

DOL Updates Model Employer CHIP Notice

The U.S. Department of Labor (DOL) has released a new [model employer Children's Health Insurance Program \(CHIP\) notice](#) with information that is current as of **July 31, 2024**.

The Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA) imposes an annual notice requirement on employers who maintain group health plans in states that provide premium assistance subsidies under a Medicaid plan or a CHIP plan.

An employer can choose to provide the notice on their own or concurrent with the furnishing of:

- Materials notifying the employee of health plan eligibility
- Open enrollment materials
- The summary plan description

An employer is subject to this annual notice requirement if their group health plan covers participants who reside in a state that provides a premium assistance subsidy, regardless of the employer's location.

The DOL's model notice, which employers may use for this disclosure, is updated periodically to reflect changes in the states that offer premium assistance subsidies. The DOL's model employer CHIP notice includes information that is current as of July 31, 2024.

Employers could also choose to prepare their own notices or modify the model notice. Employers should be sure to include at least the minimum relevant state contact information for any employee residing in a state with premium assistance.

Deadline for Employers to Receive MLR Rebates Is Approaching

Employers with insured group health plans may soon receive a medical loss ratio (MLR) rebate from their health insurance issuers. Issuers who did not meet the applicable MLR percentage for 2023 must provide rebates to plan sponsors by **Sept. 30, 2024**. These rebates may be in the form of a premium credit or a lump-sum payment.

The MLR rules require issuers to disclose how much they spend on health care and how much they spend on administrative costs, such as salaries and marketing. If an issuer spends less than 80% (85% in the large group market) of premium dollars on medical care and efforts to improve the quality of care, they must refund the portion of the premium that exceeds this limit. Issuers who issue rebates must provide plan sponsors and participants with

a notice explaining the rebate and how it was calculated.

Employers who receive MLR rebates should consider their options for using the rebate. Any rebate amount that qualifies as a plan asset under ERISA must be used for the **exclusive benefit** of the plan's participants and beneficiaries.

In general, employers should use the rebate within **three months** of receiving it to avoid ERISA's trust requirement. In addition, employers who receive MLR rebates should be prepared to answer questions from employees about the rebate and how it is being allocated.

