

Benefits Administration Letter

Number: 11 - 202

Date: March 10, 2011

Subject: Federal Employees Health Benefits (FEHB) Program and the Affordable Care Act: Covering Children until Age 26

This is a follow-up to our September 9, 2010 Benefits Administration Letter (BAL) 10-201 entitled Changes for Federal Benefits Programs under the Affordable Care Act.

As a result of the Affordable Care Act (ACA), children are covered under their parent's Federal Employees Health Benefits (FEHB) Program Self and Family enrollment until age 26 beginning January 1, 2011.

The purpose of this BAL is to clarify the following key issues:

- expansion of child eligibility under FEHB;
- dual FEHB enrollments;
- foster children;
- children with other (non-FEHB) coverage; and
- children incapable of self-support.

The information in this BAL will help you properly implement covering children until age 26 as well as counsel employees on this topic.

Expansion of Child Eligibility under FEHB

Enrollees with Newly Eligible Children are NOT REQUIRED to Change from Self Only to Self and Family Unless They Want to Cover Their Newly Eligible Children

With the exception of the [FEHB Children's Equity Act](#), it is the enrollee's decision whether to cover a newly eligible child by changing from Self Only to Self and Family. The ACA does not mandate that the enrollee change his/her enrollment. However, the FEHB Children's Equity Act mandates that the employee be enrolled for Self and Family coverage in the FEHB Program if the employee is subject to a court or administrative order that requires the employee to provide health benefits for his/her child(ren). Please refer to the FEHB Handbook which is located at www.opm.gov/insure/health/reference for more information on Children's Equity.

To cover a newly eligible child, an enrollee must have (or actively change to) a Self and Family enrollment. A Self Only enrollment will not automatically convert to Self and Family to cover a newly eligible child.

An Enrollee Cannot Remove a Child from a Self and Family Enrollment

For an enrollee who has (or changes to) a Self and Family enrollment, his/her children under age 26 are covered and cannot be removed unless the enrollee changes to a Self Only enrollment. Employees participating in Premium Conversion can change to Self Only during the annual Open Season or upon experiencing a Qualifying Life Event (QLE). Employees not participating in Premium Conversion and annuitants may change to Self Only at any time.

Dual FEHB Enrollments

Federal Employees who are Children of Federal Employees or Retirees

A Federal employee under age 26 whose parent has an FEHB Self and Family enrollment is covered under the parent's FEHB Self and Family enrollment. These children cannot have their own FEHB enrollment unless they fall under one of these exceptions:

- They have their own family (spouse and/or children) whom they choose to cover under their own Self and Family enrollment; or
- They live outside the coverage area of their parent's health maintenance organization (HMO).

If one of the above exceptions applies

If the Federal employee under age 26 chooses to keep his/her own enrollment, the Federal employee must notify the respective insurance carriers of the names of the persons to be covered under each enrollment. The Federal employee may not file claims or receive benefits under both enrollments.

If neither of the above exceptions applies

If the parent is a Federal employee or retiree with an FEHB Self and Family enrollment, the child must cancel his/her enrollment using a Standard Form (SF) 2809. The enrollment cannot be canceled using an agency's online system.

Actions to Take

The agency must enter the reason for the cancellation in the Remarks section of the SF 2809 as, "covered under parent's FEHB enrollment" and include the enrollee's name and the effective date of the child's coverage under the parent's enrollment. For example, use January 1, 2011, if the parent has an existing Self and Family enrollment or the effective date of the parent's new enrollment or change to Self and Family.

Generally, the effective date of the cancellation is the first day of the first pay

period that begins in January, 2011. However, ensure that the cancellation does not take effect prior to coverage under the parent's Self and Family enrollment.

Turning age 26 will be a Qualifying Life Event (event code 1M) allowing the child to enroll in the FEHB Program. The agency should enter in the Remarks section of the child's SF 2809, "Enrolling as an employee, was previously covered under parent's FEHB enrollment" and include the parent's name and the date the child lost coverage.

Please distribute the Notice for Federal Children (Attachment A) immediately to help identify Federal children who may have dual FEHB enrollments.

New Federal Employees under Age 26 Covered under Their Parent's FEHB Enrollment

New Federal employees cannot enroll in FEHB if they are covered under their parent's FEHB Self and Family enrollment. The agency must enter the reason for the employee's election not to enroll in the "Remarks" section of the SF 2809, as "Covered under parent's FEHB enrollment" and include the parent's name.

Turning age 26 will be a Qualifying Life Event allowing enrollment in the FEHB Program. The agency should enter in the Remarks section of the child's SF 2809, "Enrolling as an employee, was previously covered under parent's FEHB enrollment" and include the parent's name and the date the child lost coverage.

New Federal employees who are under age 26 and covered under their parent's family coverage through a private employer may enroll in the FEHB Program.

Foster Children

For a foster child to be added back to a Self and Family enrollment, the enrollee must again provide documentation of the following:

- the child must be under age 26
- the child must currently live with the enrollee;
- the enrollee must be the primary source of financial support for the child;
- the parent-child relationship must be with the enrollee, not the child's biological parent; and
- the enrollee must expect to raise the child into adulthood.

The enrollee must sign a new certification (Attachment B) stating that the foster child meets all of the requirements. The agency must review the employee's documentation to determine whether the foster child meets the requirements for FEHB coverage and has submitted the current certification. The new foster child certification can be found in the FEHB Handbook which is located at www.opm.gov/insure/health/reference.

The agency must file the certification in the employee's Official Personnel Folder (OPF) or annuitant's Retirement File.

Children with Other (non-FEHB) Coverage

Children with Private Insurance

We have received requests from enrollees with Self and Family coverage who want to remove a child from their FEHB enrollment because the child has other coverage (such as health insurance through an employer or school). Even when a child has other coverage, he/she will remain covered under his/her parent's Self and Family enrollment. An enrollee cannot remove a child from a Self and Family enrollment.

Generally, the child's employer or school health insurance will pay claims first as the primary insurer. If the primary insurer does not fully cover the illness or injury, the FEHB plan may make additional payments, depending on the extent of coverage under the FEHB plan's benefits structure. This is known as "coordination of benefits." The enrollee must contact both plans to inform them that the child has other insurance coverage.

Children with Medicaid and/or Children's Health Insurance Program (CHIP)

Some enrollees believe that having additional insurance coverage (such as FEHB) disqualifies their child from Medicaid or CHIP. Medicaid laws do not prohibit a State from covering individuals with third party coverage.

Apart from the two exceptions mentioned in the *Dual FEHB Enrollments* section above, eligible children cannot be removed from a Self and Family enrollment.

Children Incapable of Self-Support

Beginning January 1, 2011, children who are incapable of self-support because of a mental or physical disability that occurred before age 26 will be eligible for coverage under a Self and Family enrollment even if married. Prior to January 1, 2011, the disability was required to have occurred before age 22 and the child was required to be unmarried. All other requirements for coverage remain unchanged.

In light of this change, children older than age 26 who are incapable of self-support due to a disability that occurred between ages 22 and 26 may be covered under the employee's Self and Family enrollment. To obtain coverage for a child older than 26, the employee MUST provide a medical certificate or other proof that the disability occurred before age 26.

The requirements for coverage remain that the physical or mental disability must be expected to continue for at least one year and that the child's disability renders him or her incapable of self-support. In addition, the employing office is still responsible for

determining whether the child meets the requirements for coverage. The agency should continue to make the determination based on published guidance available under *Family Members* in the FEHB Handbook which is located at www.opm.gov/insure/health/reference.

Children incapable of self support who lost coverage because of marriage may resume coverage under their parent's enrollment. If the child's previous determination has expired, the agency must again determine if the child is incapable of self-support due to a condition that began before age 26.

The effective date of coverage for these newly eligible children will be January 1, 2011. These children will not be covered retroactively to any date prior to January 1, 2011.

We appreciate your cooperation.

Sincerely,

John O'Brien
Director
Healthcare and Insurance