



The Vita Viewpoint Important Information for Decision Makers

Michelle's Law Passed by Congress . . . Awaiting President's Signature

Overview

Congress took a break from debating the proposed economic bailout to pass H.R. 2851, otherwise known as Michelle's Law.

This legislation amends ERISA and the Internal Revenue Code to require group health plans where child eligibility is contingent on full time student status (virtually all plans) to continue dependent health coverage for children who are forced to leave school for medical reasons. This new provision requires coverage to be extended up to one year, or until the child's coverage would otherwise terminate under the plan's rules (for example, if the contract is terminated and coverage is no longer offered).

Requirements

H.R. 2851 includes a requirement for physician certification and stipulates that employers provide exactly the same benefits as if the dependent remained a full time student.

The law also requires that group health plans include a notice outlining the terms of this provision. This notice must appear in the same section of the plan document that explains full time student requirements for eligibility.

Penalty?

Failure to comply with this new legislation will result in an excise tax penalty of \$100 per day per individual.

What Next?

The bill is now on its way to the President's desk for approval. We believe President Bush will sign this bill as it has strong bipartisan support. The effective date for compliance, if signed, will be one year after enactment for plan years beginning on or after that date.

We will send out an update when and if the bill is signed.

For questions or additional information, please contact Vita Benefits Group at (650) 968-8811.