

FACT SHEET

Early Implementation of Dependent Coverage to Age 26 for Fully-Insured Group Plans

Later this year, part of the new healthcare reform law called the Patient Protection and Affordable Care Act (PPACA), will require insurance companies to cover adult dependents up to the age of 26. Rather than wait to extend this coverage, Sanford Health Plan has decided to immediately implement this change for currently enrolled dependents who would normally lose that coverage during the gap between June 1, 2010 and September 23, 2010. This will ensure there will be no gaps in healthcare coverage for your dependents that are currently enrolled in your health plan. Below is a list of frequently asked questions about this extension.

1. Who is eligible for this immediate extension of coverage?

Any existing covered dependent(s) that are:

- a) currently enrolled on their parent's coverage as of May 31, 2010; and
- b) under the age of 26 as of May 31, 2010; and
- c) not *eligible* for coverage under their own employer's group plan (if applicable, regardless of whether or not they enrolled in such coverage).

Coverage will be extended effective June 1st to ensure no break in coverage. Dependents are also eligible regardless of student or marital status and are eligible regardless whether or not they're claimed as a dependent on their parent's tax return. This extension does not apply to the spouse or children (i.e. grandchildren of the subscriber) of the covered adult dependent.

2. Will I be notified of this extension of coverage?

Yes, the enclosed letter serves as your notification.

3. My child lost coverage before May 1, 2010, but still meets the other criteria, when can (s)he get back on my plan?

Dependents that are under the age of 26, not eligible for coverage under their own employer group plan (if applicable), and were not enrolled in their parent's plan as of May 1, 2010 can be added back to the plan at the effective date of the regulation, which is your employer group's first renewal date after Sept. 23, 2010. At that time, dependents will have a 30-day special enrollment period. You must contact your employer and complete their required paperwork in order to add your dependent back onto your policy within this 30-day window.

Coverage will be retroactive back to the first day of your group's renewal date. **Failure to respond to your employer within the 30-day special enrollment period will result in no coverage.**

4. **My employer's renewal date is January 1, 2011. My child lost coverage before May 1, 2010, and will have a break in coverage prior to the 30 day special enrollment period, which would start January 1st. How will this impact coverage?**

If there was a break in coverage more than 63 days, the standard pre-existing condition waiting periods apply. If the break in coverage is less than 63 days, then no pre-existing condition waiting periods will apply.

5. **My adult dependent lost coverage prior to May 31st and subsequently elected COBRA/continuation coverage. How will this change impact COBRA/continuation coverage?**

Your dependent can drop COBRA/continuation coverage and re-enroll in your group plan during the 30-day special enrollment period described above. Once your dependent reaches the limiting age of 26, they'll be able to elect COBRA again.

6. **How will adding my adult dependent impact my premium?**

If you are already enrolled in family coverage, then your adult dependent(s) will be added at no additional premium. If the addition of your dependent changes the tier you're enrolled in (i.e. you have single or employee+spouse coverage but will have to change to family or employee+one coverage) your premium will reflect such change, but the premium will be no greater than that charged if an additional minor child were added.

7. **My employer offers a \$500 deductible plan and a \$1,000 deductible plan. Can I switch plans when I add my adult dependent back onto my policy?**

Yes, you can switch plans during your group's annual open enrollment period and also during your 30-day special enrollment period.

8. **What if my adult dependent lives in another state?**

Sanford Health Plan will continue to extend coverage to adult dependents who live in other states or outside the Health Plan's service area. However, adult dependents must continue to utilize participating network providers when seeking healthcare services.

9. **South Dakota and Iowa law already permit adult dependent coverage over age 26, how does this new federal law impact state laws?**

For employees of a South Dakota company, state law requires coverage for full-time students up to the age of 29. For employees of an Iowa company, state law requires coverage for full-time students regardless of age (no age limit). Consequently, in order to continue coverage beyond the age of 26, Sanford Health Plan will continue to do student verifications to ensure full-time student status.