



The Vita Viewpoint Important Information for Decision Makers

The Children's Health Insurance Program (CHIP) Reauthorization Act

Overview

The CHIP Reauthorization Act affects employers and group health plans in several ways. The Act creates new special enrollment entitlements and requires that employers provide written notice to advise employees regarding their rights under the Act.

The Details

The following is a summary of key provisions of the Act, and the timeline for mandated compliance.

1. The Act creates two new special enrollment events, entirely separate from HIPAA special enrollment rules. Group health plans must now allow eligible employees (or dependents of employees) to enroll in group health coverage if:
 - a. They lose coverage under their respective Medicaid or state funded child health plan; or
 - b. They become eligible for premium assistance under the Medicaid or child health plan.Coverage must be requested no later than **sixty (60)** days after the event.

Deadline: This new provision must be communicated to all eligible employees by April 1, 2009. Vita Benefits Group clients will receive updated Summary Plan Description documents shortly. The updated SPD needs to be distributed immediately.

2. The Act gives states the option to provide a premium assistance subsidy for enrollment of a CHIP-eligible child into a qualified employer group health plan. If the parents elect to receive such a subsidy, CHIP will pay the employee's portion of the premium. The Act also allows employers to choose not to be paid this premium assistance directly, and the state would pay the subsidy to the employee instead.

Not all states currently use CHIP funds for employer group health plan subsidies. California, for example, has historically used CHIP allocations to fund the Healthy Families program for low income residents. No subsidy information is available at this time from Healthy Families, and Vita will provide an update as soon as details are released. Multi-state employers will need to comply with the rules of all states of residence.

Deadline: States have until February 4, 2010 to determine how the 2009 CHIP allocations will be applied, and to create model disclosure language for employers to use in communicating these provisions. Employers must comply with the notice requirement beginning with the first plan year after the model notice is issued. Civil penalties of up to \$100 per day may be assessed on employers who do not comply.

*Important Note! If model notices are developed **before** the February 2010 deadline, employers would need to begin compliance on January 1, 2010.*

3. The Act requires employers to disclose to states, upon request, information about their group health plans. Disclosure must include eligibility rules, benefits available under the plan, plan administrator name and contact information, as well as premium and cost sharing requirements under the plan. This data will be used to help states determine the best way to administer their CHIP allocations. Civil penalties up to \$100 per day may be assessed upon employers who do not provide the requested disclosures.

Deadline: Model disclosure forms are being created. Employers must comply beginning the first plan year after the model form is released.

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