

CLIENT ALERT

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On February 4, 2009, President Obama signed the **Children's Health Insurance Program Reauthorization Act of 2009 (CHIP)**. The purpose of CHIP is to assist low income individuals with the cost of medical insurance for children.

About Children's Health Insurance Program Reauthorization Act of 2009 (the Act) – The act invests an additional \$35 billion over the next 5 years to lower the number of uninsured children. This goal will be accomplished by the additional funding and providing incentives to states to reach out to the currently uninsured but eligible children to enroll them in either CHIP or Medicaid.

The Act also amends the Employee Retirement Income Security Act of 1974 (ERISA) to provide for special enrollment rights, new notice and disclosure obligations, and penalties for non-compliance.

NOTICE TO EMPLOYEES

Employers that maintain group health plans in states that provide medical assistance under a state Medicaid or CHIP plan must provide state-specific notices to each employee about the premium assistance option. The Notice will contain information regarding the availability of the premium assistance for group health coverage.

The Notice may be given as part of an Annual Open Enrollment packet, an Initial Hire packet, or with the Summary Plan Description. The Department of Labor has issued a model notice which can be found on the DOL's website. (<http://www.dol.gov/ebsa/>) Employers must comply with this notice based on their plan anniversary.

If the plan anniversary was between February 2, 2010 and May 1, 2010, then the notice must have been distributed by May 1, 2010. For plan years after May 1, 2010, the notice must be provided on the Plan Anniversary.

SPECIAL ENROLLMENT RIGHTS

Beginning **April 1, 2009**, group health plans are required to allow employees and dependents who are “eligible but not enrolled for coverage” under an employer plan to enroll in two new circumstances which are:

- 1) The employee’s or dependent’s Medicaid or CHIP coverage is terminated as a result of loss of eligibility;
- 2) The employee or dependent becomes eligible for a state premium assistance subsidy under Medicaid or CHIP

In either situation, the employee or dependent must request the change within 60 days after the new qualifying event. **Note** – current qualifying events under HIPAA only have a 30 day window. Plan documents should be reviewed and, if necessary, amended to reflect these new rules.

Penalty for Non-Compliance. The law permits the DOL to assess a penalty of up to \$100 a day for failure to comply with the notice and disclosure requirements. The \$100 penalty applies for each violation per participant or beneficiary

HELPFUL LINKS REGARDING THE STATE CHILDREN’S INSURANCE PROGRAMS (SCHIP)

<http://www.cms.gov/home/chip.asp>

<http://www.dol.gov/ebsa/newsroom/2010/ebsa020910.html>

www.insurekidsnow.gov

DISCLAIMER - *This e-mail and the suggested website links are informational only and are not meant to advise you of your entire obligation under the Children’s Health Insurance Program Reauthorization Act of 2009. This information is provided as an informational service to our clients and is not considered insurance, legal or tax advice. If you would like more information, please do not hesitate to contact our office or your legal counsel.*