

Extension of dependent coverage FAQ

General questions

1. What did Regence announce today?

Regence announced that effective June 1, 2010, it will extend coverage to all dependents **currently covered** on their parents' health care policies up until age 26. While it is a key provision of the federal health reform act, insurers are not legally required to offer this coverage until September 23, 2010, for policies renewing after that date. Regence will implement this provision early to avoid any interruption and possible confusion in coverage for our members.

2. Why is Regence doing this now?

It's the right thing to do. We believe this is a practical, positive step toward providing our members and their families with high quality, affordable health care coverage.

3. What does the federal legislation require?

The recently signed *Patient Protection and Affordable Care Act* (PPACA) requires health insurers to extend coverage to qualified adult children who are on their parents' plan after September 23, 2010, when the policies renew.

4. How many people will receive extended coverage?

It is difficult to estimate exactly how many young adults will choose to remain covered under their parents' policies beyond current eligibility guidelines (which vary by state), but we cover thousands of these members across the region today.

5. When does this change become effective?

Effective June 1, 2010, Regence will retain qualified dependents to their parents' policies. We intend to notify members in early May.

6. What is the definition of "dependent?"

Under the new federal law, coverage that allows a parent to enroll his/her child as the parent's dependent must allow that child to remain on the policy until the child reaches age 26. A person can be a dependent even if they are married or not pursuing higher education. For dependents who are married, this extension does not apply to their spouse or children. This is the same definition Regence will use when offering expanded coverage.

7. What if the dependent lives in a different state than their parents?

Regence will extend coverage to dependents of members on qualified Regence plans (individual and fully insured groups).

8. Does the dependent have to be enrolled in college or pursuing some form of higher education?

No. There are no restrictions for students v. non-students.

9. Does this apply to all Regence members?

Until the law formally takes effect on Sept. 23, 2010, this change only applies to those dependents currently covered under their parents' individual or fully-insured group policies. Large, self-insured businesses will continue to determine their own eligibility requirements until the law takes effect in September. Until then, self-insured businesses will have the option to extend this benefit to their employees, and we will encourage them to do so.

Before 2014, grandfathered group plans (meaning a plan that was in place prior to March 23, 2010) must offer dependent coverage to age 26 only if the dependent is not eligible for other group coverage. Any new plan would have to provide coverage regardless of the dependent's eligibility for other coverage.

10. What about dependents who are eligible under the federal law but do not currently have coverage?

Those dependents will be eligible for coverage under their parents' policies, when those policies renew after September 23, 2010.

11. Are there any other restrictions?

The only restriction -- as stated in the federal law -- is that dependents seeking coverage through a grandfathered group plan are ineligible if they already have access to coverage through their employer. This restriction goes away in 2014.

12. Will dependents extending coverage be subject to underwriting?

No, not if they choose to extend current coverage. However, if they apply for an individual policy or insurance through their employer, they will be subject to normal underwriting rules.

13. Will Regence file for rate increases as a result of this change?

No. Rate increases are based on claims experience. Under the new law, there will be lots of changes affecting claims. Future rate changes will be a reflection of the altered claims experience of the entire pool.

14. Are you planning to implement other requirements of the law ahead of schedule?

Perhaps, but it's too soon to tell. Like everyone, we're reviewing the tremendous amount of information in the bill and will look at each element on a case by case basis. Our goal is always to figure evaluate every piece in light of what's in the best overall interest of our members. We've been in front of this particular issue for a while, so it was a relatively easy thing for us to offer coverage uniformly to age 26.

15. Does this change require regulatory approval?

We are working with state regulators to determine what filings, if any, are required.

16. What are the current age limits/requirements by state (OR/WA/ID/UT)?

UT: mandated coverage up to age 26, must be financially dependent, does not apply to married dependents

ID/WA: mandated coverage up to age 25, must be financially dependent, does not apply to married dependents

OR: no mandate, Regence standard plans cover dependents to age 23.

Member-specific questions

17. What steps do I need to take to keep qualified dependents on my policy? Is the change automatic?

Yes. This will be included as part of our member communication in May.

18. What if I don't want to keep my adult dependent children on my policy?

As always, you have the option to opt out of the extension or to remove dependents from your existing policy.

19. Will my premiums change as a result of keeping my dependent on my policy?

You will continue to pay the same amount you otherwise would have for family or dependent coverage.

20. What if my child was previously removed from my Regence policy due to current age limits, but qualifies for the extension – can I put them back on my policy?

Not until the law takes effect in September. If you want to add a dependent to your existing policy, you should call customer service or visit myregence.com for information and assistance