

Important New Notice Requirement for Employers - CHIPRA

- Attached please find the new Model CHIPRA Notice.
- The Model CHIPRA notice can also be found online at www.dol.gov/ebsa/chipmodelnotice.doc.

Background: What is CHIP / S-CHIP / CHIPRA?

CHIP (Children's Health Insurance Program) is a federal program that provides funds to states that offer health insurance benefits to families with low incomes. It is sometimes referred to as **S-CHIP** (State Children's Health Insurance Plan) when being administered at the individual state level. **CHIPRA** (Children's Health Insurance Program Reauthorization Act) is a reauthorization of CHIP that expands the original scope of state CHIP programs. CHIPRA became effective last year on April 1, 2009 and created two new special enrollment rights for employees and dependents.

CHIPRA requires that all employees and their eligible dependents that lose coverage under a Medicaid plan or state children's health insurance program, be given a 60 day special open enrollment period to join their employer sponsored group health plan (assuming they would be eligible under the normal group eligibility rules). It also provides that all employees who become eligible to receive premium assistance from a state's Medicaid or Children's Health Insurance Program be given a 60 day special enrollment period to join the employer group health plan.

Who must comply with CHIPRA?

All employers that maintain group health plans must notify all employees (not just group health plan members) that they may have CHIPRA special rights to receive premium assistance under a state's Medicaid or CHIP program. Forty states currently provide some form of premium assistance programs to residents. If you are an employer with a group health plan that has employees in any of the forty participating states – you must notify employees residing in these states of their rights.

The ten states that currently do not provide premium assistance are: Connecticut, Delaware, Hawaii, Illinois, Maryland, Michigan, Mississippi, Ohio, South Dakota, & Tennessee. Employers do not have to send the CHIPRA notices to employees who reside in these states at this time since there is no state premium assistance program available to these employees or their dependents. However, for administrative ease – an employer may choose to simply send the notice to ALL employees.

When must an employer send notices?

Notices must be distributed annually to all employees.

- For plan years that begin February 4, 2010 through April 30, 2010, the initial notice must be sent by May 1, 2010 and annually thereafter.
- For plan years starting after May 1, 2010, the notice should be distributed by the first day of the plan year.
- For plan years that started between January 1, 2010 through February 3, 2010 – the notice does not have to be distributed until the plan anniversary in 2011. (I.e., for calendar year plans, the first notice must be sent by January 1, 2011.)
- Regardless of the notice date requirement, the special enrollment rights are still in effect.

What method of distribution may an employer use to send notices?

Employers can use US Mail or normal internal distribution methods. If an employer wishes to send notices electronically, they must follow the Department of Labor's electronic distribution regulations. It is important to note that CHIPRA notices may be included as part of the annual open enrollment communication – but they must be given a prominent place in such communications that ensures that the employee will see it.

How often must the CHIPRA notice given to participants?

Initial notices should be sent by the dates noted above. After the initial notice has been sent, the CHIPRA notice must be sent to all employees annually.

The information contained herein is for informational purposes only and should not be considered legal or tax advice. Legal and/or tax advice must be tailored to the specific circumstances of each situation. You should contact your attorney or tax advisor to obtain advice with respect to any particular issue or situation.