

Employer Notice Regarding Children's Health Insurance Program

As a reminder, employers sponsoring group health plans are required to notify employees of potential opportunities currently available in the State in which employees reside for group health plan premium assistance under Medicaid and the Children's Health Insurance Program ("CHIP"). **In many cases this notice must be provided by January 1, 2011 (as described below).** The U.S. Department of Labor has published a model notice which may be used to satisfy this requirement, which can be found at: <http://www.dol.gov/ebsa/chipmodelnotice.doc>.

This notice requirement only applies to employers providing benefits for medical care (whether insured or self-insured) to employees living in a State that provides premium assistance for the purchase of group health plan coverage through medical assistance under a State Medicaid plan or child health assistance under a State child health plan (regardless of the employer's location or principal place of business). Currently, New York, New Jersey, California and Pennsylvania are among the States that offer programs that meet the standard above. The DOL model notice lists the States that provide premium assistance as of January 22, 2010.

An employer must provide the notice to each employee living in a State that provides the premium assistance described above, regardless of whether the employee is enrolled in the group health plan. If it is administratively easier than determining which employees reside in States that provide premium assistance, the employer may send the notice to all of its employees.

Employers subject to this requirement must provide this notice by the date that is the later of (a) the first day of the first plan year after February 4, 2010, or (b) May 1, 2010, and annually thereafter. **Therefore, employers operating group health plans on a calendar year basis must provide this notice by January 1, 2011.** The notice may be provided by first-class mail or may be distributed electronically (provided the electronic distribution satisfies the DOL's rules for electronic notice distribution). It may be provided concurrently with other plan materials (such as enrollment packets or the summary plan description) in advance of the upcoming plan year, or if not included in this materials, may be separately provided. The DOL may impose penalties if the notice is not provided. ♦

If you would like more information about this alert, please contact one of the following attorneys or call your regular Patterson contact.

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