



# Expansion of Health Coverage as Safety Net for Young Adults

by Emilee K. Lawson Hatch

On July 29, 2009, Governor Paterson signed into law a bill that permits parents to keep their young adult dependents, through age 29, covered under their health insurance. In his 2009 State of the State Address, Paterson stated that "one in three New Yorkers from the ages of 19 to 29 are still uninsured." He went on to explain that a shift must be made to furnish "primary, preventive and community-based care." The new law takes effect on September 1, 2009 and applies to all policies.

The goal of this law is not only to protect uninsured young adults, but to also reduce health care costs as a whole. Allowing health insurance coverage to continue for a longer period of time will prevent thousands of otherwise uninsured young people from incurring expensive medical bill debt. For people in their 20s who are already having a hard enough time making ends meet, medical bills are often the last to get paid. As a result, the general insured population picks up the slack by paying higher insurance premiums.

The expansion of the age requirement will also likely build a better network of patient care, by allowing many young people to remain insured and, in turn, allowing them to retain their relationships with their physicians. With the Governor's estimate that adults ranging from 19 to 29 years of age represent an estimated 31 percent of uninsured New Yorkers, there should also be a direct impact on the way future health care taxes are distributed by the State. As health care costs for this newly protected age bracket are expected to be much lower, this allows previously used tax monies to be spent elsewhere.

The child must still be claimed by the parent as a dependent in order to qualify under this law, but this change is especially important now in light of the current economic downturn. With the scarcity of jobs and an even lower number of positions with paid health coverage, this new law gives young people and their families some breathing room. Whereas young adults usually became ineligible for coverage under their parents' policies soon after graduation from high school or college, they now have some time to find positions that provide employer-based health insurance. Although the premiums under the new law will be paid for by the families, they will cost far less because the coverage is under group policies rather than individual policies.

As usual, New York is not paving the way with this new law, however we are not at the tail end of change either. New Jersey currently allows dependent, childless, young adults to remain on the plans on until their 31st birthday. In Illinois, Utah and New Mexico,

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## Expansion of Health Coverage, cont.

dependents are covered until they turn 26. A handful of other states in the past few years have increased their age of dependency, and several more states have considered such proposals.

This law affects mostly young adults and their families, but will also create a positive ripple affect through the health care system. According to one New York Times article, written prior to the law's passage, "[i]f the Legislature approves the proposal, the state expects that about 10 percent, or 80,000 people, will take advantage of it."

### **What steps should employers take?**

Although there will be no direct costs to companies offering health insurance, as the new premiums will be paid directly by the families, there may be some administrative costs. Keep in mind that the law has a three prong effect, expanding not only the dependent coverage, but also extending the period of time for COBRA coverage from 18 to 36 months, and endorsing a series of managed care reforms to protect consumers.

Plan sponsors should review and amend their plan's current eligibility requirements as they apply to dependents. It is just as important to update all plan documents, including election forms and summary plan descriptions, with information about the terms of this new law. Further, it is advisable that sponsors put together and send an easily understood summary of how the new law will affect those they insure.

The content of this article is intended to provide general information. Please contact the author with any questions you may have. Emilee K. Lawson Hatch is an Associate at Green & Seifter Attorneys, PLLC in Syracuse, NY. Contact her at [elawsonhatch@gslaw.com](mailto:elawsonhatch@gslaw.com).



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