

bailey benefit news

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



September 29, 2009

Ohio Benefits Law Update

Ohio has recently enacted new legislation aimed broadening access to coverage. The new laws target Insurance companies and employers that sponsor insured health care benefits. The following is a summary of this recent legislation:

Mental Health Parity Requirements: Additional mental health parity requirements will be effective for new plans and as plans renew on or after November 1, 2009. This change affects companies with 51 or more **total** employees. This **total** includes full time, part time, COBRA and State Continuation participants, not just employees on the medical plan.

The existing law requires parity between medical/surgical and mental health benefits in annual and lifetime dollar limits. In addition to the current law, the new law requires that the same treatment and financial limits that apply to medical and surgical benefits also apply to mental health and substance abuse benefits.

Michelle's Law: Applicable to calendar year plans beginning January 1, 2010. The law states that a group health plan may not terminate coverage of a full time student as a result of the student ceasing to meet the definition of a full time student due to a medically necessary leave of absence. The plan is required to continue the individual's coverage for up to one year while student is on a medically necessary leave of absence. If a student would have terminated sooner under the terms of the plan, then the time frame will be shorter. Plans will be required to include an explanation of Michelle's Law with any notice regarding requirement for certification of student status.

Additional Special Enrollment Rights under CHIP: The Children's Health Insurance Program Reauthorization Act of 2009 (CHIP) added two new special enrollment rights effective April 1, 2009. A group health plan is required to permit otherwise eligible individuals who lose eligibility under Medicaid or the State Children's Health Insurance Program or who become eligible for premium assistance through Medicaid or the State Children's

Insurance Program to enroll in the group health plan within 60 days of this qualifying event. This should be explained in the health plan document along with any materials that discuss special enrollment rights.

Federal COBRA subsidy under the American Recovery and Reinvestment Act of 2009 continue through December 31, 2009. The 65% subsidy for the unemployed has been extended through December 31, 2009.

Continuation of Coverage for Unmarried Adult

Children: Benefit plans must offer parents with employer-sponsored health insurance the opportunity to purchase coverage for their unmarried children up to age 28. This is for policies and contracts issued, renewed or modified on or after July 1, 2010. Although the employer may contribute to the cost associated with this benefit, it is the employee's responsibility. Pre-existing exclusions apply just as they do for any other person covered under the policy.

State Continuation Coverage - Employers with less than 20 employees (mini cobra): Effective April 1, 2009, policies/contracts that were issued or renewed will extend state continuation coverage from 6 to 12 months.

Section 125 Cafeteria Plan Requirement: Ohio employers with 10 or more full-time employees will be required to offer employees the ability to purchase health insurance coverage on a pre-tax basis through a Section 125 Plan. Employees working 25 or more hours per week are considered full-time.

Employers with over 500 employees are required to have this plan in place by January 1, 2011. The program will be phased in for smaller employers through January 1, 2012.

This legislation is pending Federal approval of the application of Section 125 rules beyond the scope of the Federal regulations.

Should you have any questions, please contact us.

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