



Young Adults and the Affordable Care Act:

Preventing Coverage Gaps, Lowering Administrative Costs and Eliminating Burdens on Businesses and Families

The Affordable Care Act raises the age for children who can be covered tax-free on their parents' health insurance policy and provides incentives for employers to immediately extend health insurance coverage to children up to age 27. Today, the IRS posted [new guidance](#) for employers, employees, health insurers and other interested taxpayers regarding this provision of the new law. Key elements include:

- **Coverage Extended to More Children.** Under the Affordable Care Act, workplace and retiree health insurance plans can now allow parents to add their children under age 27 to their health coverage on a tax-free basis.
- **Available Immediately.** Effective March 30, 2010, employers may permit employees to begin making pre-tax contributions under a cafeteria plan – a plan that allows employees to choose from a menu of tax-free benefit options – to provide coverage for children under age 27.
- **Broad Eligibility.** This expanded health care tax benefit applies to various workplace and retiree health plans. It also applies to self-employed individuals who qualify for the self-employed health insurance deduction on their federal income tax return.
- **No New Burden on Employers.** Employers may allow this change under their cafeteria plan even if the cafeteria plan has not yet been amended to reflect the change in coverage options. To reduce the burden on employers, they have until the end of 2010 to amend their cafeteria plan language to incorporate this change.
- **Getting the Word Out.** The IRS has issued guidance and a press release to explain and promote these changes to employers, employees, health insurers and other interested taxpayers.

Today's announcement follows a series of steps taken by the Administration to move quickly expand health insurance coverage to young adults. On April 19, Health and Human Services

Secretary Kathleen Sebelius [called on leading insurance companies to begin covering young adults voluntarily](#) before the September 23 implementation date required by the new health reform law. Early implementation would avoid gaps in coverage for new college graduates and other young adults and save on insurance company administrative costs of dis-enrolling and re-enrolling them between May 2010 and September 23, 2010. Early enrollment will also enable young, overwhelmingly healthy people who will not engender large insurance costs to stay in the insurance pool. Thus far, the following insurance companies have agreed to maintain coverage for young adults enrolled on their parents' plans:

Blue Cross and Blue Shield of Alabama
Blue Cross Blue Shield of Delaware
Blue Cross and Blue Shield of Arizona, Inc.
Blue Cross and Blue Shield of Florida
Arkansas Blue Cross and Blue Shield
Blue Cross and Blue Shield of Hawaii
Blue Shield of California
Blue Cross of Idaho Health Service
Regence Blue Shield of Idaho
Wellmark Blue Cross and Blue Shield of Iowa
Health Care Service Corporation
Blue Cross and Blue Shield of Kansas
Blue Cross Blue Shield Association
Blue Cross and Blue Shield of Louisiana
WellPoint, Inc.
CareFirst BlueCross and BlueShield
Blue Cross and Blue Shield of Massachusetts
Blue Cross and Blue Shield of Kansas City
Blue Cross and Blue Shield of Michigan
Blue Cross and Blue Shield of Montana
Blue Cross and Blue Shield of Minnesota
Blue Cross and Blue Shield of Nebraska
Blue Cross & Blue Shield of Mississippi
Horizon Blue Cross and Blue Shield of New Jersey, Inc.
HealthNow New York, Inc.
The Regence Group
Excellus Blue Cross and Blue Shield
Capital BlueCross
Blue Cross and Blue Shield of North Carolina
Independence Blue Cross
BlueCross BlueShield of North Dakota
Highmark, Inc.
Blue Cross of Northeastern Pennsylvania
BlueCross and BlueShield of Tennessee
Blue Cross and Blue Shield of Vermont
Blue Cross & Blue Shield of Rhode Island
Premera Blue Cross

Blue Cross and Blue Shield of South Carolina
Blue Cross and Blue Shield of Wyoming
Kaiser Permanente
Cigna
Aetna
United
WellPoint
Humana
Capital District Physicians' Health Plan (CDPHP), Albany, New York
Capital Health Plan, Tallahassee, Florida
Care Oregon, Portland, Oregon
Emblem Health, New York, New York
Fallon Community Health Plan, Worcester, Massachusetts
Geisinger Health Plan, Danville, Pennsylvania
Group Health, Seattle, Washington
Group Health Cooperative Of South Central Wisconsin, Madison, Wisconsin
Health Partners, Minneapolis, Minnesota
Independent Health, Buffalo, New York
Kaiser Foundation Health Plan Oakland, California
Martin's Point Health Care, Portland, Maine
New West Health Services, Helena, Mt
The Permanente Federation, Oakland, California
Priority Health, Grand Rapids, Michigan
Scott & White Health Plan, Temple, Texas
Security Health Plan, Marshfield, Wisconsin
Tufts Health Plan, Waltham, Massachusetts
UCARE, Minneapolis, Minnesota
UPMC Health Plan, Pittsburgh, Pennsylvania