

bailey benefit *news*

This update is sent periodically to keep you informed of employee benefit plan issues that may impact your organization.



Last Year, President Obama signed the Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA). This law amended the CHIPS program several ways and imposed new reporting requirements on employers. This law also creates new circumstances that allow an individual to enroll in the employer sponsored health plan mid-year when certain events occur.

- First, special enrollment rights are now available if an individual's Medicaid or CHIP coverage is terminated as a result of a loss of eligibility. The individual can enroll in the employer's group health plan within sixty days of the event.
- Second, special enrollment rights are available if an individual becomes eligible for a premium assistance subsidy under Medicaid or CHIP. This provision supports the transfer of low income children and their families from government-sponsored health programs to employer group health plans. It is accomplished by providing a state premium assistance subsidy to eligible individuals who enroll in a qualifying employer sponsored group health plan. The premium subsidy is only available if the state they reside in offer it. As of January 22, 2010, 40 states offer a premium assistance subsidy.

Employers must notify all employees of their potential eligibility for the subsidies under Medicaid or CHIP. Model notices have been developed by the Department of Labor (see attached). The notice must be provided on an annual basis. The first notice must be provided no later than the first day of the first plan year beginning after February 4, 2010. For employers with

calendar year plans, the notice must be provided by January 1, 2011. The purpose of this notice is to provide employees with information concerning the potential opportunity for premium assistance.

Finally, upon request, employers are required to respond with requested information to State and CHIP programs in order for the States to evaluate an employment-based plan to determine whether the premium reimbursement is a cost effective way to provide medical or child health assistance to an individual. States may begin requesting this information from plans beginning with the model notice distribution date(s). Failure to comply with the new law can result in civil penalties of up to \$100 per day.

<http://www.dol.gov/ebsa/pdf/chipmodelnotice.pdf>

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