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May 27, 2010

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An open letter to Illinois insurers from Congresswoman Jan Schakowsky

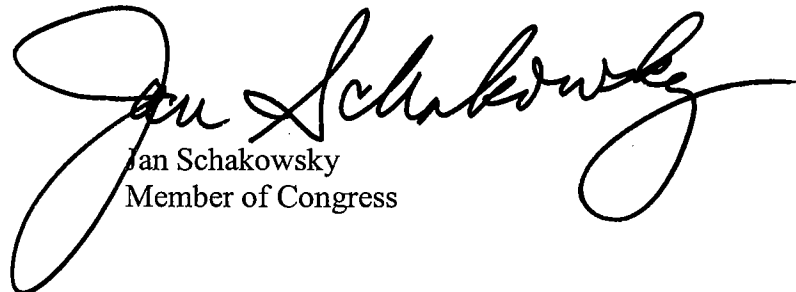
Dear Insurer:

In March, President Obama signed the Patient Protection and Affordable Care Act into law. Among other provisions, this new law requires insurance plans, both self-funded and fully insured, that offer dependent coverage to allow adult dependents up to age 26 to remain on their parents' policy. While this provision takes effect with plan years beginning after September 23, 2010, over sixty-five health insurance providers, most outside of Illinois, have agreed to expedite implementation.

By implementing this provision early, those plans have allowed parents to maintain insurance coverage for their children who would otherwise age out of the policy due to college graduation. Both the Department of Health and Human Services and the Internal Revenue Service have issued guidance on early implementation of dependent coverage. Furthermore, the IRS has stated that this new coverage will be tax free for both the employer and employee – meaning that there will be no tax on dependent benefits prior to the statutory date of enactment on September 23, 2010.

In addition to the more than sixty-five health insurance providers that have taken the necessary steps to implement extended dependent coverage prior to September 23, private employers across the country that self-insure are examining plans to take similar steps. I write this letter with the hope that insurers in the state of Illinois will implement the dependent coverage provision before the fall. By doing so, these companies will be ensuring that young adults who are having difficulty finding employment with benefits during these tough economic times will not see lapses in their health insurance coverage.

Sincerely,



Jan Schakowsky
Member of Congress