



Illinois Insurance Facts

Health Insurance Continuation Rights – Dependent Children Effective July 1, 2004

December 2003

With the high costs of medical care, maintaining health coverage is very important to most individuals and families. Illinois law does not require employers to provide health benefits for their employees or their families. However, if you are covered by an employer's health benefits, loss of coverage can be devastating.

State and federal laws give certain employees, spouses and dependent children the right to continue employer-sponsored health benefits at group rates if they lose their benefits because of specific "qualifying events." The type of qualifying event determines who is qualified for continued coverage and for how long.

This fact sheet provides **specific information** on the **Illinois Dependent Child Continuation Law** and compares its basic provisions to three other continuation laws: the [Illinois Spousal Continuation Law](#), the [Illinois Continuation Law](#) and the federal continuation requirements under [COBRA](#) (the Consolidated Omnibus Budget Reconciliation Act). The chart at the bottom of this fact sheet provides a comparison of the laws pertaining to continuation of health benefits.

Under all four laws:

- The employer or plan administrator must notify you of your right to continue your health benefits when certain **qualifying events** have occurred. If both the state and federal laws apply to your situation, the employer or plan administrator must offer you both options. You must choose one or the other option.

NOTE: In some cases, the spouse, former spouse, dependent child or guardian must notify the employer and/or insurer that a **qualifying event** has occurred, such as divorce from or death of the covered employee or attainment of the limiting age by the dependent child. If you don't give proper notification, your continuation rights may be lost.

- Once you are offered continuation, you must elect to continue coverage within a certain time period, called the **election period**. If you don't tell the employer you want to continue coverage before the election period expires, you may lose your right to continue coverage. If you have the option of either the state or federal continuations, once you make your choice, you can't change your decision if the **election period** has expired.

- Coverage will continue for the maximum amount of time required by law. However, coverage may end earlier in some cases, such as when the beneficiary becomes eligible for Medicare, or if the employer no longer offers any group health insurance benefits for employees.
- You must pay the **entire premium** for the coverage, including the part the employee used to pay as well as the part the employer paid before the qualifying event. In addition, you may also be required to pay an administrative fee under certain circumstances for COBRA and Spousal Continuation.

The group insurance certificate, evidence of coverage or benefit plan summary booklet explains your options and responsibilities in detail. You should read the information now. Don't wait until you need your continuation rights.

What Is The Illinois Dependent Child Continuation Law?

The Illinois Dependent Child Continuation Law, **effective July 1, 2004**, protects dependent children who lose their group health insurance coverage with an employer group of **any size** due to:

- Attainment of the limiting age under the policy; or
- The death of the insured parent (and coverage is not available under the [Spousal Continuation Law](#).)

Which Employers Must Offer Continuation Coverage Under The Illinois Dependent Child Continuation Law?

- Employers offering fully insured group and accident health plans, regardless of the group's size;
- Employers offering fully insured HMO coverage, regardless of the group's size.

The Illinois law does not apply to:

- Self-insured employers;
- Self-insured health and welfare benefit plans, such as union plans;
- Insurance policies or trusts written in other states.

Note: For HMOs, the law applies to contracts written outside of Illinois if the HMO member is a resident of Illinois and the HMO has established a provider network in Illinois. To determine if your HMO coverage provides Illinois continuation, contact the HMO or check your certificate of coverage.

Who Is Eligible For Continuation Coverage Under The Illinois Dependent Child Continuation Law?

Continuation of coverage must be offered to eligible dependents covered under group coverage on the day before the qualifying event.

Illinois dependent child continuation does not apply if:

- The child is covered by any other insured or self-insured plan of group hospital, surgical or medical coverage.
- The child is eligible for coverage under the Illinois Spousal Continuation Law.

What Are The Notification Deadlines?

The dependent child or responsible adult acting on behalf of the dependent child must notify the employer or the insurer in writing of the qualifying event within 30 days of the event.

How Much Will Illinois Dependent Child Continuation Coverage Cost?

The premium for Illinois dependent child continuation coverage shall be the sum of the amount that would be charged to an employee (if the dependent child were an employee) plus any contributions the employer would have made on behalf of the employee.

What Benefits Are Available With Illinois Dependent Child Continuation Coverage?

Benefits for hospital, surgical or major medical are the same as they were under the previous group coverage.

How Long Does Illinois Dependent Child Continuation Coverage Last?

Continuation coverage must be provided for a maximum of two years after the date the insurance stops because of attainment of the limiting age or death of insured parent.

Continuation coverage may terminate earlier than two years:

- If premiums are not made in a timely manner;
- When coverage would terminate under the terms of the policy if the dependent child was still an eligible dependent of the employee, such as when the employee terminates employment with the employer;
- When the dependent child becomes an insured employee under any other group health plan.

What Happens When Illinois Dependent Child Continuation Ends?

The dependent child may convert coverage to an individual policy at any time during the continuation period or at the end of the period.

The dependent child may also want to shop around for an individual policy on his own. Better coverage may be available at a more affordable rate. An insurance broker in the area can assist.

If the dependent child has a medical condition that precludes the purchase of individual coverage, the HIPAA CHIP plan offered by the Illinois Comprehensive Health Insurance Plan may be an option when the continuation policy expires. This plan provides coverage for individuals with an uninsurable health condition, without preexisting condition exclusions or limitations, if there has not been a break in coverage of more than 90 days. We encourage that the dependent child apply for the HIPAA CHIP plan at least two months prior to the expiration of the Illinois dependent child continuation coverage in order to allow ample time for the application to be processed. For an application and information, please contact the Illinois Comprehensive Health Insurance Plan (ICHIP) at (866) 851-2751 or at <http://www.chip.state.il.us/chip.htm>.

NOTE: Dependent children with medical conditions that render them uninsurable, who elect a conversion policy rather than HIPAA CHIP, will lose the right to elect HIPAA CHIP. In other words, if a conversion policy is elected and then dropped for whatever reason, the child will not be eligible for the HIPAA CHIP plan. Coverage with the regular CHIP plan would still be an option, but the plan may have a waiting list and does not pay for preexisting conditions for the first six months of coverage.

For More Information On Illinois Dependent Child Continuation Coverage

Call our Consumer Services Section at (312) 814-2427 or
our Office of Consumer Health Insurance toll free at (877) 527-9431
or visit us on our website at www.ins.state.il.us

A copy of the law is available, [215 ILCS 5/367.2-5](#)

Related Topics:

[Health Insurance Continuation Rights -- COBRA](#)

[Health Insurance Continuation Rights – Illinois Law](#)

[Health Insurance Continuation Rights -- Illinois Spousal Law](#)

Comparison of Laws Pertaining to Continuation of Health Benefits

This is a general comparison. For Specific Information regarding each continuation law, please refer to the specific Fact Sheet.

| | COBRA | Illinois Continuation | Illinois Spousal Continuation | Dependent Continuation Effective July 1, 2004 |
|------------------------------|---|--|--|--|
| Applicability | Applies to employer groups with 20 or more employees. | Applies to employer groups of any size. Applies to insurance companies and HMOs. | Applies to employer groups of any size. Applies to insurance companies. Effective Jan 1, 2004 – applies to HMOs. | Applies to employer groups of any size. Applies to insurance companies and HMOs. |
| Who Is Eligible | Employees and/or covered dependents. | Employees and covered dependents. | Divorced or widowed spouses (any age) and covered dependent children. Spouses (age 55 or older) of retired employees, and covered dependents. | Covered dependent children of deceased employee, who are not otherwise covered under the Spousal Continuation Law. Covered dependent children who attain the limiting age under the insurance policy or HMO certificate. |
| Coverage Requirements | Must be covered by the group plan on the day prior to the qualifying event. | Employees must be covered for 3 continuous months before qualifying event. | Spouse and dependents must be covered on the day prior to the qualifying event. | Dependent child must be covered on the day prior to the qualifying event. |
| Qualifying Events | <p>Must be offered to employee & covered dependents upon:</p> <ol style="list-style-type: none"> 1. Termination of employment; 2. Employee's retirement; 3. Reduction in employee's hours. <p>Must be offered to spouse, former spouse & covered dependents upon:</p> <ol style="list-style-type: none"> 1. Employee's eligibility for Medicare; 2. Divorce or legal separation from employee; 3. Death of employee; 4. Loss of dependent child status under plan. | <p>Must be offered upon termination of employment or membership unless termination is due to theft or commission of work-related felony.</p> <p>Must be offered to an employee whose insurance is terminated due to a reduction in hours worked. (Effective January 1, 2004)</p> | <p>Must be offered to divorced spouse or widowed spouse and dependent children upon divorce from or death of employee. Must be offered to spouse (age 55 or older) and dependent children of retiree upon employee's retirement.</p> | <p>Must be offered to dependent child after death of insured if coverage is not available under the Spousal Continuation Law.</p> <p>Must be offered to dependent child upon attainment of limiting age under the insurance policy or HMO certificate.</p> |

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| | COBRA | Illinois Continuation | Illinois Spousal Continuation | Dependent Continuation Effective July 1, 2004 |
|--|---|---|--|---|
| Benefits | Coverage must be the same as under the group plan. | Coverage must be the same as under the group plan but need not include extra benefits such as dental, vision or prescription drugs. | Coverage must be the same as under the group plan. | Coverage must be the same as under the group plan. |
| Length of Continuation Coverage | <p>Loss of employment or reduced hours – for employee & covered dependents, maximum of 18 months. May be extended to 29 months if disabled.</p> <p>Divorce or legal separation from employee, death of employee or employee entitled to Medicare – maximum of 36 months for spouse, former spouse and dependent children.</p> <p>Loss of dependent child status- maximum of 36 months.</p> | Coverage is provided for a maximum of 9 months. | <p>Spouse under age 55 – Divorced or widowed spouse (not spouse of retiree) and dependent children – Coverage is provided for maximum of 2 years.</p> <p>Spouse age 55 or older – Divorced or widowed spouse or spouse of retiree and dependent children – coverage is provided until spouse is eligible for Medicare.</p> | Coverage is provided for a maximum of 2 years. |
| Premiums | Premium may not exceed 102% of group rate. Plan may charge 150% after 18 months if the 11-month extension for disability is granted. | Premiums may not exceed the group rate. | <p>Spouse under age 55 – Divorced or widowed spouse premium may not exceed the group rate.</p> <p>Spouse age 55 or older – Divorced or widowed spouse or spouse of retiree, administration fee may be added to group rate after first two years of coverage.</p> | Premiums shall not exceed the amount that would be charged to an employee if the dependent child was an employee PLUS the amount the employer would contribute toward the premium if the dependent child were an employee. |