



# CHIP Requirements Now In Effect

Insights

4.01.09

On February 4, 2009, President Obama signed the Children's Health Insurance Program Reauthorization Act of 2009 (CHIP). CHIP extends and expands the State Children's Health Insurance Program (SCHIP), and it contains several provisions that affect employer-sponsored group health plans.

## Special Enrollment Rights

CHIP requires group health plans to permit eligible employees and their dependents to enroll where:

- an employee's (or dependent's) Medicaid or SCHIP coverage is terminated as a result of loss of eligibility and the employee requests coverage under the plan within 60 days after the termination, or
- an employee or dependent becomes eligible for a premium assistance subsidy under Medicaid or SCHIP, and the employee requests coverage under the plan within 60 days of becoming eligible for assistance.

These new special enrollment rights are effective April 1, 2009.

## Notice To Employees

Employers that maintain group health plans in states that provide premium assistance subsidies through Medicare or a state children's health plan, are required to provide written notice to employees informing them of any premium assistance opportunities available to them to help pay for coverage under the group health plan. The notice may be provided with other open enrollment materials or included in the summary plan description. The Department of Health and Human Services (HHS) is required to develop national and state-specific model notices. The notice requirement is not effective until the first plan year following the date the model notices are issued, however.

## State Disclosure Requirement

Upon request from a state, group health plan administrators are required to disclose information about plan benefits when a plan participant or beneficiary is covered under Medicaid or SCHIP so that the state may determine the cost-effectiveness of providing premium assistance. HHS and the Department of Labor are required to develop a model coverage coordination disclosure form for

plan administrators to complete.

### **Penalty For Noncompliance**

Failure to comply with the employee notice requirement or state disclosure requirements will result in a \$100 per day penalty.

### **What Needs To Be Done Now**

Plan sponsors will need to amend their group health plans and cafeteria plans in order to comply with CHIP's new special enrollment requirements.

If you have additional questions, please contact a member of the firm's Employee Benefits Practice Group.

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*This Legal Alert provides an overview of a particular new law. It is not intended to be, and should not be construed as, legal advice for any specific factual situation.*