Date: August 26, 2010   Code: TECHNICAL LETTER
To: Human Resources Directors   Code: HR/Benefits 2010-09
Benefits Representatives   Reference: HR 2010-10
From: Evelyn Nazario
Assistant Vice Chancellor
Human Resources Management
Subject: Extension of Health, Dental and Vision Benefits to Dependents up to Age 26

Overview

Audience: Employees responsible for benefits administration of health, dental and vision plans.

Action Item: Campuses must communicate information to affected employees.

Affected Employee Group(s)/Unit(s): All Non-represented and represented employees eligible for enrollment in a CalPERS health plan; and all non-represented and specified represented employees eligible for enrollment in a CSU dental and/or vision plan, and also have eligible dependents as defined in this benefits technical letter.

Summary

The Patient Protection and Affordable Care Act (PPACA or Health Care Reform), HR 3590, was signed by President Obama on March 23, 2010, and modified by the Health Care and Education Reconciliation Act (Reconciliation Act), HR 4872, which was also signed by President Obama on March 30, 2010.

The healthcare-related provisions implemented by the Health Care Reform will become effective over the course of the next four (4) years. The purpose of this benefits technical letter is to provide information regarding the extension of health coverage to dependents up to age 26, effective January 1, 2011, as mandated by the Health Care Reform. In addition, information is provided on age 26 dependent coverage extended to CSU dental and vision plans and pertinent enrollment information.

Employees responsible for benefits administration should read this technical letter in its entirety.

Background

The Patient Protection and Affordable Care Act (PPACA or Health Care Reform), HR 3590, was signed by President Obama on March 23, 2010, and was modified by the Health Care and Education Affordability Reconciliation Act (Reconciliation Act), HR 4872, which also was signed by President Obama on March 30, 2010. The healthcare-related provisions implemented by the Health Care Reform will become effective over the course of the next four (4) years. The purpose of this benefits technical letter is to provide information regarding the extension of health care coverage to dependents up to age 26, which is effective January 1, 2011, as mandated by the Health Care Reform.
Care Reform. Please note: this mandate applies to health care only. Extension of dental and vision benefits is optional for an employer. However, the CSU has made a decision to also extend dental and vision benefits to eligible dependents up to age 26 for non-represented employees effective January 1, 2011.

The extension of benefits for dependents up to age 26 applies also to the CSU Dental Plan for retirees, the CSU Retiree Voluntary Vision Plan and also to retiree health plan coverage through CalPERS.

No other benefits programs are affected by the age 26 dependent extension.

Eligibility Criteria
Currently, dependent coverage for health, dental and vision is limited to age 23. Effective January 1, 2011, eligible dependents will include natural, foster, adopted, step, economically dependent (i.e., grandchild, niece or nephew and is subject to certification of economic dependency), or registered domestic partner’s child or children up to age 26. Dependents are considered eligible even if they are married and/or do not reside in the employee’s or retiree’s home. Student status is not a factor in determining eligibility. In addition, dependents are eligible for coverage regardless of other alternative enrollment or availability of other employer-sponsored coverage.

Please note however, that the dependent’s spouse or registered domestic partner or children (unless the child is certifiably an economic dependent of the employee as specified above) are not eligible for coverage under the CalPERS health plan, and CSU dental and vision plans.

Represented Employees Currently Eligible for the Extension of CSU Dental and Vision Coverage for Dependents up to Age 26
An offer to extend dental and vision coverage to dependents up to age 26 has been made to each Collective Bargaining Group Designee for represented employees. To date, the following collective bargaining groups have agreed to this new provision:

- Union of American Physicians and Dentists (UAPD) (Unit 1)
- The California Faculty Association (CFA) (Unit 3)
- California State University Employees' Union (CSUEU) (Units 2, 5, 7, 9)
- Academic Professionals of California (APC) (Unit 4)
- State Employees’ Trades Council (SETC) (Unit 6)
- State University Police Association (SUPA) (Unit 8).
- International Union of Operating Engineers (IUOE) (Unit 10)

Rate Structure of Health, Dental and Vision Plans
Pursuant to the Health Care Reform, the CSU cannot charge these dependents a separate monthly premium for health care coverage. Therefore, the current rate structure of one-party, two-party and three-party coverage will remain the same for health plan coverage(s).

The CSU will maintain the current rate structures of the dental and vision plans for the 2011 plan year.

Enrollment Information
Employees will have an opportunity to enroll or re-enroll their eligible dependents in health, dental and/or vision during this year’s open enrollment period. This includes employees that have dependents that turned age 23 this year and were subsequently dropped from coverage.

Campuses are required to collect the dependents’ Social Security Number and a copy of the child’s birth certificate from employee’s wishing to add dependents to their benefits.

Please refer to HR/Benefits 2010 –10, for additional open enrollment information, rates and deadlines.
Although employees are encouraged to enroll such dependents during the open enrollment period, CalPERS has agreed to allow employees to enroll such dependents through the end of the year, and have outlined a process in the CalPERS Circular Letter referenced below. The State Controller’s Office (SCO) also will process these enrollment requests through the end of the year for dental and vision benefits (applies to active employees only).

**Enrollment Process for CalPERS Health Plans**

The CalPERS health plans are structured into one-party, two-party and three-party coverage, and enrollments are processed through ACES. For employees that need to add dependents to their health plan during open enrollment, the dependents’ information must be entered into Oracle/PeopleSoft (Benefits) and transmitted to CalPERS via ACES. Additional information regarding the CalPERS enrollment process can be located in CalPERS Circular Letter 600-043-10. Campus Benefits Officers should read the Circular Letter in its entirety.

**Enrollment Process for CSU Dental Plan**

The CSU Dental Plan is structured into one-party, two-party and three-party coverage. If an employee needs to add any dependents during open enrollment, the dependents’ information should be entered into Oracle/PeopleSoft (Benefits). The Dental Enrollment form (Std. 692 form) should be generated and submitted to the State Controller’s Office. No new permitting event codes will be created for the CSU Dental Plan for the purposes of the age 26 extension of health coverage.

Human Resources Management (HRM) will notify retirees of their opportunity to add such dependents in the CSU Dental Open Enrollment Letter that is scheduled to be mailed to retirees in early September.

**Enrollment Process for CSU Vision Plan**

Currently, the CSU Vision Plan is structured as a one-tier family rate plan regardless of the number of dependents an employee has. Therefore, if an employee needs to add any dependents during open enrollment, their information should be entered into Oracle/PeopleSoft (Benefits) under Plan Type 14, and the campus Benefits Office is not required to submit a new Miscellaneous Benefits form to the State Controller’s Office (SCO) to add these dependents. No new permitting event codes will be created for the CSU Vision Plan for the purposes of the age 26 extension of health coverage.

VSP will notify retirees of their opportunity to add such dependents in their open enrollment communication that is scheduled to be mailed to retirees in early September.

**Dependents turning age 23 through November 30, 2010**

Dependents that turn age 23 through November 30, 2010, must be offered COBRA Continuation coverage. If employees have dependents that are currently on COBRA Continuation coverage due to age 23 delete, please let them know that the COBRA payments should continue through the end of the year if they wish to maintain health care, dental and/or vision coverage for the dependent through December 31, 2010, since the age 26 extension of health care coverage does not take effect until January 1, 2011.

Please note: COBRA coverage must be cancelled effective January 1, 2011, if the employee opts to re-enroll the age 23 delete during the open enrollment period.

CalPERS will also notify COBRA health plan enrollees of this new provision.

**Dependents turning age 23 December 1 through December 31, 2010**

CalPERS and the SCO have updated their systems to recognize dependent coverage up to age 26, effective January 1, 2011. Therefore, if an enrolled dependent turns age 23 during the month of December, no action is needed since coverage will continue unless the employee chooses to cancel the dependent from health, dental or vision.
**Age 26 Delete**
Under the new provisions of the Health Care Reform, dependent coverage will end at the end of the month of the dependent’s 26th birthday. Campuses must provide information regarding COBRA Continuation coverage and enrollment upon this event. HRM is updating the COBRA notices and will release them to campuses in a separate communication.

As referenced in CalPERS Circular Letter 600-043-10, CalPERS has created new Reason Code 324 for deleting dependents when they reach age 26. This code is effective January 1, 2011. In addition, the following CalPERS Reason Codes will become obsolete as of January 1, 2011: Reason Code 301 (age 23 delete) and Reason Code 303 (child marriage).

The definition of CSU Dental Plan Code 26A will be updated to reflect “Child is age 26.”

**Additional Information for Campuses**
Although campuses may plan to contact employees who previously received a COBRA notice this year for an age 23 delete, please be advised that there also may be employees with newly qualified dependents as a result of the Health Care Reform that were never previously enrolled in CSU benefits.

A sample employee communication regarding the extension of health, dental and vision benefits to dependents up to age 26, is attached to this technical letter and can be personalized for campus distribution.

**CMS Processing Instructions**
Benefits eligibility rules for dependents are maintained in Oracle/PeopleSoft; therefore, there is impact to CMS Baseline. Campuses will need to monitor enrollments to ensure that only eligible dependents of employees for the respective bargaining groups that have agreed to this new provision are enrolled in the affected plans. In addition, the CSU Permitting Event Code Table in CMS Baseline has been updated to accommodate the changes described in this Technical Letter. These changes are scheduled to be delivered in CMS Baseline via the 2011 Open Enrollment updates.

Questions regarding this Technical Letter may be directed to Human Resources Management at (562) 951-4411. This Technical Letter is also available on the Human Resources Management’s Web site at: [http://www.calstate.edu/HRAdm/memos.shtml](http://www.calstate.edu/HRAdm/memos.shtml).

EN/mh

Attachment
Dear ____________,

Effective January 1, 2011, health, dental and vision benefits will be extended to eligible dependents up to age 26. Eligible dependents include natural, foster, adopted, step, economically dependent (i.e., grandchild, niece or nephew and is subject to certification of economic dependency), or registered domestic partner’s child or children up to age 26. Dependents are considered eligible even if they are married or do not reside in the retiree’s home, regardless of alternative enrollment or availability of other employer-sponsored coverage. Please note that the dependent’s spouse or registered domestic partner or children (unless the child is certifiably an economic dependent of the employee as specified above) are not eligible for coverage.

You have an opportunity to add an eligible dependent(s) to your health, dental and/or vision enrollment during the open enrollment period which is held September 13 through October 8, 2010, or during any subsequent open enrollment period, or within 60 days of obtaining a qualified dependent. Employees that wish to add a dependent during this year’s open enrollment period must submit the dependent’s social security number and a copy of the dependent’s birth certificate to the Benefits Office.

The current rate plan structure will remain the same for health, dental (one-party, two-party, and three-party) and vision (one rate for all enrollees) plan coverage(s) for the 2011 plan year. If you have a dependent that turns age 23 during the month of December, coverage will continue automatically. However, if you have a dependent(s) currently on COBRA Continuation coverage due to age 23 delete, please be advised that COBRA payments should continue through the end of the year if you wish to maintain coverage(s) for the dependent(s) through December 31, 2010, since the age 26 extension does not take effect until January 1, 2011. COBRA coverage must be cancelled effective January 1, 2011, if you decide to re-enroll the age 23 delete during the open enrollment period.

Under the new provisions of the Health Care Reform Act, dependent coverage will be terminated at the end of the month of the dependent’s 26th birthday. When this occurs, the dependent will be given the option of enrolling in COBRA Continuation.

This new provision applies to eligible dependents of non-represented employees. An offer to extend dental and vision coverage to dependents up to age 26 has been made to each Collective Bargaining Group Designee for represented employees, and as of the date of this letter the following have agreed to this provision: Union of American Physicians and Dentists (UAPD) (Unit 1); The California Faculty Association (CFA) (Unit 3); California State University Employees’ Union (CSUEU) (Units 2, 5, 7, 9); Academic Professionals of California (APC) (Unit 4); State Employees’ Trades Council (SETC) (Unit 6); State University Police Association (SUPA) (Unit 8); and International Union of Operating Engineers (IUOE) (Unit 10).

The extension of benefits for dependents up to age 26 applies also to the CSU Dental Plan for retirees, the CSU Retiree Voluntary Vision Plan and also to retiree health plan coverage through CalPERS.

No other CSU benefits programs are impacted.

Please contact the Benefits Office if you have any questions.