



Early Retiree Reinsurance Program

The Affordable Care Act includes an Early Retiree Reinsurance Program. This program proposes to reimburse 80% of claims between \$15,000 and \$90,000 for pre-Medicare retirees age 55-64 and their covered dependents. This is a temporary program that will run through the earlier of January 1, 2014 or depletion of the \$5 billion allocation to fund the program.

The Department of Health and Human Services (HHS) has released [interim final rules](#) that clarify the program. Specifically, the regulations state that only **claims incurred on/after June 1, 2010 are eligible for reimbursement**. However, prior claims incurred during the current plan year can be used to satisfy the \$15,000 threshold.

The Early Retiree Reinsurance Program reimbursement process is expected to mirror the Retiree Drug Subsidy process. Further details on the application process are expected to be released in June. Current requirements include:

- Each health plan must be certified by HHS before claims can be submitted for reimbursement
- Plan sponsors must have a written agreement with plan insurers/administrators authorizing the release of information to HHS
- Plan must have proven cost control programs in place for chronic and high cost conditions
- Reimbursements have to be reinvested in the plan sponsor's health benefit program

The regulations confirm what many already know - the funds are expected to go very quickly. Applications will be considered on a first-come, first-served basis, and any incomplete applications or applications with errors will have to be resubmitted. We are unsure at this time how reasonable it is to expect any benefit from this program.

SBA will work with clients who have early retiree medical programs to determine the best approach to take advantage of this reinsurance program.

Please do not hesitate to contact your [SBA consultant](#) with any questions.

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