



Compliance Alert!

Children's Health Insurance Program (CHIP) Model Notice Requirement

Dear Karen,

The U.S. Department of Labor recently published a Model Notice for employers to notify their eligible employees of the availability of premium assistance from their state of residence under Medicaid and the Children's Health Insurance Program (CHIP). The notice can be accessed on the DOL website: www.dol.gov/ebsa.

The Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA) authorized the Children's Health Insurance Program (CHIP). Employees residing in 40 states* may have an opportunity to receive premium assistance through Medicaid or CHIP for their group health insurance premiums. As a result, the Employee Benefits Security Administration (EBSA) is requiring all employers who offer a group health plan to provide all eligible employees with this notice even if they are not currently participating in your company's medical plan.

Format of Model Notice

The notice was written as a national notice that does not need to be modified at all. It is recommended that you send it to all benefit eligible employees and then the employee can determine if it applies to him or her based upon their state of residence.

When must the Notice be distributed?

Employers will need to distribute this notice by the **later of** the first day of **the first plan year** after February 4, 2010 or May 1, 2010. For example, if your plan year begins April 1, 2010 then you do not have to distribute the notice until April 1, 2011. **For those plans that renew January 1st you have until January 1, 2011 to distribute this notice.**

How should the Notice be distributed?

CHIP notices must be provided either by first-class mail, or by electronic means, as long as the electronic format meets the criteria of the DOL's safe harbor provision. The notice does not have to be a separate mailing. It may easily be incorporated into your annual Open Enrollment materials. Those clients for whom we prepare your Open Enrollment materials we will be sure to incorporate this notice. The notice may also be incorporated into your summary plan descriptions. The key here is to make sure that employees receive the notice and could reasonably be expected to "appreciate its significance."

Please feel free to reach out to us with any questions. Thanks.

Chris Fletcher

* These are the 40 states: Alabama, Alaska, Arizona, Arkansas, California, Colorado, Florida, Georgia, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Massachusetts, Minnesota, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, and Wyoming.

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