

Clarification of Coverage of Children to Age 24

This Bulletin is directed to all insurers writing policies of accident and sickness insurance, as defined by IC 27-8-5-1 and all health maintenance organizations (HMOs). House Bill 1678 (Pub. Law 218-2007) requires individual insurers, group insurers, and HMOs to provide coverage to children up to age 24.

The Department of Insurance issued Bulletin 153 on June 29, 2007, to provide guidance on the implementation of the statutory changes set forth in House Bill 1678. Bulletin 153 required insurers to extend coverage to any child (not restricted to legal guardianship) who is financially dependent on an insured, and the child of an insured who is a non-custodial parent, up to age 24, upon request of the policyholder, certificate holder, or subscriber, at the policy anniversary date, or at renewal of the policy, or at open enrollment, or when a qualifying event, as defined by HIPAA, occurs. This Bulletin is intended to clarify the financial dependency requirement in Bulletin 153.

The insurance policies and HMO contracts affected by Bulletin 153 are required to be filed and approved by the Department. As guidance to the companies, the Department approves the following language in its entirety:

Financially Dependent Child

A financially dependent child shall include:

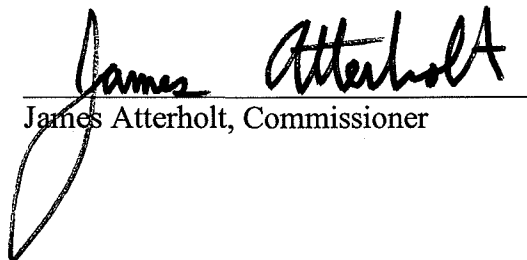
- 1) A son or daughter of the policyholder, certificate holder, or subscriber, less than age 24, regardless of support level; or
- 2) A stepchild, child subject to legal guardianship, grandchild or other blood relative less than age 24 who depends on the policyholder, certificate holder, or subscriber for more than fifty percent (50%) of the individual's total support.

The approved language is non-exclusive and is intended to serve as a minimum standard for compliance with House Bill 1678. The Department will not approve a policy or contract which limits financial dependency to the Internal Revenue Code definition of dependency.

For group policies or contracts, House Bill 1678 and Bulletin 153 require certificate holders and subscribers to make a request to the group insurer or HMO to extend coverage to a dependent to age 24. If a request for extended coverage is not made, a group insurer or HMO may drop coverage on children under age 24 only if that express language appears in the policy contract or certificate of coverage. That language must also explicitly state, in the same section, that the child may remain covered upon request.

Finally, coverage of dependents to age 24 is not a choice to be made at the employer, insurer, or HMO level. If a policy or contract covers dependents, it must provide the named insured, certificate holder, or subscriber the option to request coverage of dependents to age 24.

INDIANA DEPARTMENT OF INSURANCE



James Atterholt

James Atterholt, Commissioner