

NY State Senate Update - DEPENDENTS TO AGE 29

Dear Broker and Small Business Owner,

On July 29, 2009, Governor Paterson signed into law a bill giving access to health insurance to Dependents to Age 29. This bill requires NY commercial insurers to make available an option to cover unmarried dependents through age 29 without regard to financial dependence. The bill takes effect September 1, 2009. Attached is the NY State Senate Memorandum with all of the details. Please be sure to read this memorandum and continue to visit our website for the most recent updates.

SPONSORS MEMO:

**NEW YORK STATE SENATE
INTRODUCER'S MEMORANDUM IN SUPPORT
submitted in accordance with Senate Rule VI. Sec 1**

BILL NUMBER: S6030

SPONSOR: BRESLIN

TITLE OF BILL:

An act to amend the insurance law, in relation to the provision of health insurance coverage to the unmarried child of an insured through the age of twenty-nine years

PURPOSE:

This bill expands access to health insurance by allowing unmarried children through age 29, regardless of financial dependence, to be covered under a parent's group health insurance policy.

SUMMARY OF PROVISIONS:

Section 1 of the bill amends Insurance Law § 3216 to require commercial insurers to make available an option for consumers purchasing individual health insurance to cover unmarried dependents through age 29 without regard to financial dependence. The young adults must not be eligible for coverage under employer sponsored insurance and they must live, work or reside in New York State or in the service area of the insurer. The option must be extended at policy inception and at the first anniversary date following the effective date of the provisions.

Section 2 amends Insurance Law § 3221 to require commercial insurers that provide group health insurance coverage to extend an option to continue coverage to unmarried children who have "aged off" of their parents' group health insurance policies. The "dependent children" may continue to be covered under their parents' group policy through age 29 as long as they are not eligible for employer sponsored health insurance coverage and are not covered by Medicare. Such children are not required to be financially dependent on their parents to elect this benefit.

Section 2 of the bill also provides that employers shall not be required to pay the premiums for dependent children electing this continuation option. This section of the bill also allows an employee, group member or dependent child to elect to purchase group health insurance coverage:

- (1) within 60 days following the date coverage would otherwise terminate due to age, under the terms of the parent's policy;
- (2) within 60 days after meeting the definition of "dependent child"; or
- (3) during an annual 30-day open enrollment period.

Dependent children whose coverage terminated prior to the effective date of the bill would have a period of 12 months from the effective date to elect coverage.

Section 2 of the bill additionally requires an insurer to submit reports as the Superintendent of Insurance (“Superintendent”) may request, in a form and manner to be prescribed by the Superintendent.

Section 3 of the bill amends Insurance Law § 4235 to require commercial insurers to make available an option for consumers of group health insurance to cover unmarried dependents through age 29 without regard to financial dependence. The option must be extended at policy inception and annually upon the policy's anniversary date.

Section 4 of the bill amends Insurance Law § 4304 to require not-for-profit corporations and health maintenance organizations (“HMOs”) to extend the same make available option for consumers of group health insurance to cover dependents through age 29 without regard to financial dependence as is extended by section 1 for commercial insurers.

Sections 5 and 6 of the bill amend Insurance Law § 4304 to require not-for-profit corporations and HMOs that offer individual and group remittance contracts to include coverage options for unmarried dependent children through age 29 under the same terms and conditions as commercial insurers.

Section 7 of the bill amends Insurance Law § 4305 to require not-for-profit corporations and HMOs that offer group contracts to include a continuation option for unmarried dependent children through age 29, also under the same terms and conditions as commercial insurers.

Section 8 of the bill provides that the bill take effect on September 1, 2009 and apply to contracts issued, renewed, modified, altered or amended on or after that date.

EXISTING LAW:

Current law pertaining to group contracts does not delineate a minimum age to which an insurer must extend dependent coverage in a family contract. With regard to group remittance contracts, Insurance Law § 4304(d)(1) limits coverage to children under the age of 25, at the option of the insurer. If the child is incapable of self-sustaining employment due to disability, the age limitations do not apply and the child would be eligible to remain covered under the contract.

LEGISLATIVE HISTORY:

This is a new bill.

STATEMENT OF SUPPORT:

Uninsured young adults between the age of 19 through 29 represent 31 percent of New York State's total uninsured population. These individuals – sometimes referred to as “young invincibles” – often lose their health coverage at the age of 19, or upon graduation from high school or college. Young adults are often employed in entry-level jobs and may work for employers that do not provide (or contribute to the cost of) health insurance. As such, young adults are often unable to afford individual direct payment insurance and frequently choose to go uninsured.

This bill expands access to health insurance through a COBRA-like benefit for young adults by requiring commercial insurers, non-profit corporations and HMOs to offer an option to continue coverage for unmarried young adults through age 29, regardless of financial dependence, under a parent's group health insurance policy. The bill would not require employers to contribute to the cost of coverage.

This bill also extends a make available option to individuals, employers and other group health insurance consumers to permit them to buy family coverage which includes coverage for dependents through age 29 subject to certain criteria. Insurers must extend the option to purchase at policy inception and, for group policies, upon each anniversary date.

BUDGET IMPLICATIONS:

This bill will not have a fiscal impact to the State.

EFFECTIVE DATE:

This bill takes effect September 1, 2009 and will apply to contracts issued, renewed, modified, altered and amended on or after such date.