Date: August 10, 2017

To: Joint Labor-Management Benefits Committee

From: Staff

Subject: LAwell Civilian Benefits Program – Updated Disabled Child Eligibility Criteria

**RECOMMENDATION**
That the Joint-Labor Management Benefits Committee (JLMBC) adopt the updated disabled child eligibility criteria under the LAwell Civilian Benefits Program to provide dependent coverage for a disabled child over the age of 26 who is dependent on the employee for support and was disabled before age 26.

**DISCUSSION**
Currently, the LAwell Civilian Benefits Program dependent eligibility criteria allow an employee to add a dependent adult child over the age of 26 who is dependent on the employee for support and who was disabled before age 18, to their benefits coverage. Additionally, the plan rules require that in order to be eligible for coverage, the child must remain unmarried, dependent on the employee for financial support, and disabled as determined by the health plan. A birth certificate and disability application from the health plan completed by the child’s doctor and returned to the health plan for approval is required to verify eligibility.

There are very few disabled dependent adult children (approximately 77) currently covered under the LAwell Civilian Benefits Program. However, staff has received inquiries in the past from members regarding the City’s eligibility rules for disabled dependents, which is what prompted a staff review of the current requirements.

Prior to the Affordable Care Act (ACA), signed into law in 2010, employees could cover their unmarried dependent children up to age 19 or up to age 25 if they were full-time students under the Civilian Benefits Program. At the same time, employees could cover their disabled child age 19 or older if they were dependent on the employee for support and if that child was disabled before age 18.

The ACA extended dependent coverage for young adult children up to age 26 with no requirement that the adult children be full-time students. This change was incorporated into the Civilian Benefits Program in plan year 2011, enabling employees to add and cover dependent children up to age 26, including disabled dependent children up to as well as over age 26. However, the provision providing disabled dependent coverage after age 26 continued to require that the child be disabled before age 18. Staff could not identify historical information as to why this requirement was originally established.
Given this, staff reviewed the disabled child eligibility criteria with the JLMBC’s benefits consultant, the Segal Company (Segal), to determine whether the disabled prior to age 18 provision was a requirement or consistent with how other comparable plan sponsors administer disabled dependent benefits. Segal conducted a comparative analysis and found that City of Los Angeles peers including City of Anaheim, City of Long Beach, City of San Diego, County of Los Angeles, County of Orange, and City and County of San Francisco extend health coverage to qualified adult children that are disabled before age 26 (without the age 18 limit that currently exists under the LAwell Civilian Benefits Program). Additionally per Segal’s analysis and research, there does not appear to be any legal restrictions that would prevent the City from updating the disabled age limit from age 18 to age 26. Segal verified with each of the City’s benefits providers, Anthem, Kaiser, Delta Dental, and EyeMed and all vendors confirmed their acceptance of the proposed change in the disabled age limit from age 18 to age 26.

CONCLUSION
Staff recommends that the JLMBC adopt the updated child eligibility criteria under the LAwell Civilian Benefits Program to provide dependent coverage for a disabled child over the age of 26 who is dependent on the employee for support and was disabled before age 26. Consistent with current rules, to be eligible the child must remain unmarried, dependent on the employee for financial support, and disabled as determined by the health plan. This proposed change to the disabled child eligibility criteria will provide increased flexibility for employees to add dependents to coverage, is consistent with other governmental agency peers, has no effect on the negotiated 2018 premium rates with the City’s benefits providers, and is expected to add minimal additional cost to overall benefit costs.

Submitted by:  ________________________________

Jenny M. Yau

Approved by:  ________________________________

Steven Montagna