



Health Care Reform

LEGISLATIVE BRIEF

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HHS Announces End of Early Retiree Reinsurance Program

The Patient Protection and Affordable Care Act (PPACA) established the **Early Retiree Reinsurance Program (ERRP)**. The ERRP is a temporary program that provides reimbursement to eligible employers (and employment-based plans) for part of the cost of providing health care coverage to early retirees and their families. Early retirees are those who are age 55 and older, but not yet eligible for Medicare.

The ERRP was created to encourage health plan sponsors to make coverage available for early retirees and their families, who often face difficulties finding affordable health coverage in the individual market. Under the program, plan sponsors can receive reimbursements of 80 percent of high cost claims between \$15,000 and \$90,000.

The ERRP became effective in June 2010. It received **\$5 billion** in funding. The ERRP was designed to expire on Jan. 1, 2014, or earlier if the program's funds were depleted. On Dec. 9, 2011, the Department of Health and Human Services (HHS) announced that the ERRP will end early because its funding is almost exhausted.

This Power Group Companies Legislative Brief summarizes the end of the ERRP for claims incurred after **Dec. 31, 2011**.

END OF THE ERRP

Due to the ERRP's popularity and the rate at which reimbursements were being distributed, it became apparent early on that the ERRP would close well before Jan. 1, 2014.

HHS has taken the following actions to end the program:

- To receive ERRP reimbursements, a plan sponsor must have first submitted an application to participate in the program and been approved by HHS. In April 2011, HHS announced that the program would no longer accept new applications as of May 5, 2011. However, employers and plans that were approved to participate in the ERRP before the application deadline could continue to submit claims for reimbursement.
- On Dec. 9, 2011, HHS announced that because the ERRP has already provided more than \$4.5 billion in reimbursements, it will not accept reimbursement requests for claims incurred after **Dec. 31, 2011**.

If the ERRP's funding circumstances change, HHS may announce that it will accept reimbursement requests for claims incurred after 2011.

SUBMITTING CLAIMS

Plan sponsors may continue to submit reimbursement requests after 2011, so long as all the claims submitted for reimbursement were incurred before Jan. 1, 2012.

Plan sponsors that intend to submit reimbursement claims to the ERRP should take into account the following:

- The ERRP is a "first come, first served" program, where plans are reimbursed in the order in which they submit claims for reimbursement. Given that the program's funding is dwindling, it is critical that plan sponsors move quickly to submit their reimbursement requests.

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- Additionally, it is imperative that plan sponsors carefully review the claims lists that they submit with reimbursement requests to make sure the incurred dates are all before Jan. 1, 2012. **Any claims list that includes one or more claims with an incurred date of Jan. 1, 2012 or after will be rejected by HHS in its entirety.**
- Also, as a reminder, a claim may be submitted for reimbursement only after it has been incurred and paid. If a claim is incurred on or before Dec. 31, 2011, but paid after Dec. 31, 2011, the plan sponsor may submit it for reimbursement, but only after it has been paid.

MORE INFORMATION

More information on the ERRP is available at: www.errp.gov.

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EEM 12/11