/she failed to meet the definition of an over-age dependent, within 30 days after the date he/she first subsequently meets the definition of an over-age dependent,
- For the Small Group market (groups of two to 50 employees) – During a 30-day period beginning on each anniversary of the date the dependent reached the limiting age, if the dependent meets the law's definition of dependent during that period.
- For the Midsize and Large Group markets (groups of 51 or more employees) – During the group's open enrollment period, if the dependent meets the law's definition of dependent during the open enrollment period.

**Q21. How can eligible over-age dependents enroll for continuation benefits?**

A21. There are two enrollment forms depending on the size of the group:

- Small Employer groups must use the Enrollment/Change Request form (#6803).
- Midsize and Large groups must use the Enrollment/Change Request form (#6859).

After the employer validates eligibility, the subscriber must submit the enrollment form indicating “DU31” continuation to the address that appears in the upper right-hand corner of the form.

### ***Coverage termination***

#### **Q22. When does an over-age dependent’s DU31 continuation coverage end?**

A.22 Coverage will terminate at the first of the following:

1. The date the dependent no longer qualifies as a “dependent” because he/she:
  - Reaches age 31 (coverage terminates at 12 a.m. on the 31<sup>st</sup> birthday);
  - Marries or enters a civil union or domestic partnership;
  - Has a dependent of his/her own;
  - Relocates outside of New Jersey and does not enroll as a full-time student at an accredited school;
  - Becomes covered under any other group or individual health benefits plan, group health plan, church plan, health benefits plan or becomes covered under Medicare.
2. Timely payment of premiums is not made (the standard 30-day grace period for late payment applies); or
3. The date the subscriber (the dependent’s parent):
  - is no longer covered as an employee, which includes a retired employee or an employee covered under continuation coverage; or
  - discontinues dependent coverage when one or more children have not already aged-out.
4. The date on which the employer discontinues dependent coverage or discontinues coverage under the group health plan and does not replace it with another fully-insured group health benefits plan issued in New Jersey.

### ***Pre-existing condition limitations***

#### **Q23. Do pre-existing condition limitations apply to eligible over-age dependents?**

A23. Yes, to the same extent that a pre-existing condition limitation may be applied to other dependents under the policy. If the eligible over-age dependent has prior creditable coverage, appropriate credit for that coverage must be applied.

### ***Premium charges***

#### **Q24. Do employees incur additional costs for adding an eligible over-age dependent?**

A24. Yes. There is an additional premium charged for DU31 continuation coverage. The premium rate for the over-age dependent coverage will be calculated at a certain percentage of the single rate of the plan in which the subscriber (the dependent’s parent) is enrolled.

#### **Q25. What is the premium charge for over-age dependent coverage?**

A25. Currently, the premium charge for the over-age dependent coverage is calculated at 60.8 percent of the single rate of the plan in which the parent is enrolled. If the group has carve-out rates, the premium charge is based off the non-carve-out single rate regardless of whether the parent is enrolled in a carve-out or non-carve-out unit of coverage. This includes a two percent administrative fee and applies to each over-age dependent enrollee.

*Note: The 60.8 percent premium factor may change in the future, subject to New Jersey Department of Banking and Insurance (DOBI) approval. For Midsize and Large groups who have free-standing medical and prescription drug coverage, 60.8 percent will be applied to the medical plan and prescription drug plan separately.*

### ***Premium billing***

**Q26. If an over-age dependent under the new coverage is delinquent in his/her premium payment, is the parent held responsible?**

A26. No, the parent is not held responsible; however, failure to pay the premium will result in termination of the over-age dependent's policy.

### ***Claims administration***

**Q27. Can the over-age dependent combine his maximum out-of-pocket (MOOP) expenses with the parent's expenses?**

A27. No. All cost-sharing requirements and limitations apply to the over-age dependent and will not be combined with the parent's policy. Consequently, covered expenses incurred by the dependent will not contribute to family deductibles and maximum out-of-pocket (MOOP) expenses, nor will family-incurred expenses contribute to dependent's deductibles or MOOP expenses.

### ***COBRA/New Jersey Group Continuation versus Chapter 375 continuation***

**Q28. What continuation options are available when a dependent loses coverage due to reaching the limiting age under their parent's group health plan?**

A28. A dependent who ages-out of his/her parent's group health plan may either elect:

- COBRA continuation (which generally applies to employers with 20 or more employees) or New Jersey Group Continuation (NJGC) (which generally applies to employers with less than 20 employees). COBRA and NJGC benefits may last for a maximum of 36 months; or
- Chapter 375 continuation if he/she meets the eligibility requirements for an over-age dependent. Chapter 375 continuation may extend until the child's 31<sup>st</sup> birthday.

The over-age dependent should evaluate his/her options to determine whether the COBRA/NJGC election option or the DU31 continuation option is better for his/her situation.

**Q29. For Small Employer group health plans that are not subject to federal COBRA, does an eligible over-age dependent who elects continuation under Chapter 375 and its amendments and later loses eligibility have the right to then elect New Jersey Group Continuation (NJGC)?**

A29. The DOBI has determined that a loss of coverage under a policy continued pursuant to Chapter 375 election constitutes a qualifying event for purposes of NJGC.

**Q30. If an over-age dependent is enrolled under Chapter 375 and loses eligibility for coverage under Chapter 375 (for example, due to termination of his/her parent's employment), can the over-age dependent elect COBRA continuation?**

A30. No. The DOBI has determined that a loss of coverage under a policy continued pursuant to a Chapter 375 election constitutes a qualifying event for purposes of COBRA.

**Q31. Is an over-age dependent eligible for COBRA or NJGC when he/she loses coverage under Chapter 375 upon his/her 31<sup>st</sup> birthday?**

A31. No. The DOBI has determined that an over-age dependent's right to make a COBRA election or a NJGC election because of aging-out occurs at the time he/she reaches the limiting age under the terms of the group plan; it does not arise when a dependent exhausts his/her Chapter 375 continuation rights. Therefore, an over-age dependent is not eligible for COBRA or NJGC when he/she loses coverage under Chapter 375 upon his/her 31<sup>st</sup> birthday.