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Coverage of Young Adults in New Jersey Up to Age 31

Coverage of Children until Age 26

The federal Patient Protection and Affordable Care Act, enacted March 23, 2010, requires that dependent children be covered under group and individual plans at least until age 26, IF dependent children are covered at all. Coverage of dependent children may no longer be limited based on whether the child is financially dependent on the parent, or residing in the parent's household, or a full-time student. The young adult may remain covered under his or her parent's plan even if he or she marries. (However, neither the young adult's spouse nor child is entitled to coverage under the young adult's parent's plan). A young adult may be removed from his or her parent's plan – if it is a "grandfathered" health plan – before reaching age 26 if the young adult could be covered through a group health plan as an employee or an employee's spouse. Generally, "grandfathered" plans are health plans that were in effect on or before March 23, 2010.

Coverage Options for Young Adults after Age 26

When a young adult ages-out of a group health plan after his or her 26th birthday, he or she will have the option to remain with the group's coverage for an additional period of time by making a continuation election pursuant to: (1) [COBRA](#), (2) [New Jersey's Small Group Continuation](#) (NJSGC) law, or (3) the [New Jersey Dependent Under 31](#) law (DU31). A young adult who ages out of a parent's individual health benefits plan doesn't have these continuation rights.

If a young adult's parent becomes covered under a group health benefits plan sometime after the young adult reaches age 26, but before the young adult's 31st birthday, the young adult MAY be eligible to enroll as an overage child of the parent by making a DU31 election, even if the young adult didn't age-out of other coverage, and even if the young adult currently has other coverage in effect (other than Medicare). If the young adult has coverage under his or her own employer plan or an individual policy, the young adult would have to give up the existing policy to move to the parent's plan.

Of course, a young adult always is eligible to purchase [individual health coverage](#) if he or she is a New Jersey resident who is not eligible for a group health plan as an employee or spouse of an employee, or eligible for Medicare.

What is COBRA, NJSGC and DU31?

COBRA is a federal law that allows employees and their covered dependents to elect continuation of coverage under a group health plan when the employee and/or the dependent would otherwise lose coverage because of some event, such as a lay-off of the employee, or a child reaching a certain age. NJSGC is the New Jersey Small Group Continuation law, and is similar to COBRA. DU31 is a New Jersey law that allows children older than the child-dependent age in a parent's coverage to elect to remain covered until age 31, if certain other eligibility standards are met. In all instances, the person making the continuation election may be responsible for the full applicable premium, plus a 2% administrative fee – the employer is not required to contribute to the premium at all.

[COBRA](#) applies to virtually all self-funded and insured employer plans that have 20 or more full-time employees. The NJSGC applies to the insured health plans of New Jersey employers that have 50 or fewer employees. The DU31 law applies to all New Jersey group health benefits plans – regardless of the size of the employer – but does not apply to most self-funded plans. A further comparison of COBRA, NJSGC and DU31 as each applies to young adults is discussed [below](#).

The Dependent Under 31 Election (DU31)

DU31, [P.L. 2005, c. 375](#), permits young adults to continue coverage or become covered under a parent's group health plan as an over-age dependent until the young adult's 31st birthday.

A young adult may use the DU31 election right to:

- continue coverage under a parent's group health benefits plan, when the young adult is "aging-out" of that parent's coverage; or
- become covered under a parent's group health benefits plan, so long as the young adult has had coverage at some time in the past.

In some instances, a DU31 election is an alternative to the *continuation* of coverage election option available under [COBRA](#) (a federal law), or the [NJSG](#) law. In some instances, a DU31 election provides an alternative to purchasing coverage in the individual market. Some young adults may even choose to exercise a DU31 election as an alternative to buying into a young adult's employer's group health plan. While the DU31 election option offers many young adults a health care coverage solution, there are eligibility requirements and coverage limitations that may not always make the DU31 election the best choice for everyone.

A [comparison of the DU31, COBRA and NJSGC](#) options is discussed further below. In addition, some information about [individual health coverage](#) options is also provided for consideration.

Please note: For specific information about the DU31 election option under the State Health Benefits Plan or the School Employees' Health Benefits Plan, refer to the Department of Treasury's [Pension & Benefits](#) web pages.

What are the Eligibility Requirements?

In order for a young adult to be eligible for a DU31 election option:

- the group coverage must meet certain requirements;
- the young adult's parent must meet certain requirements; and
- the young adult must meet certain requirements.

The Group Coverage

The coverage for the employer group in which the young adult wishes to enroll:

- ✓ must be through a group health benefits plan issued in New Jersey (or the State Health Benefits Plan); and
- ✓ must allow for the enrollment of dependents.

The Parent

The young adult's parent:

- ✓ must be covered under an employer's group health benefits plan subject to the DU31 law; and
- ✓ must provide coverage for all family members who meet the definition of a dependent under the group health benefits plan, or must have waived coverage for an eligible dependent because the dependent is covered under another group health plan or government-sponsored plan.

The Young Adult

If both the employer's plan and the young adult's parent meet the DU31 requirements, the young adult may enroll if he or she:

What are the Eligibility Requirements?

What is the Cost?

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Compare Continuation Options (Chart)

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(some useful questions and answers)

- ✓ is younger than 31 years old, **but** older than the limiting age for dependent children stated in the group health benefits plan in which he or she wants to enroll;
- ✓ is a resident of New Jersey, **or**, if not residing in New Jersey, is a full-time student at an accredited public or private institution of higher education;
- ✓ is *not* covered under another group health plan, church plan, individual health benefits plan and is not entitled to Medicare as of the date that coverage under the parent's group health benefits plan would begin (**note**: a young adult can have other coverage upon the date the DU31 election is made, but not upon the date the DU31 coverage becomes *effective*);
- ✓ does not have any children; **and**
- ✓ does not have a spouse, civil union partner or domestic partner.

The DU31 Law DOES NOT Require That:

- the young adult be economically dependent on the parent
- the young adult live in the same house with the parent
- the young adult exhaust coverage continued through COBRA or NJSGC
- the young adult be ineligible for other coverage
- the young adult have continuous prior creditable coverage
- the young adult have actually aged-out of any prior creditable coverage
- the young adult have ever actually been covered under a parent's prior creditable coverage
- the young adult demonstrate insurability
- the parent of the young adult be a New Jersey resident

The Right to Make a DU31 Election will END and Coverage Resulting from a DU31 Election will TERMINATE when:

- A young adult marries or enters into a civil union
- A young adult becomes a parent
- A young adult residing outside of New Jersey is no longer a full-time student
- A young adult becomes covered under an individual health benefits plan, a group health plan or a church plan
- The young adult has his or her 31st birthday
- A young adult's parent is no longer covered under the group health benefits plan (**note**: a young adult's coverage does not terminate if a parent continues coverage pursuant to a COBRA or NJSGC election)
- A young adult's parent elects to discontinue coverage for all eligible dependents (**note**: a young adult's coverage does not terminate if a parent terminates dependent coverage because there are no longer any eligible dependents)
- The group health benefits plan no longer permits coverage of dependents
- The employer's group health benefits plan terminates and is not replaced by a group health benefits plan subject to the DU31 law
- Required premiums are not paid

A young adult may establish and re-establish eligibility and make a DU31 election multiple times before his or her 31st birthday.

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What is the Cost?

Contact the parent's employer (or its human resource department) or the carrier (or its agent) for the actual cost of buying coverage as an over-age dependent. Employers are NOT required to contribute to the cost of the over-age dependent coverage, so it is likely the young adult will be expected to pay the entire premium.

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When May I Enroll?

Generally, the enrollment period for DU31 eligibility is limited to the first 30 days following establishment of eligibility, or during the annual Employee Open Enrollment period of the group, which must be no less than a 30-day period. There is an exception: if an adult child is covered under a parent's group health plan as his or her 26th birthday approaches, the adult child will have 30 days prior to his or her 26th birthday to make the DU31 election, as well as 30 days after attaining age 26/aging-out. An election made during this period should result in no break in coverage for the Overage Dependent.

If an adult child is not covered under a plan required to comply with the DU31 election at the time the adult child has his or her 26th birthday (and becomes an Overage Dependent), the Overage Dependent will have 30 days following establishment of DU31 eligibility to make the DU31 election. For example, if a 27-year old Overage Dependent's parent's plan must comply with the DU31 election, but the Overage Dependent was not covered because he or she was living in another State, when he or she decides to return to New Jersey, the Overage Dependent could make the DU31 election within 30 days after his or her return to New Jersey; otherwise, he or she can enroll later during the group's annual Employee Open Enrollment Period.

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How Do I Enroll?

Employers may have information and enrollment forms available. If the employer is unable to provide assistance, a young adult should contact the carrier directly.

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What if I Am Not Eligible?

There are many reasons a young adult might not be eligible to make a DU31 election. Depending upon the reasons for the DU31 ineligibility, some different options may be available.

COBRA or NJSGC

If a young adult is [aging-out](#) of a group health plan that is not subject to DU31 (for instance, because the group health plan is a self-funded plan or a group policy issued in another State), the young adult probably will still be eligible to make a [COBRA](#) election.

If a young adult is [aging-out](#) of a group health benefits plan issued in New Jersey, but is not eligible for personal reasons (because, for example, he or she has a child), the young adult may still make a COBRA election to continue to be covered under the group health plan, or, if the employer group is too small to be

subject to COBRA, then the young adult will still be eligible to make an [NJSGC](#) election to continue his or her coverage under the group health benefits plan.

Individual Health Coverage

Health coverage is available in the [Individual Health Coverage \(IHC\) market](#) to anyone who is a New Jersey resident and not eligible for group coverage or Medicare. In fact, even if a young adult (or anyone else) is eligible to elect continuation of group coverage because of DU31, COBRA or NJSGC, he or she is still eligible to purchase an individual health benefits plan instead. And no one is turned down because of health, age, occupation or prior claims.

The standard individual health benefits plans provide comprehensive coverage, including preventive and primary medical care, specialist care, laboratory and imaging, hospital services, and prescription drug coverage. These plans are classified as platinum, gold, silver or bronze based on how the costs of covered services are shared between the carrier and the covered person. Naturally, the gold plan is more “valuable” than a bronze plan, but the premiums tend to be higher for the gold plan than for a bronze plan as well.

Carriers may also offer a catastrophic plan, which still provides coverage for a comprehensive list of health care services, but has a deductible that is much larger than the deductibles offered in the standard plans. This means a covered person pays a lot more upfront for covered health care services under a catastrophic plan than under a standard individual health benefits plan, but monthly premiums should be lower for a catastrophic plan than for any standard plans offered by the same carrier. Not everyone is eligible to buy a catastrophic plan: you must be under 30 years old, or qualify for a [hardship exemption](#) if you are older.

Note that the federal Affordable Care Act provides subsidies to help lower the costs of the standard individual health benefits plan (subsidies can’t be used for catastrophic plans). Subsidies are based on income, and other eligibility criteria. To find out if you are eligible for a subsidy, you will need to go to the federal Marketplace at www.healthcare.gov.

If you are not eligible for a subsidy, you still can purchase a standard individual health benefits plan through the federal Marketplace at www.healthcare.gov, or you can buy directly from a carrier (its agents or brokers). Carriers offering standard individual health benefits plans through the Marketplace offer the very same plans outside of the Marketplace. However, some carriers offer standard health benefits plans outside of the Marketplace that they do not offer through the Marketplace, and some carriers only offer health benefits plans outside of the Marketplace. In other words, there are more options outside of the Marketplace. For more information about plan options and rates, especially those available outside of the Marketplace, go to www.nj.gov/dobi/division_insurance/ihcseh/shop_ihc.htm.

Other possible options and alternatives:

- If a young adult is working, he or she may have the option to enroll in his or her employer’s own group health plan.
- If DU31 ineligibility results because a parent’s group health plan is not subject to the DU31 law, a young adult might consider whether he or she is eligible to make a DU31 election under another parent’s group health plan, if any.
- If a young adult is DU31 ineligible, but still a full-time student, he or she might be able to obtain coverage under group student insurance purchased by the college or university.
- If a young adult is DU31 ineligible because he or she has one or more children, [NJ FamilyCare](#) might be an option. Depending on gross income, the young adult may be able to insure the family, or may be able to insure his or her child(ren) only.

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Answers

1. What is DU31?

DU31 refers to a New Jersey law ([P.L. 2005, c. 375](#), also sometimes called "Chapter 375") that permits young adults who would otherwise not qualify for coverage under a parent's employer's group health benefits plan to be covered as an "over-age" dependent until age 31, if certain eligibility standards are met. If the employer's coverage is subject to the DU31 law, neither the employer nor the carrier may refuse to allow an eligible young adult the opportunity to enroll as an over-age dependent.

2. What are the eligibility requirements?

There are a number of eligibility requirements, some of which apply to the young adult, some that apply to the young adult's parent, and some that apply to the parent's coverage.

FIRST, a young adult's parent's coverage must be subject to the DU31 law. Group health benefits plans issued in New Jersey and the State Health Benefits Plan are subject to the New Jersey DU31 law. However, there are several broad categories of group health plans that are not subject to New Jersey's DU31 law: self-funded plans (other than the State Health Benefits Plan), and group insurance policies issued in another State. Many New Jersey residents are covered under self-funded plans and group insurance issued outside of New Jersey.

In addition, the parent's coverage must allow the parent to cover dependents. Most group health plans allow coverage of dependents.

SECOND, the parent has to elect to cover eligible dependents IF there are any eligible dependents to be covered. However, there is an exception: the parent can waive eligible dependent coverage if all eligible dependents have coverage through another group health plan or government-sponsored plan. If the parent has elected not to cover an eligible spouse or child dependent for other reasons (for instance, because of premiums), the over-age dependent will not be permitted to enroll unless and until the remainder of the family is enrolled.

THIRD, the young adult must be: older than the limiting age for eligible dependents in the group health benefits plan in which s/he wants to enroll, but less than 31 years old; AND, unmarried; AND have no children; AND be a New Jersey resident OR a full-time student if not living in New Jersey. In addition, the young adult must not be covered under another group health plan, church plan, individual health benefits plan or Medicare, OR must be prepared to terminate the other coverage on the effective date of coverage under the parent's group health benefits plan.

3. So, for the first part of the eligibility test, a young adult needs to determine whether the parent's coverage is a group health benefits plans issued in New Jersey...but what does that mean, and how does someone know if a group plan is one of those plans?

A group plan sponsor (employer or union) may have a contract of insurance (or service benefits) issued to it in the State in which: the employer's principal place of business is located; the employer is

incorporated; or, the majority of the employer's employees work. A "group health benefits plan issued in New Jersey" refers to a contract of insurance (or service benefits) issued in New Jersey by a licensed carrier to a group plan sponsor for the purpose of providing payment for covered hospital or medical expenses incurred by the plan sponsor's employees or members and eligible dependents. When the contract is "issued in New Jersey," it basically means that the carrier and the group plan sponsor enter into their agreement in New Jersey, and so, the insurance contract is subject to New Jersey law.

The law applies to any health coverage issued in New Jersey by most carriers, including, for instance, hospital and medical coverage offered by an HMO, or stand-alone vision and pharmacy coverage offered by an insurance company. Note, however, that the law does not apply to dental plan organizations or dental service organizations, so DU31 does not apply to dental coverage.

If you are not sure whether the group health benefits plan in question was issued in New Jersey, speak with a representative of the plan sponsor – typically someone from the human resources or benefits office can help with this information – or contact the carrier. Also, the first page of the certificate of coverage distributed to the covered employee (a young adult's parent) will state that it is subject to the laws of the state of New Jersey if the group policy is issued in New Jersey.

4. If a young adult's parent works out-of-state, and has health coverage through that job, does that mean the group health benefits plan is not issued in New Jersey?

Contact the parent's employer for more information. You cannot determine where a policy is issued based solely on where an employee works or lives.

5. If a young adult's parent lives and works in New Jersey, and is covered through a union here, does it mean the parent is covered through a group health benefits plan issued in New Jersey?

IT DEPENDS. The plan sponsor will have to provide more information. Many unions, as well as employers, offer coverage through a self-funded arrangement. Self-funded arrangements are group health plans under federal law, but are not insurance, do not constitute group health benefits plans issued in New Jersey, and thus, are not required to give a DU31 election. However, some unions purchase health insurance contracts instead of self-funding. If the insurance contract was actually issued in New Jersey, such insurance will be a group health benefits plan issued in New Jersey, and will be subject to the DU31 law.

6. If a young adult's parent works for the federal government, and is covered through the health plan at work – is that a group health benefits plan issued in New Jersey?

PROBABLY NOT. Most people who work for the federal government as part of the civilian workforce receive their health benefits through the [Federal Employees Health Benefits Program](#) (FEHBP). Some coverage under the FEHBP is self-funded, some is insured, but much of the coverage is unlikely to qualify as group health benefits plans issued in New Jersey. The best source of information will be the human resources or benefits department handling the parent's coverage. If the young adult's parent's coverage is through [TRICARE](#), the parent is NOT covered under a group health benefits plan issued in New Jersey, so the young adult will not have the opportunity to make a DU31 election.

7. My parent works for the government in New Jersey, and is covered through the health plan at work – could that be a group health benefits plan issued in New Jersey?

IT DEPENDS. Most people who work for the New Jersey state government are covered through the [State Health Benefits Plan](#) (SHBP), which is subject to the DU31 law even though it is self-funded. You should check directly with the SHBP about whether you will qualify to make a DU31 election, as the SHBP standards may be different from those that apply to private group health benefits plans issued in New Jersey.

People who work for counties, municipalities, local authorities, or public universities in New Jersey may have coverage through the SHBP (thus, subject to the DU31 law), through a group health benefits plan issued in New Jersey (and so, subject to the DU31 law), OR through another self-funded plan (and not subject to the DU31 law). The best source of information will be the human resources or benefits department handling the parent's coverage.

8. My parent works for a university, and has health coverage through that entity? Does the university have a group health benefits plan issued in New Jersey?

IT DEPENDS. People who work for public universities in New Jersey may have coverage through the SHBP, through a group health benefits plan issued in New Jersey, or through a self-funded plan. Most people who work for private universities located in New Jersey will have coverage under a group health benefits plan issued in New Jersey or a self-funded plan. The best source of information will be the human resources or benefits department handling the parent's coverage.

9. What is a self-funded plan?

"Self-funded" means that the health claims are being paid with the funds of the sponsor of the plan – an employer, an employee organization (usually, a union), or an employee-employer organization. The plan sponsor takes the risk of claims being more or less than the amount the plan sponsor set aside to pay claims. So, when an employer self-funds a plan and claims prove to be greater than expected, the employer will have to contribute more to pay the claims, but if claims are lower than expected, the employer keeps any extra funds. On the other hand, when a plan is insured, the employer pays the premiums to a carrier, and the carrier takes the risk of claims being more or less than expected. So, the employer does not have to pay extra premium if claims are higher than the carrier expected – the carrier has to make up the difference. But if claims are low, the employer does not receive any refund of premium either – the carrier keeps it all. Many unions and large public and private employers self-fund the welfare plans they offer to their members or employees and eligible dependents. Very often, even though a plan sponsor may self-fund the health benefits, the plan sponsor may still contract with a carrier for one or more administrative services; for example: eligibility and enrollment determinations, claims handling, contracting with health care providers, or collection of data. Frequently, when a plan sponsor contracts with a carrier for administrative services and access to the carrier's network(s), the plan sponsor's members or employees and their dependents receive ID cards that have the carrier's logos and other information similar to (or the same as) what the carrier may issue to its insured enrollees. If a young adult or the parent is not sure whether the health benefits in question were/are insured or self-funded, a representative of the plan sponsor – typically someone from the human resources or benefits office – can help with this information – as can the carrier. Self-funded plans of private employers are not subject to the requirements of the DU31 law or any State insurance law.

Self-funded plans of public employers are subject to the laws of the states where located. So, although the SHBP is self-funded, because P.L. 2005, C. 375 specifically said the DU31 law applies to the SHBP, the SHBP must comply with the law. (Other self-funded plans of public employers were not specifically included under P.L. 2005, c. 375.) For more information about the SHBP, contact the [Division of Pension and Benefits](#) in the Department of Treasury.

10. So, to satisfy the second part of the DU31 eligibility test, must the parent have elected dependent coverage before a young adult can make a DU31 election?

IT DEPENDS. The coverage must allow for dependent coverage to be elected (and most group health benefits plans do), but whether the parent has to make a dependent election depends on the circumstances involved.

If a parent has no eligible dependents to cover, there is no need for the parent to have or make a dependent coverage election. A parent may have no eligible dependents to cover because: the parent has no spouse and no other children; the parent has no spouse, and the parent's other children are all over-age; or, the parent's spouse and any eligible dependent children are covered under another group health plan (i.e., the spouse's or a biological parent's), or a government-sponsored plan (Medicare, NJ FamilyCare), in which event, the parent may elect to waive dependent coverage.

Often, however, in addition to the over-age young adult, a parent will have a spouse, and eligible dependent children, none of whom can be covered under another group health plan (or government-sponsored plan). In that case, the parent must have elected – either previously or at the time of the young adult's DU31 election – to cover all of the eligible dependents in order for the young adult's DU31 election to be valid.

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11. What is an eligible dependent child and how is an eligible dependent child different from an over-age dependent or young adult?

The group health benefits plan defines who is eligible as a dependent child. Generally, a dependent child will be eligible for coverage under a group health benefits plan until age 26. Some plans may allow dependent children to continue to be covered beyond the initial limiting age until a later specified age, so long as they are full-time students. Note that group health benefits plans issued in New Jersey will define an eligible dependent child to include children of civil union partners to the same degree as children of spouses (just as references to spouse should be understood to include a civil union partner).

For purposes of discussion of the DU31 law, the terms "young adult" and "over-age dependent" may be used interchangeably. More specifically, however, think of a young adult as anyone who is more than 18

but less than 31 years old, while an over-age dependent is a young adult who is older than a group health benefits plan's stated limiting age for eligible dependent children, but less than 31 years old.

12. Must a young adult have proof of having been covered as an eligible child dependent and proof of age-out in order to be eligible to make a DU31 election?

No. Although a young adult's age-out from coverage as an eligible child dependent supports the young adult's eligibility for a DU31 election, a young adult does not have to prove: (a) that he or she aged-out of any prior coverage, or (b) that he or she was ever covered as an eligible dependent child.

13. What does age-out mean?

Most policies and contracts define who is eligible as a dependent child, and specify that a dependent child is no longer eligible for coverage once the child reaches a certain age (for example, upon the child's 26th birthday). The young adult becomes ineligible as a dependent child when the young adult reaches the dependent limiting age in the health plan, referred to as "aging-out." The precise date on which coverage ends varies from plan to plan, and may be: on the child's actual birthday; on the last day of the month of the child's age-out birthday; or, on the last day of the year of the child's age-out birthday.

Some plans actually have two limiting ages because they allow full-time students to be covered beyond the limiting age of 26 until a specified student age. If, while covered under a parent's group plan, a young adult reaches the plan's stated limiting age, and then continues to be covered because of a full-time student exception to the initial limiting age, the young adult will still be considered to have aged-out when he or she later becomes ineligible for coverage under the policy because he or she: (1) graduates; (2) stops being a full-time student for reasons other than graduation; or, (3) reaches the second limiting age in the policy.

If in doubt, a young adult should contact the insurance company or plan sponsor to find out whether he or she may still be eligible for dependent child coverage. Usually, it is most economical to be covered as a dependent child, so that option generally should be explored.

14. What if a young adult was covered under NJFamilyCare until age 19, and hasn't had coverage since then?

A young adult should not be turned down for a DU31 election just because his or her most recent coverage was through Medicaid or [NJ FamilyCare](#). A young adult's prior coverage has no bearing on eligibility.

15. What if a young adult was most recently covered as a dependent of a parent who was active duty military?

A young adult's prior coverage does not matter, so a young adult should not be turned down for a DU31 election on a group health benefits plan issued in New Jersey just because of this his or her prior coverage was through [TRICARE](#).

16. What if a young adult's most recent coverage was as a dependent of a parent who received coverage through a union plan?

Because prior coverage has no bearing on an Over-age Dependent's eligibility for a DU31 election, a young adult should not be turned down for a DU31 election just because his or her most recent coverage was under a union plan.

17. Okay, the first and second parts of the DU31 eligibility test are satisfied. What if the young adult is not married, but has a civil union partner?

If the young adult has a civil union partner, he or she is ineligible for coverage under the DU31 law, just as he or she would be if he or she were married. Although the DU31 law only states that marriage prevents eligibility for a DU31 election, [P.L. 2006, c. 103](#), the New Jersey law establishing civil unions, states that insurance law must consider marriage to include civil unions, and spouses to include civil union partners. Thus, a young adult who has entered into a civil union is to be treated the same as a young adult who entered into a marriage, for purposes of the DU31 election.

New Jersey also considers domestic partnerships established in New Jersey prior to February 2007, and established under the laws of other States, to be the same as a marriage for purposes of the DU31 law.

In addition, a young adult cannot have any children, be covered by another individual or group health plan, or be entitled to Medicare (when the DU31-elected coverage becomes effective). In addition, a

young adult either must live in New Jersey or be a full-time student if he or she doesn't live in New Jersey.

18. What does "entitled to Medicare" mean?

To be entitled to [Medicare](#), a person must be both eligible and actually covered under Medicare. Someone becomes eligible for Medicare due to age, disability or end stage renal disease (ESRD), but only becomes entitled to Medicare when he or she actually signs up for it.

19. If a young adult works and could get coverage through his or her employer, but hasn't, is the young adult ineligible to make a DU31 election?

No, a young adult's eligibility for another group health plan does not make him or her ineligible for a DU31 election (except, perhaps, if seeking a DU31 election under the State Health Benefits Plan). A young adult is ineligible only if he or she is actually covered under another group health plan (or is entitled to Medicare) when the DU31-elected coverage becomes effective.

20. If a young adult works and has coverage through his or her employer can the young adult really elect coverage on his or her parent's policy?

Yes, so long as the young adult gives up coverage under his or her employer's group health plan on or before the date coverage under the DU31 election becomes effective.

Before a young adult decides to discontinue an employer's coverage, he or she should carefully consider the benefits available under the various coverage options, the costs, conditions for keeping coverage, the opportunities for returning to his or her employer's group health plan, and his or her personal circumstances. (For example, is the young adult expecting to marry in the near future?) There is no one-size-fits-all answer as to whether it is better for a young adult to keep his or her employer's coverage or make a DU31 election.

21. If a young adult chose to keep coverage through COBRA when he or she aged-out, will the young adult be able to elect to keep coverage on his or her parent's policy using a DU31 election when the COBRA coverage ends?

Yes, if the young adult meets all of the DU31 eligibility requirements when his or her coverage under COBRA ends, the young adult will be permitted to make a DU31 election.

Further, there is no requirement that a young adult exhaust COBRA before making a DU31 election; he or she could choose to end coverage under the COBRA election early and make a DU31 election instead. Of course, the young adult should carefully consider the [pros and cons](#) of discontinuing his or her COBRA election early, because the young adult will not be allowed to reinstate the COBRA election if he or she later changes his or her mind or the young adult's circumstances change. Note: the same standards apply with respect to an NJSGC election as well.

22. Okay, if a young adult's parent is covered under a group health benefits plan issued in New Jersey, the young adult is not married, doesn't have kids, doesn't have other coverage (or is willing to give it up), and lives in New Jersey (or is a full-time student elsewhere) – now what does the young adult do?

Contact the employer to see about filling out enrollment forms. The employer may ask the young adult to contact the carrier directly. And the young adult should continue to consider carefully other coverage options he or she may have.

23. If a young adult doesn't make the DU31 election when he or she first ages-out, can the DU31 election be made at another time, if the young adult still meets all of the eligibility standards?

Yes. Age-out triggers a right to make a DU31 election in some cases, but there is no requirement that the DU31 election be made upon or within any specified period of time after age-out. IN FACT, age-out is not a pre-requisite to making a DU31 election. There are many young adults who will never actually age-out of a group health plan who will still be eligible to make a DU31 election under a group health benefits plan because all three parts of the DU31 eligibility test are met.

So long as the young adult is not considered an eligible dependent child under the terms of the group health benefits plan in which he or she wishes to enroll, and meets other DU31 eligibility requirements, the young adult may enroll in the group health benefits plan at any time prior to his or her 31st birthday. Although a young adult must establish eligibility, there are no true "qualifying events" for the DU31 election, as is the case for COBRA or NJSGC.

24. Okay, if a young adult will be aging-out soon, should they choose to continue coverage through a COBRA (or NJSGC) election or a DU31 election? What's the difference?

There is no one right answer as to whether it is better to make a COBRA/NJSGC election or a DU31 election when a young adult is eligible to make either. A young adult has to consider his or her current circumstances, future expectations, and financial concerns.

[COBRA](#)/NJSGC allows a young adult to continue coverage with the group for up to an additional 36 months. The DU31 law allows a young adult to continue coverage until his or her 31st birthday, so long as all other DU31 eligibility standards are met.

A young adult must make the COBRA election within 60-days (or the NJSGC election within 30 days) of when he or she ages-out, after which the COBRA/NJSGC election option ends. The DU31 law allows a young adult to make a DU31 election at any point prior to his or her 31st birthday, so long as all of the eligibility standards are met.

Continuation of coverage following a DU31 election is contingent upon whether: (1) the young adult's parent continues to have coverage with the group, (2) the young adult's parent elects to continue dependent coverage, and (3) the group continues to offer dependent coverage. Continuation of coverage following a COBRA/NJSGC election is not contingent upon a young adult's parent's actions, or a decision by the group policyholder to eliminate the option to cover dependents.

A young adult continuing coverage through a DU31 election will lose the right to such coverage if he or she marries (or enters into a civil union), becomes a parent, moves out of state and is not a full-time student, or completes full-time studies while living outside of New Jersey. None of these events disqualifies a young adult from continuing coverage under COBRA/NJSGC. However, a young adult may lose coverage through either a COBRA/NJSGC election or a DU31 election if it is with an HMO and the young adult moves out of the HMO's service area.

A COBRA/NJSGC election is restricted to the group from which the young adult aged-out. A DU31 election right is not restricted to the group from which a young adult aged-out (if any – age-out is not a prerequisite for a DU31 election).

See a side-by-side comparison of COBRA, New Jersey Small Group Continuation Right ([NJSGC](#)) and DU31 in the [Comparison Chart](#).

25. If there are no restrictions on when a young adult may enroll based on a DU31 election, are there penalties for not enrolling as soon as DU31 eligibility can be established? There's no penalty, as such. However, if a young adult does not make the DU31 election when he or she first establishes eligibility, then the young adult will have to wait until the next annual Employee Open Enrollment Period to enroll. The young adult could experience several months without any health insurance, if he or she is unable to enroll in an alternative plan, or make a COBRA or NJSGC election.

26. How much is this going to cost?

Young adults have to contact the parent's employer for more information. The employer may ask the young adult to contact the carrier directly. In any event, a young adult can be charged up to 102% of the rate charged for someone in that group who is similarly situated, or 102% of the group rate.

27. What if it doesn't look like a young adult is eligible – what other options would a young adult have?

If a young adult hasn't yet aged-out, or aged-out very recently, he or she may still be eligible to make a continuation election using [COBRA](#), or the [NJSGC](#). The standards and requirements for making a COBRA and an NJSGC election are very similar. COBRA (a federal law) applies to all employers with 20 or more employees. The NJSGC applies to New Jersey employers with fewer than 20 employees, if the employer has a group health benefits plan issued in New Jersey.

If a young adult is not eligible for any continuation election, and does not otherwise have group coverage available through his or her own employer or a college as a student (group student insurance), the young adult may be eligible to purchase an individual policy. In New Jersey, residents who are not eligible for group coverage or coverage through Medicare are eligible to purchase individual policies. Individual health benefits plans are both guaranteed issue and guaranteed renewable (meaning, no one is turned down for coverage nor is anyone's coverage cancelled because of any health or claims issues).

28. What's available in the individual health insurance market? There are two classes of policies available in the individual health benefits plan market: standard individual health benefits plans, and catastrophic plans.

Standard individual policies – created by the Individual Health Coverage Program Board of Directors – provide comprehensive coverage. Carriers are permitted to price the standard health benefits plans using modified community rating (the modified community rate takes into consideration age). Carriers may also offer a catastrophic plan, which still provides coverage for a comprehensive list of health care services, but has a deductible that is much larger than the deductibles offered in the standard plans. This means a covered person pays a lot more up front for covered health care services under a catastrophic plan than under a standard individual health benefits plan when receiving health care services, but the monthly premiums for a catastrophic plan are typically much lower for a catastrophic plan than they are for a standard individual health benefits plan. Not everyone is eligible to buy a catastrophic plan: you must be under 30 years old, or qualify for a [hardship exemption](#) if you are older.

Note that the federal Affordable Care Act provides subsidies to help lower the costs of the standard individual health benefits plan (subsidies can't be used for catastrophic plans). Subsidies are based on income, and other eligibility criteria. To find out if you are eligible for a subsidy, you will need to go to the federal Marketplace at www.healthcare.gov.

If you are not eligible for a subsidy, you still can purchase a standard individual health benefits plan through the federal Marketplace, or you can also buy directly from a carrier (its agents or brokers). Carriers offering plans through the Marketplace offer the very same plans outside of the Marketplace. However, some carriers offer standard health benefits plans outside of the Marketplace that they do not offer through the Marketplace, and some carriers only offer health benefits plans outside of the Marketplace. In other words, there are more options outside of the Marketplace. For more information about plan options and rates, especially those available outside of the Marketplace, go to www.nj.gov/dobi/division_insurance/ihcseh/shop_ihc.htm.

29. What do standard individual policies cover? The standard individual health benefits plans provide comprehensive coverage, including preventive and primary medical care, specialist care, laboratory and imaging services, hospital services, and prescription drug coverage. These plans are classified as platinum, gold, silver or bronze based on how the costs of covered services are shared between the carrier and the covered person. Naturally, the gold plan is more "valuable" than a bronze plan, for example, but the monthly premiums for a gold plan also tend to be higher than the monthly premiums for a bronze plan. **For more information and to compare rates, see [Shopping for Health Insurance](#).**

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Comparison of COBRA and NJSGC with DU31

Length of Continuation

COBRA and the New Jersey Small Group Continuation (NJSGC) right allow a young adult who ages-out of coverage under a group health plan to elect to continue coverage with the group for up to an additional 36 months. DU31 allows a young adult who ages-out under a group health plan to elect to continue coverage until his or her 31st birthday, so long as he or she meets all other DU31 eligibility standards.

Election Right

COBRA and NJSGC require a young adult to make a continuation election when he or she first ages-out. DU31 allows the young adult to make a DU31 election at any time. A young adult who exhausts the COBRA or NJSGC election (for instance, the 36-month period ends), may make a DU31 election later if he or she meets all of the DU31 eligibility standards.

Cost

In all three instances, the young adult can be charged 102% of the group rate.

Eligibility

The young adult's COBRA and NJSGC election is restricted to the group from whose coverage the young adult aged-out. The young adult's DU31 election right is not restricted to the group from which the adult child aged-out (indeed, age-out is not an eligibility requirement for the DU31 election, only that the adult child be older than the limiting age of the group health benefits plan in which he or she wishes to enroll).

A person continuing coverage under DU31 loses the right to such coverage if he marries, becomes a parent, moves out of state and is not a full-time student, or completes studies and does not live in New Jersey. None of these events disqualifies a person from continuing coverage under COBRA or NJSGC. (**But note:** If the continued coverage is through an HMO, moving out of the HMO's service area will result in termination of the coverage under COBRA, NJSGC and DU31.)

The young adult's continuing coverage following a DU31 election is contingent upon whether: (1) the parent continues to have coverage with the group, (2) the parent elects to continue dependent coverage, and (3) the group continues to offer dependent coverage. An adult child's continuing coverage with a group following a COBRA or NJSGC election is not contingent upon his or her parent's actions, or a decision by the group policyholder to eliminate the option to cover dependents.

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Comparing COBRA/NJSGC to DU31

	COBRA/NJSGC	DU31 Election
Initial event giving rise to the continuation right	The young adult ages-out	None
Eligibility requirements	None specific to the adult child	<p>The young adult's parent must be covered under a group health benefits plan issued in New Jersey that permits coverage of dependents.</p> <p>The young adult must not qualify as an eligible dependent child under the policy in which s/he seeks to enroll (or must be about to age-out).</p> <p>The young adult must be unmarried,* childless, live in New Jersey or be a full-time student if living elsewhere, and not have other coverage when coverage under the DU31 election becomes effective.</p>
Duration of coverage generally	For 36 months	Up to age 31, so long as the young adult continues to be otherwise eligible
When election can be made	Upon age-out	Continuously until age 31, upon proof of eligibility, subject to open and special enrollment period limitations.
Reasons for losing coverage	<p>Premiums are not paid</p> <p>Employer discontinues the group plan and does not replace it</p> <p>The 36-month period ends</p>	<p>Premiums are not paid</p> <p>Employer discontinues group coverage and does not replace it with another group health benefits plan issued in New Jersey</p>

	<p>Before the 36-month period ends, if the young adult becomes entitled to group coverage that has no pre-existing condition limitation or similar exclusion</p> <p>Before the 36-month period ends, if the young adult becomes entitled to Medicare</p> <p>If HMO coverage, moving outside of the HMO's service area</p>	<p>Employer discontinues offering dependent coverage options</p> <p>Employee discontinues the dependent coverage election even though s/he continues to have eligible dependent children to enroll</p> <p>The young adult marries*</p> <p>The young adult becomes a parent</p> <p>The young adult relocates to another state and does not become a full-time student</p> <p>The young adult lives in another state and stops being a full-time student</p> <p>The young adult becomes covered under another group health plan or Medicare</p> <p>If HMO coverage, moving outside of the HMO's service area</p>
Cost	102% of a single person rate for the group	102% of a single person rate for the group
Other election opportunity?	No. If the young adult does not elect COBRA/NJSGC upon age-out, the election right expires.	The election opportunity is continuous; the young adult may establish eligibility multiple times before his or her 31st birthday.

*Marriage includes civil union and a domestic union.

For more information on the Dependent Under 31 law...

**If you are a consumer,
call the Department's Consumer Protection Services at
609-292-7272**



OPRA is a state law that was enacted to give the public greater access to government records maintained by public agencies in New Jersey.



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