



## Legislative Alert: Early Retiree Reinsurance Program

This week, we bring to you information regarding the Early Retiree Reinsurance Program (ERRP), which takes effect **June 1, 2010**. This temporary program was created in order to encourage employers to continue offering medical coverage to early retirees, age 55 and older who are not yet eligible for Medicare, as well as their spouses, surviving spouses and dependents, through employer reimbursements.

On May 5, 2010, the Department of Health and Human Services (HHS) completed the ERRP program structure, allowing for \$5 billion in federal funds to go toward employers who provide health care coverage to early retirees as a reimbursement. This amount is expendable, and is predicted to expire quickly, therefore it is important for employers to meet the ERRP requirements and submit complete applications on time. If an employer fails to submit a complete, accurate form, they will be asked to resubmit the application and it will be placed last in the line.

### Participation Requirements

Each employment-based health plan - plans that provide medical benefits to early retirees - must be approved by the Secretary of Health and Human Services in order to participate in the program. Those plans must also comprise of programs that could generate cost savings for chronic and high-cost conditions, such as those that are likely to be \$15,000 or more in claims in any one year by an individual.

Plan sponsors and the insurer must have a written agreement in place requiring disclosure of information to the Secretary of HHS.

Information, such as the following, will be asked of each employer in the application. Applications will be viewed in order as they are received.

- One application per plan
- Plan-year cycle
- Summary of how the reimbursements will be utilized
- Estimate of reimbursement amount necessary
- Proof that plan includes fraud, waste and abuse policies

### Reinsurance Amounts

The amount of the reimbursement to the employer is up to 80% of the health benefit costs between \$15,000 and \$90,000. The claim includes all health benefits (i.e. medical benefits, surgical benefits, hospital benefits, prescription drug benefits, etc.) in the plan year. Claims incurred between January 1, or the start of the plan year, and June 1 are credited toward the \$15,000 threshold for reimbursement. After June 1, only medical expenses are eligible.

### Documentation

- In order to receive the reimbursement, all claims paid below the cost threshold must be accounted for.
- Include a list of early retirees included in this program.
- Provide documentation that the individual covered his or her portion - payment receipt.

This plan takes effect **June 1, 2010** and terminates when the \$5 billion is no longer accessible or on **January 1, 2014**, whichever comes first. Applications for participation may be submitted for plan years that begin before June 1, 2010.

***Applications for this program will not be available until the end of June.***

To view additional details, please visit [HealthReform.gov](http://HealthReform.gov) to see an ERRP fact sheet.

If you would like to view past Legislative Alerts, please visit the [BenefitMall](http://BenefitMall) website and click on "Newsroom," or they can be found in your Broker Workspace. You can also find more health care resources, news and information on the BenefitMall [Healthcare Exchange](http://BenefitMallHealthcareExchange) blog.

Be on the lookout for more Legislative Alerts as we continue to gain more insight on the changes ahead. If you have any questions regarding this change, please feel free to contact your local BenefitMall Sales Team, and we would be happy to offer you more information and resources.

Sincerely,



Michael Gomes  
Executive Vice President

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