

Expansion of CHIP-

Children's Health Insurance Program Reauthorization (CHIPRA)

Act of 2009

Effective April 1, 2009

The Children's Health Insurance Program (CHIP) Reauthorization Act of 2009 was signed by President Obama on February 4, 2009, and is effective April 1, 2009. The Act maintains and expands health coverage to low income and uninsured pregnant women and children.

- 1. Premium Assistance:** The Act gives states the options to provide a premium assistance subsidy for qualified employer-sponsored health coverage to all CHIP-eligible children. Under the law, qualified employer-sponsored health coverage must include an employer premium contribution of at least 40%. If the parents or children elect to receive the subsidy, CHIP will pay the employee's portion of the premium. Employers may also opt out of being paid the premium assistance directly, in which case the state would pay the subsidy directly to the employee. Note: flexible spending accounts and high deductible health plans are not eligible for the subsidy. This subsidy does not apply to voluntary benefits or employee-pay-all arrangements.
- 2. Special Enrollment Rights:** The Act creates 2 new special enrollment events with regard to group health plans and policies. Coverage must be requested no later than **sixty (60) days** after the new qualifying event. Group health plans and insurance providers must allow eligible employees or dependents to enroll for group health insurance if:
 - a. They lose coverage under their state Medicaid or child health plan
 - b. They become eligible for premium assistance under Medicaid or child health plan.
- 3. New Notice Requirements:** 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. This notice may be included as part of the annual open enrollment documents, the new-hire packet, or with the summary plan description. A model notice will be released by the Department of Labor and Health and Human Services by February 4, 2010. Employers must comply with the notice requirement starting with the first plan year after the model notice is released. Penalties for non-compliance include civil penalties of up to \$100 per day for employers who do not provide the required notice.
- 4. Disclosure Requirements to States:** The Act requires plan administrators to disclose to states, upon request, information about their group health plans. The information disclosed must be sufficiently specific to allow states to determine employees' eligibility for benefits, the benefits available under the plan, the name and contact information for the plan administrator, and the premiums and cost-sharing required under the plan. Model forms for the disclosures are currently being developed. Employers must comply with the disclosure requirement starting with the first plan year after the model disclosure forms are released. Penalties for non-compliance include civil penalties of up to \$100 per day for employers who do not provide the requested disclosures.
- 5. Dental Coverage Requirement:** The Act requires that dental coverage be provided to CHIP enrollees and authorizes states to allow CHIP-eligible children having private health coverage, except for dental insurance, to receive dental benefits through CHIP. The Act requires parity in CHIP between mental health, medical and surgical benefits.

What employers and plan administrators need to do now: All requirements, except for the new notice requirements, go into effect April 1, 2009. The new notices must be provided for all plan years that begin after February 4, 2010. All plan documents should be reviewed and amended, if necessary, to reflect these

changes by April 1, 2009.