

# EARLY RETIREE REINSURANCE PROGRAM

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HEALTHCARE  
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# What is this ERR program?

- Part of the Patient Protection and Affordable Care Act (“Health Reform”) passed in March 2010.
- A temporary program – sunsets the earlier of January 1, 2014 or when funds are exhausted.
- Section 1102 of PL 111-148




# Why was it created?

- To provide temporary financial support to employers who provide health benefits to early retirees.
- For certain claims incurred and paid after June 1, 2010.
- The program is not actually reinsurance.....

# The process...

- Plan Sponsor must apply to DHHS for approval and certification in order to participate in the ERRP.
- Once application approved and Plan Sponsor and Plan have been certified...
- The Plan can begin submitting claims for reimbursement under the program.



# Who is eligible to apply for certification?

- Plan sponsors of employment based benefits plans that provide coverage for early retirees.
- Self-funded and insured plans are eligible to apply for certification.



# What is reimbursable?

- Major medical claims – (hospital, surgical, Rx, medical) that were...
- Incurred and paid after June 1, 2010 for...
- Early retirees age 55 and over who are not eligible for Medicare and not active employees, and...
- Their dependents regardless of age

# Any Exclusions?

- Limited scope benefits such as stand alone dental, vision, indemnity plans, FSA expenses.
- Claims incurred and paid prior to the June 1, 2010 start of the ERR program. (however these claims can be used to satisfy the \$15,000 threshold for 2010.)



# What will be reimbursed?

- 80% of eligible actual claims incurred and paid after June 1, 2010 for a single person in a plan year.
- Threshold of \$15,000 for 2010 (indexed starting October 1, 2011)
- Maximum of \$90,000 for 2010




## Impact on Stop Loss?

- **None.** The Plan can still receive stop loss reimbursement as usual.
- This is “found money” for the Plan .....




# Application for certification

- Available now at <http://www.hhs.gov/ociio/regulations/>
- Application itself is simple – supporting documentation required is complex.
- DHHS has not yet announced where application forms should be sent for consideration.




# Application, continued

- Some of the documentation required to apply for certification:
  - Identification of the Plan’s chronic and high cost conditions.
  - Summary of programs and procedures in place “that have generated or have the potential to generate” cost savings.
  - Estimates of amounts Plan expects to receive from the ERRP for the first two plan years.




# Application, continued

- Summary of how the reimbursements will be used by the Plan.
- EFT banking information
- Attestations by the Plan Sponsor regarding compliance with ERRP requirements, data security, disclosure of data as necessary, and the existence of both a written agreement and policies and procedures to detect fraud, waste and abuse.




# How can HMA assist the Plan to meet the requirements?

- We can:
  - Help the plan identify their chronic and high cost conditions.
  - Provide information on cost control programs for those chronic and high cost conditions.
  - Provide documentation on programs to detect and reduce fraud, waste and abuse if requested by the Secretary.



# How can HMA assist the plan to meet the requirements?

- Assist the Plan to estimate the expected reimbursement amounts for the first two plan years.
- Prepare and execute the required written agreement.



# How does the Plan request reimbursement under the program?

- Information on this process has not been published as yet.
- When published, HMA expects to be able to assist with the filings.



# Other considerations?

- Reimbursements cannot be used as general revenue.
- Plan Sponsor must maintain current level of contribution to plan.
- Funds received must be used to either offset or reduce Plan participant costs, offset cost increases for Plan Sponsor, or provide Plan enhancements expected to reduce health care costs.



# Other Considerations?

- Funding for this program is limited.
- Timing is of the essence.
- Incomplete application forms will be immediately rejected by DHHS.

HMA is here to help -



For more information, contact any member of your HMA Account Team.

Questions?



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