

Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA)

April 2009

The Children's Health Insurance Program Reauthorization Act (CHIPRA or the "Act") of 2009 was enacted in February of 2009. CHIPRA extends and expands the State Children's Health Insurance Program (now referred to as CHIP), which was originally enacted as part of the Balanced Budget Act of 1997. CHIP was designed to expand health coverage for children of low-income families beyond Medicaid through state programs. With the new modifications under CHIPRA, a state CHIP program now may elect to offer premium assistance to subsidize employer-provided coverage for eligible low-income children and families. At the employer's election, the subsidies can be paid directly to the company or directly to the employee.

According to the Kaiser Family Foundation, CHIPRA provides an additional \$33 billion in Federal funds for children's coverage over the next four and a half years, and is expected to provide coverage to 4.1 million children under Medicaid and CHIP. CHIPRA goes into effect on April 1, 2009, although final guidance on the regulations as well as model disclosure language for employers will not be available for several more months.

What does CHIPRA mean to employers? Effective April 1, 2009, plan sponsors with group health plans must permit employees and dependents who are eligible, but not enrolled for coverage, to enroll under the group health plans if:

- The employee's or dependent's Medicaid or CHIP coverage is terminated as a result of loss of eligibility, or
- The employee or dependent becomes eligible for a premium assistance subsidy under Medicaid or CHIP.

The employee must request this special enrollment opportunity within 60 days of the loss of coverage under Medicaid or CHIP or within 60 days of when eligibility for a premium subsidy under Medicaid or CHIP is determined.

CHIPRA also requires certain disclosure of CHIPRA rights to employees as well as disclosures regarding plan participants and beneficiaries to State agencies. CHIPRA directs the U.S.

Department of Health and Human Services (HHS) to provide national and state-specific notice templates by February 4, 2010, for the employee disclosure. Both HHS and the U.S. Department of Labor (DOL) are required to develop model disclosure forms for the use of companies providing information to state and Federal regulators. The disclosure requirements are not effective until the plan year following the date that the model notices are made available by HHS and/or the DOL.

Penalties for non-compliance with CHIPRA include civil penalties of up to \$100 a day, for failure to comply with the new notice and disclosure requirements.

Immediate action items. It is important to realize that while certain disclosure requirements do not go into effect until model notices are released by HHS and the DOL, many Act provisions are effective on April 1, 2009.

Plan sponsors should immediately:

- Notify employees of the special enrollment opportunities provided under CHIPRA;
- Amend all health and cafeteria plan documents to provide for the Special Enrollment rights outlined in CHIPRA;
- Develop administrative procedures and guidelines for compliant administration of health and cafeteria plans as well as train internal administrators;
- Ensure that outside vendors and record-keepers have developed compliant processes and systems; and
- Update automated systems for the longer enrollment decision periods (60-days under CHIPRA as opposed to 30-days for other special enrollment triggers.)

For more information on CHIPRA or other compliance issues facing employers, contact Helios HR at (703) 860-3882, email us at info@helioshr.com, or visit our website, www.helioshr.com.