

COMPLIANCE OVERVIEW

Provided by Durham and Bates Insurance

Annual CHIP Notice for Health Plans

The Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA) permits states to offer eligible low-income children and their families a **premium assistance subsidy** to help pay for employer-sponsored group health coverage.

CHIPRA imposes an annual notice requirement on employers that maintain group health plans in states that provide premium assistance subsidies under a Medicaid plan or a Children's Health Insurance Plan (CHIP). An employer is subject to this annual notice requirement if its group health plan covers participants who reside in a state that provides a premium assistance subsidy, regardless of the employer's location.

The Department of Labor (DOL) has a model notice that employers may use for this disclosure. The model notice is updated periodically to reflect changes in the states that offer premium assistance subsidies.

Employers that fail to send the required notice may be subject to penalties of \$114 per day (adjusted annually for inflation).

LINKS AND RESOURCES

- The model notice is available on The Department of Labor (DOL) [website](#).
- The model notice is available in [English](#) and [Spanish](#).

HIGHLIGHTS

CHIPRA NOTICE REQUIREMENTS

- Some states offer premium assistance subsidies under Medicaid or CHIP to help low-income individuals pay for employer-sponsored health coverage.
- Employers that maintain group health plans in states with premium assistance subsidies must provide their employees with an annual notice.
- The DOL has a model notice for employers to use.
- Failure to provide the notice may result in penalties to the employer.

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This Compliance Overview is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice. Readers should contact legal counsel for legal advice.

CHIP NOTICE REQUIREMENT

An employer that maintains a group health plan in a state that provides premium assistance subsidies under a state Medicaid plan or CHIP plan is required to make certain disclosures. Specifically, the employer is required to notify **each employee** of potential opportunities currently available in the state in which the employee resides for premium assistance under Medicaid and CHIP for health coverage of the employee or the employee's dependents. These notices are often referred to as "CHIP notices."

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.

An employer is subject to the CHIP notice requirement if its group health plan covers participants who reside in a state that provides a premium assistance subsidy, regardless of the employer's location or principal place of business. The CHIP notice must inform each employee, regardless of enrollment status, of potential opportunities for premium assistance in the state in which the employee resides. Employers are not required to provide the CHIP notice to employees who reside in states that do not offer a premium assistance subsidy.

Employers that fail to send the required notices may be subject to penalties of **\$114 per day** (adjusted annually for inflation).

DOL MODEL CHIP NOTICE

The DOL maintains a [model notice](#) that employers may use for meeting their CHIP notice obligations. Employers could also choose to prepare their own notices, or modify the model notice. For example, an employer may want to provide more comprehensive information regarding states where it has a larger workforce or leave out information about states where no employees reside. Employers should be sure to include at least the minimum relevant state contact information for any employee residing in a state with premium assistance.

DEADLINES FOR PROVIDING THE NOTICE

If an employer's group health plan covers residents in a state that provides a premium subsidy, the employer must send an annual notice about the available assistance to all employees residing in that state. **The notice must be provided, free of charge, on an annual basis.**

DELIVERY OF THE NOTICE

The CHIPRA 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 CHIPRA notice; and
- ✓ The CHIPRA 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 the DOL's electronic disclosure requirements are satisfied.