



Dear Valued NJ Group Client:

It is an employee's responsibility to ensure that the insurance carriers have up-to-date information on file for them, including proper documentation for eligible dependents. They must notify your group's Benefit Administrator within 30 days of the date of the event if:

- They get married
- A child is born or adopted
- Their dependent child "ages out"
 - Most common age limitations are age 19 or age 23 if full time student
 - Some contracts may extend the age limitations to age 20 and age 25 or 26 if full time student
- Their dependent child attends a college or university and has not "aged out"
- Their dependent child is age 19 and no longer a full time student
- They get divorced
- They change their address

Prompt notification is extremely important. If an insurance carrier is not informed in a timely manner, billing changes may not be honored and/or enrollments may be subject to late entrant penalties, pre-existing conditions limitations or even denied.

Dependent children who are no longer eligible to be covered under a parent's **Medical** plan may have two continuation options:

1. COBRA (20+ employees)/NJ State Continuation (2-19 employees); or
2. Dependent Under 31 Law (DU31) – certain eligibility criteria apply

The following pages explain the differences between these programs in further detail.

COBRA would be the only continuation avenue for a **Dental** plan. Unfortunately, NJ State Continuation and DU31 do not apply to dental contracts.

Upon review, please do not hesitate to contact our office with any questions. We would be happy to provide you with all the necessary forms for an employee to make a change or enroll an eligible person in a continuation program.

Regards,
PSI CONSULTANTS LLC

When does a dependent child's coverage end?

Carrier:	Aged Out	Grads who have not Aged Out
Aetna	End of the month of the qualifying birthday	End of the month of the Qualifying Event
AmeriHealth	End of the month of the qualifying birthday	End of the month of the Qualifying Event
CIGNA	On the dependent's qualifying birthday	Contract Specific
Guardian	Contract Specific	Contract Specific
Health Net	End of the month of the qualifying birthday	End of the day of the Qualifying Event
Horizon BCBSNJ	On the dependent's qualifying birthday	End of the day of the Qualifying Event
Oxford	End of the year of the qualifying birthday	End of the year of the Qualifying Event

What are an Adult Child's continuation options once they are no longer eligible?

IMPORTANT: A child may elect COBRA/NJ State Continuation for 36 months and then still be eligible to continue their benefits under New Jersey's Dependent to Age 30 guidelines. However, if an adult child elects to continue their coverage under New Jersey's Dependent to Age 30, then becomes ineligible (e.g. gets married or has a dependent of their own), this would not be considered a qualifying event under COBRA/NJ State Continuation guidelines and their coverage would end.

COBRA (20+ employees)/NJ State Continuation (2-19 employees) – A child would "spin off" onto their own policy and would have no further link to the employee's plan e.g., if the employee's coverage is terminated, the child may continue on their own. They would have 60 days to elect COBRA or 30 days to elect NJ State Continuation and be eligible to continue their coverage for up to 36 months. The monthly cost would be equal to that of the single rate for the plan in which the employee is enrolled. The Continuee would remain on the group bill and you would be responsible for collecting premiums. Because of this, you may also charge up to an additional 2% administrative fee. If you choose to include a fee, it must be applied non-discriminately to all potential participants' premiums. Once becoming a Continuee, they would have the same rights as any other employee e.g., add eligible dependents, change their plan selection during Open Enrollment, etc.

Dependent Under 31 Law (DU31) – An adult child would "spin off" onto their own policy, but would still be linked to the employee's plan e.g., if the employee's coverage is terminated, the child's would be too. They would have 30 days to elect and be eligible to continue their coverage up to Age 31 (certain criteria apply, see attached). The monthly cost would be calculated using the single rate for the plan in which the employee is enrolled. The following chart compares the two programs in more detail and includes the single rate percentage for each carrier. The adult child would be billed directly from the carrier. **This process takes 4-6 weeks for completion. Early notification is recommended to ensure a smooth transition.**

Comparing COBRA/NJ State Continuation to the DU31 Election

	COBRA/NJSC	DU31 Election
Initial event giving rise to the continuation right	The child ages-out	The child ages-out
Eligibility requirements	None specific to the child.	<p>An eligible dependent:</p> <ul style="list-style-type: none"> • Is the child of a subscriber and less than age 31; • Is not married; • Has no dependents of his/her own; • Is either a resident of New Jersey or enrolled as a full-time student at an accredited public or private institution of higher education; • Is not covered under any other group or individual health benefits plan and is not covered under Medicare; • Must have previously aged-out of a parent's group health plan, which is a fully-insured plan issued in New Jersey; and • Is the child of a parent who is actively covered as an employee under a group health plan, which is a fully-insured plan issued in New Jersey and is enrolled in a unit of coverage that covers dependents (unless all children have already aged-out).
Duration of coverage	Up to 36 months	Up to age 31, as long as the child continues to meet the eligibility requirements.
When election can be made	Upon aging-out	<p>Dependents who age-out on or after January 1, 2009 may enroll:</p> <ul style="list-style-type: none"> • Within 30 days prior to reaching the limiting age. • 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. • Dependents covered under DU31 continuation who lose eligibility on or after January 1, 2009 for reasons other than reaching age 31 may enroll within 30 days after again meeting the dependent definition under the law. (For example, nonstudents who move out of, but return to, New Jersey.)
Other election opportunity?	No. If the child does not elect COBRA/NJSC upon aging-out, the election right expires.	<p>Yes. The child may establish eligibility multiple times before his/her 31st birthday.</p> <p><i>IMPORTANT: An eligible dependent who elects coverage under DU31 and loses coverage due to aging-out may not thereafter elect COBRA or NJ State Continuation.</i></p>

Comparing COBRA/ NJ State Continuation to the DU31 Election

	COBRA/NJSC	DU31 Election
Cost	102 percent of a single person rate for the group.	<p>The premium charge for over-age dependent coverage will be calculated at a percentage of the single rate of the plan in which the parent is enrolled. This includes a two percent administrative fee. This charge will apply to each over-age dependent enrollee (Percentages are subject to change without notice).</p> <ul style="list-style-type: none"> • Aetna – 82% of Single Rate (Effective 10/01/2010) • AmeriHealth – 67.4% of Single Rate • CIGNA (2-50) – 70% of Single Rate + 2% Admin Fee • CIGNA (51+) – 70% of Single Rate + 2% Admin Fee • Guardian – 70% of Single Rate • Health Net (2-50) – 71.4% of Single Rate • Health Net (51+) – 75% of Single Rate • Horizon – 60.8% of Single Rate • Oxford (2-50) – 76.5% of Single Rate • Oxford (51+) – 73.4% of Single Rate
Reasons for losing coverage	<ul style="list-style-type: none"> • Premiums are not paid. • Employer discontinues the group plan and does not replace it. • The 36-month period ends. • Before the 36-month period ends, if the adult child becomes entitled to group coverage that has no pre-existing condition limitation or similar exclusion. • Before the 36-month period ends, if the adult child becomes entitled to Medicare. • Moving outside the HMO's service area. 	<p>Coverage will end at the first of the following:</p> <ul style="list-style-type: none"> • The over-age dependent: <ul style="list-style-type: none"> - Attains age 31; - Marries; - Acquires a child; - Is either no longer a New Jersey resident or no longer a full-time student at an accredited school; - Becomes covered under any other individual health plan, group health plan, church plan or health benefits plan; or - Becomes eligible for Medicare. • The date the over-age dependent's parent: <ul style="list-style-type: none"> - Is no longer covered under the fully-insured group health benefits plan as a covered employee or under COBRA/NJSC; or - Discontinues dependent coverage when one or more children have not already aged-out. • The date on which the employer: <ul style="list-style-type: none"> - Discontinues dependent coverage; - Discontinues group coverage and does not replace it with another fully-insured group health benefits plan issued in New Jersey. • The date on which coverage ceases for failure to make a timely premium payment. <p>IMPORTANT: An eligible dependent who elects coverage under DU31 and loses coverage due to aging-out may not thereafter elect COBRA or NJ State Continuation.</p>