

# Health Care Reform Update

## Further Guidance from HHS on the Early Retiree Reinsurance Program

The Department of Health and Human Services (HHS) established a new website for the Early Retiree Reinsurance Program (ERRP). The website provides helpful information on the program and application process as well as frequently asked questions. It can be viewed at <http://www.errp.gov/>.

In conjunction with the roll out of the website, HHS announced some interesting details regarding the ERRP:

- There has been strong nationwide demand for the program;
- Over 2,000 applications have been approved and more are being processed every day;
- Approved applications represent various sectors of industry. HHS provides the following statistics: 32% are from businesses, 26% from state and local governments, 22% from unions, 14% from schools and other educational institutions and 5% from non-profits;
- Approved applicants may begin submitting claims in September for any eligible claims incurred as of June 1, 2010; and
- Payments for eligible reinsurance claims are expected to begin in October.

As a reminder, the ERRP is intended to provide reinsurance for medical claims incurred by early retirees (age 55 to Medicare eligibility) under an approved health plan. The program is funded with \$5 billion from the federal government and is scheduled to run until January 1, 2014, unless funds expire earlier. Given the large number of applications already approved, it is feasible that the program may run out of funds prior to 2014.

Employers interested in applying for the ERRP should do so soon. The rules indicate that HHS may stop accepting applications if funding does not support new applicants. The application process is extremely detailed and requires that the early retiree health plan have programs and procedures in place that have the potential to generate cost savings for participants with chronic and high-cost conditions. If approved, plans will need to document claims and are subject to audit by HHS.

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