



The Children's Health Insurance Program Reauthorization Act (CHIPRA)

A state Children's Health Insurance Program (CHIP) generally provides health insurance for children whose families cannot afford private health care but do not qualify for Medicaid. The Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA) expanded CHIP coverage by providing additional special enrollment rights related to group health plan coverage. Group health plans must permit employees and dependents who are eligible for, but not enrolled in, a group health plan to enroll in the plan upon:

- Losing eligibility for coverage under a state Medicaid or CHIP program; or
- Becoming eligible for state premium assistance under Medicaid or CHIP.

CHIPRA also permits states to offer eligible low-income children and their families a **premium assistance subsidy** to help pay for employer-sponsored group health coverage and imposes notice obligations for employers that maintain group health plans.

LINKS AND RESOURCES

- [Fact Sheet](#) on CHIPRA

CHIP Notice

- Employers that maintain a group health plan in a state that provides premium assistance under Medicaid or CHIP must notify employees of potential opportunities for premium assistance.
- The CHIP notice must be provided on an annual basis.
- The DOL has provided a model notice that employers may use.

Special Enrollment Rights

- CHIPRA requires employers with group health plans to provide additional special enrollment opportunities.
- The health plan's documents should describe these special enrollment rights.

Prior to CHIPRA, group health plans were required to provide special enrollment rights only to certain individuals who lost eligibility for other health coverage or who acquired a new spouse or dependent. CHIPRA created additional special enrollment rules for group health plans, effective April 1, 2009.

These rules permit employees and dependents to enroll in an employer's group health plan when they:

- Lose eligibility under a Medicaid plan or CHIP; or
- Become eligible for a premium assistance subsidy under a Medicaid plan or CHIP.

Eligible individuals must be given **60 days** after the loss of coverage or determination of eligibility for assistance to request coverage under the group health plan.

Group health plan documents should include the additional special enrollment rights. In addition, special enrollment notices provided to new enrollees should describe the health plan's special enrollment rights, including the rights triggered by the loss of eligibility under a Medicaid plan or CHIP and the determination of eligibility for premium assistance.

Premium Assistance Subsidy

CHIPRA allows states to offer eligible low-income children and their families a premium assistance subsidy to help pay for qualified employer-sponsored coverage. Qualified employer-sponsored coverage means a group health plan or health insurance coverage:

- That qualifies as creditable coverage as a group health plan under the Public Health Service Act;
- For which the employer contribution for the coverage is at least 40 percent; and
- That is offered in a nondiscriminatory manner.

Benefits provided under a health flexible spending arrangement (health FSA) or high deductible health plan are not considered qualified employer-sponsored coverage.

States that provide a premium assistance subsidy may choose to pay the subsidy as a reimbursement to an employee for out-of-pocket expenses or directly to the employer. However, employers may choose to opt out of being directly paid a premium assistance subsidy on behalf of an employee.

Premium Assistance Notice Requirements

CHIPRA requires employers that maintain group health plans in states that provide premium assistance subsidies under a Medicaid plan or child health assistance under CHIP to notify their employees in writing of the potential opportunities available for premium assistance.

The notice must be provided, free of charge, on an **annual basis**.

The CHIP Notice does not have to be provided in a separate mailing. Plans may combine the annual notice with other plan materials, such as open enrollment packets or summary plan descriptions, if:

- The materials are provided to all employees entitled to receive the CHIP Notice; and
- The CHIP Notice is a separate document so that employees can appreciate its significance.

The notice must be provided in writing in a manner calculated to be understood by the average employee. It may be provided by first-class mail or electronically if DOL electronic disclosure requirements are satisfied.

The DOL updates the model notice each year to reflect any changes in the number of states offering premium assistance programs, as well as the contact information for those states.

The Department of Labor (DOL) has developed a national model notice for use by employers in notifying employees of premium assistance opportunities. Employers may use the model notice or may choose to prepare their own notices, but they should be sure to include at least the minimum relevant state contact information for any employee residing in a state with premium assistance.

Disclosure to States

Under CHIPRA, administrators of group health plans must disclose to the state, upon request, information about the benefits available under the plan when the plan's participants or beneficiaries are eligible for premium assistance under Medicaid or CHIP. This information is required so that the state may evaluate an employment-based plan to determine the cost-effectiveness of providing premium assistance subsidies. A Medicaid, CHIP and Employer-Sponsored Coverage Coordination Working Group has developed a [model CHIP Coverage Coordination Disclosure Form](#) (and instructions) for use by plan administrators.

Penalties for Noncompliance

Employers may be subject to penalties of **\$137 per day** for failure to comply with CHIPRA's requirements to:

- Notify employees of premium assistance opportunities provided by their states; and
- Disclose to the state information about the plan's benefits when participants or beneficiaries are eligible for premium assistance under Medicaid or CHIP.

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