SCHIP/Health Insurance for Children

Employment, Labor & Benefits Practice Group

Foster Swift Employment, Labor & Benefits E-News

March 27, 2009

President Obama recently signed into law Title III of the Children's Health Insurance Program (CHIP), which expands state CHIP (SCHIP) programs. CHIP allows states to subsidize premiums for employer-sponsored group health coverage for eligible children and families. It also requires that:

1. group health plans allow employees and their dependents who are eligible for coverage, but not enrolled, to enroll in the employer's plan, outside the usual enrollment period if they request coverage within 60 days after (a) termination of coverage or loss of eligibility under a Medicaid or SCHIP plan, or (b) being determined to be eligible for a premium-assistance subsidy;

2. employers that sponsor group health plans notify employees of any premium assistance that is available to them under a Medicaid or SCHIP plan with respect to coverage under the plan; and

3. group health plan administrators disclose enough information to the state about benefits under the plan for the state to determine the cost effectiveness of providing premium assistance to purchase coverage under the plan.

The new special enrollment rights in item (1) above are effective **April 1, 2009**. The Department of Health and Human Services ("DHHS") will prepare a model notice to employees that will enable employers to comply with the notice requirements identified in item (2) above. The notice requirement is effective for plan years beginning after the date in which DHHS issues the model notice. In addition, DHHS and the Department of Labor are developing a model disclosure form for plan administrators that would provide information to the state as required in item (3) above.

Self-funded group health plans must be amended to comply with SCHIP. Civil penalties of up to $100 per day may apply for failing to comply with the new notice and disclosure requirements.

PRACTICE AREAS

Employee Benefits

Health Care