

Extension of Dependent Coverage to Age 26 Frequently Asked Questions

Q1. Why is Blue Shield implementing the extension of dependent coverage prior to the law's September 23 effective date?

Each year in June, many dependents — because of their age, student status, or other factors — become ineligible to remain on their parents' health coverage. The recently passed federal healthcare reform law extends dependent coverage to age 26 (regardless of full-time student status) for plan years beginning on September 23, 2010. By implementing this provision effective June 1, 2010, we will fill what would have been a gap in coverage.

Q2. Who will benefit from this extension of dependent coverage?

Dependents of subscribers on fully insured group plans, if the employer group itself has not opted out of this early extension. Groups with 51 or more employees may **opt-out** of this early extension by providing Blue Shield with notice by **May 19th** (see Q9 below.) This extension also applies to dependents of subscribers of Administrative Services Only (ASO) groups which have chosen to opt in during the month of May.

Q3. When will this go into effect?

June 1, 2010.

Q4. Will this be retroactive?

No, this early June 1, 2010, implementation of the policy will not be retroactive. This will apply only to current dependent members as of June 1, 2010. Please note that this does not apply to any dependents that may have lost coverage prior to June 1, 2010, due to in-force eligibility guidelines. Those dependents will not be able to join coverage until the next plan renewal on or after September 23, 2010.

Q5. How will eligible individuals be identified? Do they need to contact customer service or will you continue their coverage automatically?

Blue Shield will identify all affected individuals. Eligible dependents enrolled in fully insured group plans do not have to take any action – their coverage will continue until they reach age 26 (unless their parents take them off their policy, or if the group chooses to opt out of this coverage extension).

Q7. Will this apply to new applicants for coverage or only those currently enrolled?

The June 1, 2010, extension of dependent coverage benefits applies to existing members only. If a dependent cancelled coverage prior to June 1, 2010, they will have to wait until their parents' plan renewal date to re-enroll. Plans that renew after September 23, 2010, will all provide coverage of dependents to age 26 (regardless of full-time student status).

Q8. If an employee has already received a letter stating their dependent will no longer be eligible for coverage effective June 1, 2010, does the employee need to do anything?

No, the subscriber does not need to take any action for the dependent to remain eligible. The dependent will not be removed from the plan effective June 1, 2010, unless the subscriber specifically requests that the dependent no longer be on the plan, or your group opts out of the extension of coverage.

Q9. Can fully insured groups or ASO accounts opt-out of the extension of benefits?

Blue Shield will apply this extension across the board for all fully insured large groups (51+). However, fully insured large groups may elect to opt out by providing Blue Shield with notice by May 19. The opt-out form is available online at <https://www.blueshieldca.com/employer/blue-shield-plans/large-group-health/index.html>. The ASO opt-in forms are there, too. ASO groups have the opportunity to opt in.

Q10. Does this apply to Blue Shield's Specialty Benefits business?

This coverage extension also applies to certain specialty coverage such as vision and dental plans. While the new federal legislation does not apply to life insurance*, Blue Shield has decided to apply this coverage extension to life insurance as well.

* Life insurance is underwritten by Blue Shield of California Life & Health Insurance Company.