

Kinloch Consulting Group

Legislative Alert

New York State Expansion of Health Care Continuation Benefits & Dependent Age

Prepared as of August 7, 2009



New York State Governor Paterson recently signed into law two bills aimed at reducing the number of uninsured New Yorkers. One law expands the definition of “dependent child” for the purposes of being covered under an employer’s group health policy and the other extends the duration of continuation coverage for those individuals who lose their jobs.

Insuring Dependents to Age 29

This law requires insurers, including not-for-profit corporations and HMOs, to extend an option to dependent children who have “aged off” their parent’s group health plan to continue group coverage. Unmarried children will be eligible to continue under the group health policy up through age 29, regardless of financial dependence, as long as they do not become eligible for another employer sponsored health plan or Medicare.

The election for coverage must be made (1) within 60 days following loss of dependent status under the parent’s group policy; (2) within 60 days of meeting the definition of “dependent child” when coverage was previously terminated or (3) during an annual 30-day open enrollment period.

The law also requires insurers to offer employers an option that covers dependents through age 29 regardless of financial dependence. It is **effective September 1, 2009** and applies to all contracts issued, renewed, modified, amended or altered on or after that date.

Impact to Employers

This law will not impact self-funded employers as they are exempt from state mandates.

Employees, not employers, will be responsible for paying the premium for dependent children who elect the extended coverage. It appears the insurer will be responsible for providing the election to employees and we expect carriers to issue their response to the new law shortly.

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Expansion of Health Care Continuation Benefits to 36 months

This law allows individuals who have lost their jobs to extend their health care continuation benefits **from 18 months to 36 months** regardless of the size of their former employer. Insurers, including not-for-profit corporations and HMOs, will be required to allow individuals to remain on their former employer's group plan for an additional 18 months.

The law is **effective July 1, 2009** and applies to all contracts issued, renewed, modified, amended or altered on or after that date.

Impact to Employers

Again, this law will not impact self-funded employers as they are exempt from state mandates.

While further guidance is needed, fully-insured employers should anticipate having to update their Summary Plan Descriptions, COBRA policies and notices to reflect the additional 18 months of continuation coverage. There will not be any additional cost to employers in terms of premium payment (individuals will continue to pay 102%); however, there may be a financial impact in terms of claims incurred in the additional 18 month period.

We anticipate further guidance from the State and will update clients with additional information as it becomes available.

For additional information on this legislative alert, or for any other employee benefit questions, please contact your Kinloch consultant or your local Kinloch office.

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