



NEW Dependent Eligibility QUESTIONS AND ANSWERS

As of your renewal in 2010 (varies by employer) health plans in Wisconsin are required to cover dependents on the parent's policy until the dependent turns age 27 or is married, whichever comes first. Full time student and/or financial support from the parents is no longer required, except in the cases of military service.

When a dependent is offered coverage through his/her employer that is more expensive (based on their contribution) than the coverage under a parent's plan, the dependent will remain eligible for coverage under the parent's plan.

A dependent that is under age 27 when called to federal active duty, can be reinstated to the parent's plan upon return from active duty. Dependents returning from duty after age 27 can be reinstated to their parents' plan if they were a full-time student before military service and they re-enroll as a full-time student after military service.

Q. Why is Physicians Plus changing its dependent eligibility requirements?

A. As a fully insured health plan, we are required to offer coverage to dependents who meet these new criteria, upon request. Parents still have the option to not continue to cover adult dependents or to remove them at any time.

Q. Will Physicians Plus be verifying Dependent Eligibility in 2010?

A. Since the verification process was based on verification of full time student status and support from parents, it is no longer needed unless specifically requested by an employer.

Q. Does this affect Vision and Dental plans?

A. Yes if fully funded. Contact your vision and or dental carrier for clarification.

Q. When can I add my dependent to my policy?

A. Dependents who now meet the new definition of a dependent, may be added to your coverage when your policy is renewed in 2010. Please contact your employer for more information on adding a dependent at renewal.

Q. How do I add my dependent to my policy?

If coverage is through your employer, and your eligible adult child is NOT currently covered on the policy, you should submit an enrollment form to your employer prior to the renewal date. Coverage for your child will be effective upon your renewal date as long as it's received by Physicians Plus within 30 days of the effective date. Example: If your group renews January 1st, the enrollment form must be submitted to Physicians Plus prior to January 31, to be considered timely.

If coverage is provided by an individual policy, you must submit an enrollment form directly to Physicians Plus to add your dependent. Coverage for your child will be effective January 1, as long as the enrollment form is received by us within 30 days of the effective date (January 31st, 2010). If your premium rate is affected, it will be reflected on your next billing statement.

NOTE: After the renewal date, you can add your adult child if there is a special enrollment event. If there is no event, you can still add your adult child, but coverage is subject to a 12 month waiting period.

Q. Do I have to include my dependent on my policy?

A. No. The new mandates require insurance companies to provide coverage based on the new definition, but parents are NOT REQUIRED to cover their adult dependents unless they choose to do so.

Q. Does my child have to be a resident of the State of Wisconsin?

A. No. The child does not have to reside in Wisconsin.

Q. My adult child is on COBRA continuation coverage. Can I cover him/her on my insurance?

A. Yes, as long as your adult child is less than 27 years of age and is not married. Note that COBRA continuation coverage is not considered group health insurance through your adult child's employer for purposes of determining eligibility under this new provision

Q. If my dependent is covered by an employer's policy, can I put them on my policy when the mandates take effect?

A. The mandate language states that if the dependent is offered coverage through an employer that is more expensive than the coverage under a parent's plan, the dependent can remain eligible for coverage under the parent's plan.

If you add your dependent to your policy and he/she remains covered on their employer-based plan, coordination of benefits would apply. Under coordination of benefits rules, the dependents' coverage with their employer would be primary over their dependent coverage on the parents plan, regardless of the type or cost of the coverage.

Q. When my dependent turns 27, when will his/her insurance coverage end?

A. Physicians Plus will end your dependent's coverage on midnight the day your dependent turns 27.

Q. Can my dependent be covered on my policy after returning from active duty in the military?

A. A dependent under age 27 and called to federal active duty can be reinstated to the parent's plan upon return from active duty. Further, dependents returning from duty after age 27 can be reinstated to their parents' plan if they were a full-time student before military service and they re-enroll as a full-time student after military service.

Q. I've heard there could be federal and state tax liabilities for adult dependents that do not meet the IRS definition of a dependent or qualified child?

A. Yes, if you receive benefits for an adult dependent who does not meet the IRS definition of a dependent, you may incur additional federal and state tax liability.

The State's new definition of a dependent (for insurance purposes) does not match the IRS definition of a dependent. Physicians Plus cannot provide advice on federal and state tax implications of covering dependents; we encourage you to seek advice from a tax professional on this issue.

Q. How can I determine if my adult child qualifies under the Internal Revenue Code as my tax dependent?

A. Physicians Plus cannot provide advice on tax implications of covering dependents; we encourage you to seek advice from a tax professional on this issue. Consult the guidelines in IRS Publication 501 for "qualifying child." In general, the IRS requires that a qualifying child meet five tests:

1. The child must be your son, daughter or stepchild;
2. The child must be
 - (a) under age 19 at the end of the year,
 - (b) under age 24 at the end of the year and a full-time student, or
 - (c) any age if permanently and totally disabled.
3. The child must have lived with you for more than half of the year
 - (a) The child must not have provided more than half of his/her own support for the year
 - (b) If the child meets the rules to be a qualifying child of more than one person, you must be the person entitled to claim the child as a qualifying child.
4. The lists above should not be used as the sole determination of your child's tax status.
5. These tests are described in detail in IRS Publication 501, which is available at the web site of the Internal Revenue Service. In addition, you may wish to consult with your tax advisor for assistance.

Q. What is the fair market value for my dependents health insurance coverage?

A. Physicians Plus cannot provide advice on tax implications of covering dependents; we encourage you to seek advice from a tax professional on this issue.

For tax purposes you may be asked to determine the fair market value for dependent coverage when the dependent DOES NOT meet the IRS' definition of a "qualified child".

A suggestion may be to use a per member or dependent calculation from your renewal to determine the fair market value.