Your Bridge to Benefits Solutions
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Your Adult Child Aged Out of Your Insurance — Now What?

Under the Affordable Care Act (ACA), every health plan that offers coverage for dependent children must allow adult children to remain on their parents' coverage until the age of 26.

But then what?

When your child ages out of your insurance coverage, it is considered a qualifying life event that allows them to select other health care. However, they should be aware that the clock may be ticking on their time to enroll.

Potential options for health coverage include:

- An employer plan
- A Health Insurance Marketplace plan
- Consolidated Omnibus Budget Reconciliation Act (COBRA) coverage
- Short-term, limited-duration insurance (STLDI)

- Medicaid

Let’s look at each option and its applicable time limit for enrollment.

Employer plans

If your child (or their spouse, if they are married) is working for an employer that offers health care, aging out of your coverage qualifies as a life event and creates a special enrollment period in their employer’s plan. They must enroll within 30 days of losing coverage under your plan.

Health Insurance Marketplace plan

Your child can sign up for an individual policy through a state or federal Health Insurance Marketplace plan. As with employer plans, aging out of your coverage qualifies as a life event that creates a special enrollment period. But unlike employer plans, your child has up to 60 days to enroll after losing coverage under your plan.

COBRA coverage

If your employer has 20 or more employees, your child might be eligible to extend their health care coverage through COBRA for up to three years. Your child must notify your employer in writing within 60 days of turning 26 years old. Once your plan notifies your child of the right to extend health care benefits under COBRA, your child will have 60 days from the date of that notice to choose COBRA coverage.

Options similar to COBRA may exist under state law if your employer has 20 or fewer employees. Check with your employer about requesting this type of coverage.

STLDI

STLDI is a temporary option to fill gaps in health care coverage. However, STLDI is not subject to ACA rules on minimum required coverage. For example, it can exclude preexisting conditions and set annual dollar limits on coverage. Under federal laws, STLDI policies can last up to a year, with the option to renew for two additional years. However, this type of insurance may be restricted or even unavailable in certain states, including outright bans in California, New York and New Jersey.

Medicaid

This option is available for pregnant women and low-income adults. State law dictates eligibility, but qualifying individuals can enroll at any point during the year.

Time is of the essence

Your adult child might be thinking about health care for the first time at age 26, and they're not alone. Ask your employer or benefits adviser for helpful links and information. As you discuss different costs and coverages with your adult child, a good first lesson is that there may be time limitations for enrollment.

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