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### **BULLETIN 07-17 Amended**

Date: December 4, 2007

To: Insurers, Nonprofit Health Service Plans, Health Maintenance Organizations and Dental Plan Organizations

Re: Required Notice of Criteria under which a Child Attaining Age 18 May Remain Eligible for Health Coverage as a Dependent—Insurance Article, §15-416

Chapter 639 of the Acts of 2007 amended Insurance Article, §15-416, Annotated Code of Maryland, which applies to insurers, nonprofit health service plans and health maintenance organizations (referenced in this bulletin as "carriers") that deliver or issue for delivery in Maryland individual, group, or blanket health insurance policies and contracts.

Amended §15-416 requires that carriers notify the parent of the criteria under which a child may remain eligible for coverage as a dependent under the policy or contract at least 60 days before the covered child turns 18 years of age. The purpose of this bulletin is to establish the notices that carriers are required to send to parents, in accordance with §15-416 of the Insurance Article.

In accordance with Section 3 of Chapter 639 of the Acts of 2007, the notice requirement under amended §15-416 of the Insurance Article shall apply to all policies, contracts, and health benefit plans issued, delivered, or renewed in Maryland on or after January 1, 2008. Therefore, carriers will be required to begin providing the applicable notices set forth in this bulletin by January 1, 2008.

This bulletin provides two different notices. The first listed notice is applicable to those individual and group contracts that are subject to the new "child dependent" definition found in Insurance Article, §15-418, Annotated Code of Maryland. It applies to individual and group health coverages issued by insurers, nonprofit health service plans and health maintenance organizations. The following types of contracts are exempt from the requirements of §15-418 of the Insurance Article:

- (1) A contract covering one or more, or any combination of the following:
  - (a) Coverage only for loss caused by an accident;

- (b) Disability coverage;
  - (c) Credit-only insurance; or
  - (d) Long-term care coverage; or
- (2) The following benefits if they are provided under a separate contract:
- (a) Dental coverage;
  - (b) Vision coverage;
  - (c) Medicare supplement coverage;
  - (d) Coverage limited to benefits for a specified disease or diseases;
  - (e) Travel accident or sickness coverage; and
  - (f) Fixed indemnity benefit insurance that does not provide benefits on an expense incurred basis; or
- (3) Small employer contracts subject to Title 15, Subtitle 12 of the Insurance Article. However, if the Maryland Health Care Commission adopts by regulation the requirements regarding "child dependent" coverage as described in §15-418 of the Insurance Article for the small employer market, the notice set forth for Carriers Subject to §15-418 of the Insurance Article will apply at that time.

## **NOTICE FOR CARRIERS SUBJECT TO §15-418, INSURANCE ARTICLE**

For contracts that provide only the minimum requirements of §15-418 of the Insurance Article, the notice provided to parents by carriers subject to §15-418 of the Insurance Article shall read, with the exception of the drafting notes:

### **"HEALTH COVERAGE OPTIONS FOR CHILDREN TURNING AGE 18**

This Notice provides you with information about how a child may remain covered under your health coverage after the child reaches age 18. Your child may remain covered under your current policy as a dependent beyond age 18, under the following rules:

1. *Full-time Student.*

Your child may remain covered as a dependent on your policy until the end of the year in which your child turns 23, if your child is a full-time student, your child is unmarried and your child is otherwise a "qualifying child" in that:

- your child does not provide over one-half of his or her own support; and
- your child meets the following residency test:

- The child lives with you for more than one-half of the year;

OR

- Meets the following alternative residence test:
  - The child receives over half of the child's support during the calendar year from the child's parents; and
  - The child is in the custody of one or both parents for more than half of the year; and
  - The child's parents:
    - Are divorced or legally separated under a decree of divorce or separation order signed by a judge;
    - Are living separately under a written separation agreement; or
    - Live apart at all times for the last six months of the calendar year.

2. *Disabled child.*

If your child is permanently and totally disabled, your child may remain covered as a dependent on your policy through his or her 25<sup>th</sup> birthday as long as your child is unmarried and is otherwise a “*qualifying child*” in that:

- your child does not provide over one-half of his or her own support; and
- your child meets the following residency test:

- The child lives with you for more than one-half of the year;

OR

- Meets the following alternative residence test:
  - The child receives over half of the child's support during the calendar year from the child's parents; and
  - The child is in the custody of one or both parents for more than half of the year; and

- The child's parents:
  - Are divorced or legally separated under a decree of divorce or separation order signed by a judge;
  - Are living separately under a written separation agreement; or
  - Live apart at all times for the last six months of the calendar year.

If your child does not meet the criteria listed above for a disabled child, your child nonetheless may still remain covered as a dependent on your policy, regardless of age, if your child is:

- unmarried;
  - chiefly dependent on you for support;
  - incapable of self-support because of mental or physical incapacity; and
  - if the child is your grandchild or an individual for whom guardianship is granted by court or testamentary appointment, in your custody
3. If your child does not meet, or ceases to meet, the criteria described in paragraphs 1 and 2, your child may still remain covered as a dependent on your policy until he or she reaches age 25, if he or she meets the relevant criteria for a “*qualified relative*” in that:
- your child is not the “*qualifying child*” of **any** person, including you; and
  - your child receives over half of his support from you.

**COBRA Continuation Option**—This option applies only if your child's current health coverage is under your employer's group plan *and* your employer has 20 or more employees. If your child does not satisfy one of the options described above, your child's only option to continue coverage under your group plan beyond the limiting age is by electing the COBRA continuation option. Under this option, your child will no longer be covered as a dependent under your coverage. The premium for the child selecting this option will be the full adult premium, plus a 2% administrative fee. Generally, employers do not contribute any premium for individuals who select COBRA continuation coverage.

**Other Individual Health Coverage Available From (insert name of carrier)**—If your child is not interested in or does not qualify for the COBRA Continuation Option described above, your child has the option of selecting conversion coverage from (*insert name of carrier*). The conversion coverage usually is not as comprehensive as the coverage that is found in group health contracts.

*(Drafting note: Include the following paragraph only if the carrier participates in the individual health market in Maryland) Also, (insert name of carrier) offers the following health contracts in*

the Maryland individual medically underwritten market. Your child will need to apply for these coverages and can be turned down if his or her health history is not good enough to pass medical underwriting. Below is a brief summary of the health coverage that we offer in the individual market in Maryland:

*(Insert description of all of the carrier's medically underwritten individual health coverage options in Maryland, such as:*

*PPO Coverage:*

- *Deductible options \$500, \$1000, \$2000 and \$5000*
- *Coinsurance options of 90% in-network; 75% out-of-network and 80% in-network and 60% out-of-network*

*Traditional Major Medical Coverage*

- *Deductible options \$500, \$1000, \$2000 and \$5000*
- *Coinsurance options of 70%, 80% and 90%.*

For an application and more detailed premium information for the described plans, please contact us at **(insert carrier's telephone number and website in bold type)**.

**Information Available from the Maryland Insurance Administration**—The Maryland Insurance Administration has information available regarding health coverage that you might find helpful. The information includes a Consumer Guide for Health Insurance, as well as a list of all the carriers who sell individual health insurance or individual HMO coverage in Maryland, including contact information. The Maryland Insurance Administration's website is [www.mdinsurance.state.md.us](http://www.mdinsurance.state.md.us). Their telephone number is 1-800-492-6116."

If the contract provides a more beneficial coverage for children beyond age 18 than required by §15-418 of the Insurance Article, the carrier shall modify the above notice to accurately reflect the coverage options beyond age 18 found in the contract.

## **NOTICE FOR CARRIERS EXEMPT FROM §15-418, INSURANCE ARTICLE**

The following notice applies to contracts issued by insurers, nonprofit health service plans and dental plan organizations. For individual, group or blanket contracts that are subject to the notice requirements of §15-416 of the Insurance Article, but exempt from the requirements of §15-418 of the Insurance Article, the following notice is required at least 60-days before a child who is covered under a parent's contract or policy turns 18 years of age:

### **"HEALTH COVERAGE OPTIONS FOR CHILDREN TURNING AGE 18**

This Notice provides you with information about how a child may remain covered under your health coverage after the child reaches age 18. Your child may remain covered under your current policy as a dependent beyond age 18, under the following rules:

**Options to Remain Covered Under Parent's Coverage**—*(Insert description here of the child's right to remain covered under the parent's particular contract or policy beyond age 18, but do not describe the right to continue coverage for an incapacitated child. The description should include any State continuation of coverage rights, as well as COBRA continuation rights, if applicable.)*

**Incapacitated Child Coverage**—If your child, at the time of reaching the limiting age in the policy, is incapable of self-support due to a mental or physical incapacity, the child may remain covered under your policy or contract as long as the child remains:

- Unmarried;
- Chiefly dependent on you for support; and
- Incapable of self-support due to the mental or physical incapacity; and
- If the child is your grandchild or an individual for whom guardianship is granted by court or testamentary appointment, in your custody

*Drafting note: Include the following section only if the carrier participates in the individual health market in Maryland)*

**Other Individual Health Coverage Available From (insert name of carrier)**—*(Insert name of carrier)* offers the following health contracts in the Maryland individual market. Your child will need to apply for these coverages. *(Insert the following text if the available coverage is not guaranteed issued: Your child can be turned down if his or her health history is not good enough to pass medical underwriting).* Below is a brief summary of the health coverage that we offer in the individual market in Maryland:

*(Insert description of all of the carrier's medically underwritten individual health coverage options in Maryland, such as:*

*Hospital Indemnity Coverage:*

- *Daily Benefit Options \$100, \$200, \$500*
- *Maximum Benefit—365 days; 730 days*

*Dental Coverage:*

- *Coverage of Preventive, Diagnostic, Restorative, Periodontal, Endodontic, Orthodontic Services*
- *Annual Limit of \$2500*

*Specified Disease Coverage:*

- *Cancer Expense Incurred Coverage*
  - *Deductible Options of \$500, \$1000*
  - *Coinsurance Options of 80%, 90%, 100%*
  - *\$1,000,000 Lifetime Maximum*
- *Cancer First Diagnosis Policy*
  - *\$100,000 and \$200,000 benefit options*

*PPO Coverage:*

- *Deductible options \$500, \$1000, \$2000 and \$5000*
- *Coinsurance options of 90% in-network; 75% out-of-network and 80% in-network and 60% out-of-network*

*Traditional Major Medical Coverage*

- *Deductible options \$500, \$1000, \$2000 and \$5000*
- *Coinsurance options of 70%, 80% and 90%.*

For an application and more detailed premium information for the described plans, please contact us at **(insert carrier's telephone number and website in bold type)**.

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Questions about this bulletin may be directed to the Life/Health Section at 410-468-2170.

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Howard Max  
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Life and Health