

**FEDERAL HEALTHCARE REFORM:  
PATIENT PROTECTION AND AFFORDABLE CARE ACT  
DEPENDENT COVERAGE**



On Tuesday, March 23, President Obama signed into law the “Patient Protection and Affordable Care Act” (“PPACA”). A reconciliation bill making changes to the Act was signed by the President on March 30. The PPACA as amended by the reconciliation bill is collectively referred to as the Act in this summary. This summary provides an overview of the dependent coverage provisions of the Act.

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**Summary:** Requires group health plans and insurers providing group or individual insurance coverage that provides coverage for dependent children to continue to make coverage available for an adult child until the child turns 26 years of age. (§ 1001 of PPACA adding § 2714 to the Public Health Service Act; §§ 1004(d) and 2301 of Reconciliation Bill)

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**Scope:** Applicable to all group health plans (whether insured or self funded) and individual insurance coverage

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**Coverage Requirements:** If a plan provides coverage for children, the Act requires continued coverage of dependent children until the child’s 26<sup>th</sup> birthday, regardless of marital or student status. The Act also amends section 105(b) of the Internal Revenue Code to allow premiums for the expanded dependent coverage to be tax deductible (e.g. these premiums are tax deductible as long as the child has not attained age 27 by the end of the tax year). Coverage is not required to be extended to children of covered children (e.g. grandchildren).

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**Effect on Rhode Island Law:** The dependent coverage requirements of the Act are broader than certain provisions of Rhode Island law. In particular, the provision of Rhode Island law which extends coverage to students up to age 25 is preempted. However, the provisions of Rhode Island law extending coverage to a child of any age that is unmarried and is financially dependent upon the parent and medically determined to have a physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve (12) months continues in effect. (See RI Gen. Laws 27-19-50)

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**Open Issues:** Regulations must be issued by the Dept of Health & Human Services to define the dependents to whom coverage will be available. The Act’s changes to the Internal Revenue Code suggest any child might be covered, even one not residing with or supported by the parent. (See § 1004(d)(1)(B) of Reconciliation Bill)

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**BCBSRI’s Implementation Plan:** BCBSRI will begin enrolling children under the age of 26 for effective dates beginning October 1, 2010 for all individual, small and large group fully insured plans. Coverage will terminate the first day of the month following the child’s 26<sup>th</sup> birthday. Self funded group health plans with more than 1000 employees may select a later implementation date.

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**Effective Date:** Plan years beginning on or after September 23, 2010 (§ 1004 of the PPACA). For grandfathered plans, for plan years beginning before January 1, 2014, this mandate only applies to children who are not eligible to enroll in other employer sponsored coverage. (See BCBSRI’s *Federal Healthcare Reform: Grandfathering* fact sheet for more information.)

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**References:** PPACA: [http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111\\_cong\\_bills&docid=fh3590enr.txt.pdf](http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_bills&docid=fh3590enr.txt.pdf)  
Reconciliation: [http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111\\_cong\\_bills&docid=fh4872pcs.txt.pdf](http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_bills&docid=fh4872pcs.txt.pdf)

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