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CHIPRA Changes

BACKGROUND:

The Children's Health Insurance Program (CHIP) started during the Clinton administration in 1997 and would have terminated September 30, 2007. It was extended to March 31, 2009 under President Bush. President Obama signed a reauthorization act (CHIPRA) on February 4, 2009 to extend CHIP to September 30, 2013. Among other things, CHIPRA increased the income limit under which states could provide coverage. Generally each state offers its own version of Medicaid using Federal and State funds to finance the coverage. Every state can design its own program subject to a few Federal guidelines. Ohio's program is Healthy Start.

RIGHT NOW:

CHIPRA changes employer requirements relative to enrollments effective **April 1, 2009**. Plan Documents need to be amended to allow 60 days (it was 30 under HIPAA) for people who lose state coverage to enroll in the employer plan. Even if the documents are not amended in time, plans should still comply operationally.

With the new income limits, plans may already have participants dropping coverage, especially for children, in favor of state programs. Ohio's Medicaid plan is quite comprehensive (includes dental and vision) and is free for children whose parents' family income is below 200% of the Federal Poverty Level (FPL), which changes according to the number of family members. For a family of three, 200% of the FPL is \$36,624/year. (The entire family is eligible if the income is at or below 90% of the FPL.) The Ohio table for income/family members is available at http://jfs.ohio.gov/Ohp/consumers/docs/FPLs_general.pdf

SOMETIME SOON (MAYBE):

Starting **April 1, 2009**, states may also pass laws to pay a subsidy to encourage Medicaid participants to go back to employer plans. "Encourage" is not the way it is worded, but that is the effect. There are rules on the subsidy in terms of plans and contributions required before the subsidy applies. It will behoove states to take action because their dollars will go further subsidizing coverage than providing it. There will be updates as Ohio and other states take action on the subsidy. This will cause additional complexity for multi-state employers since each state law may be different. It's going to be a mess. Fully insured plans should get compliance guidance through the carriers. Self insured plans may get some help from the plan administrator.

NOTICES:

HHS has until 2010 (within one year from the CHIPRA effective date of February 4, 2009) to issue model notices, and plans must notify participants about enrollment options and subsidies on or before the plan renewal following the date the model notices are released. Thus, a July renewal will have to notify participants by July 1, 2010. It would be July 1, 2009 if the model notices are released by this June, which is improbable. This is only for notices. Compliance with enrollment and subsidies (if any) starts **April 1, 2009**. So far, we don't know of any subsidies, so it is just enrollment provisions for loss of State Medicaid, generally for children.

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