



A Law Firm in the People Business

Premium Assistance

States may elect to offer a premium assistance subsidy to eligible children in modest-income families to help pay for "qualified employer-sponsored coverage." Health flexible spending accounts and high deductible health plans are not considered qualified employer-sponsored coverage. Premium assistance payments may be made directly to the employee or to the employer (unless the employer opts out of receiving payments from the state).

In addition to premium assistance subsidies, states are required to provide eligible children with supplemental coverage to cover items or services that are not covered, or are only partially covered under qualified employer-sponsored coverage. The state will be considered a secondary payor for any items or services provided under qualified employer-sponsored coverage for which the state provides supplemental coverage.



*A Benefits Consulting Firm affiliated
with Mazursky Constantine LLC*

The Children's Health Insurance Program Reauthorization Act of 2009

On February 4, 2009, President Obama signed the Children's Health Insurance Program Reauthorization Act of 2009 ("CHIPRA"). CHIPRA reauthorizes and expands the State Children's Health Insurance Program, and contains several provisions that directly impact employer-sponsored group health plans.

Impact on Group Health Plans

CHIPRA provides two additional special enrollment rights for group health plans along with related notice and disclosure requirements.

Special Enrollment Rights. CHIPRA requires group health plans (and group health insurance issuers) to permit employees and their eligible dependents who are eligible for, but not enrolled in, the group health plan to enroll if the employee or dependent:

- loses coverage under Medicaid or a state child health plan and requests coverage under the group health plan within 60 days of the loss of coverage, or
- becomes eligible for a premium assistance subsidy under the group health plan through Medicaid or a state child health plan and requests coverage under the group health plan within 60 days of becoming eligible for assistance.

These special enrollment rights are effective April 1, 2009.

Employee Notice Requirement. Each year, employers who maintain group health plans in states that provide premium assistance subsidies through Medicaid or a state child health plan must notify employees in writing of any premium assistance opportunities available to them to help pay for coverage under the employer's group health plan. The notice may be provided along with open enrollment materials or included in the summary plan description.

State Disclosure Requirement. Upon request from a state, the plan administrator of a group health plan will need to disclose detailed information about plan benefits for the state to make determinations about the cost effectiveness of premium assistance.

Penalty for Noncompliance. Failure to comply with the employee notice requirement or the state disclosure requirement will result in a \$100 per day penalty for each individual to whom the failure relates.

Steps toward Compliance. Plan sponsors will need to amend their group health plans and cafeteria plans before April 1, 2009 in order to comply with CHIPRA's new special enrollment requirements. CHIPRA's notice and disclosure requirements, however, will not apply until the first plan year following the date model forms are issued.

Plan sponsors may also need to review and revise their group health plan coordination of benefit rules in order to reflect CHIPRA's requirement that a state will pay secondary to the group health plan for any items or services provided under the group health plan for which the state provides supplemental coverage.

Contact Information. For additional information or assistance complying with CHIPRA, please contact Nicole Bogard at 404.888.8830 or Kelly Scott at 404.888.8838.

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