

## Recent Change in Federal Health Insurance Law

A recent change has been made to the Affordable Health Care Act which now extends family health insurance coverage to young adults up to age 26.

The federal Affordable Health Care Act allows parents to insure their children on their health insurance up to age 26. The Maryland law, a precursor to the federal provision had allowed parents to insure their children up to age 25, however, many major employers were exempt from the law. The new federal provision changes this so that the law applies to all employers.

The recent change in federal law builds on the Maryland law in the following ways:

- **Provides an additional year of coverage and new tax benefits for families**  
Whereas the Maryland law ensured coverage for young adults until the end of the month in which they turned 25 years of age, the federal law grants coverage until the individual turns 26 years of age. Some employers may decide to continue coverage beyond the child's 26<sup>th</sup> birthday. In such a case, the law provides that the value of the employer-provided health coverage is excluded from the employee's income for the entire taxable year in which the child turns 26. Thus, if a child turns 26 in March but stays on the plan through December 31<sup>st</sup> (the end of most people's taxable year), all health benefits provided that year are excluded for income tax purposes.
- **Extends the reach of the policy**  
The Maryland law applied only to select employers in Maryland. Families employed in DC or surrounding states or at "self-insured" institutions were not able to benefit from the Maryland law. This federal law applies to all states and self insured institutions. Special instructions for continuation of coverage for families enrolled in the health insurance plan provided to federal employees and military personnel are included in the Fact Sheet in this tool kit.
- **Allows young adults to stay on their parents' plan even if their parents do not claim them as dependants on their taxes**  
To further encourage independence on the part of young adults, the new law provides coverage to young adults who may be working and financially independent from their parents. Young adults may stay on their parents' plan even if they no longer live with their parents, are no longer enrolled as a full-time student, and even if they are married. Families are eligible to re-enroll their child if they have "aged-off" prior to the enactment of this law.

For more information on this policy and to find out how to get your coverage extended please visit:

[http://www.hhs.gov/ociio/regulations/adult\\_child\\_fact\\_sheet.html](http://www.hhs.gov/ociio/regulations/adult_child_fact_sheet.html)