



Early Reinsurance for Retirees Program- FAQs

Q: What is the effective date of the Early Retiree Reinsurance Program? And when will it end?

A: The Early Retiree Reinsurance Program (Program) will be effective on June 1, 2010. The Department of Health and Human Services (HHS) has advised that, while they will make the Program enrollment application available for employers on June 1, 2010, they have not set a date when they will begin accepting enrollment applications. The Program will end on January 1, 2014, which is the date health benefit exchanges are set to begin operating in the state. However, the Program may end earlier if the funds are paid out before January 1, 2014.

Q: How much funding did Congress appropriate for the program?

A: Congress appropriated \$5 billion dollars to fund the reinsurance program.

Q: Who qualifies to receive payments?

A: Employer-sponsored retiree health plans that have applied and been accepted into the Program can apply for reimbursement of actual claims paid on behalf of a retiree. The statute requires evidence that the employer-sponsored plan has implemented programs and procedures to generate cost-savings with respect to participants with chronic and high-cost conditions and documentation of the actual cost of medical claims involved. The regulations provide additional details for the submission of claims.

Q: How much will an employer health plan covering retirees receive?

A: The reinsurance program will reimburse an employer up to 80% of the actual cost of health benefits provided to a retiree, even if the claims were paid by health insurance. The threshold for filing a claim is \$15,000. Once the threshold is met, the Program will reimburse participating plans up to a maximum of \$90,000 per individual retiree, per each plan year. Since the statute was effective on March 23, 2010, any claims paid before June 1, 2010, can be used to meet the \$15,000 threshold; however, only claims paid after June 1, 2010, are eligible for reimbursement.

Q: What expenses or costs are eligible for the reinsurance program?

A: Eligible expenses or costs are defined in the PPACA as “health benefits,” meaning medical, surgical, hospital, prescription drug, and such other benefits as determined by the Secretary, whether self-funded, or delivered through the purchase of insurance or otherwise. The interim regulations provide: *Such benefits include benefits for the diagnosis, cure, mitigation, or prevention of physical or mental disease or condition with respect to any structure or function of the body.* The costs paid by the individual retiree are also to be included.

Q: Who is an “early retiree”?

A: The term “early retiree” means an individual, age 55 and older who is not yet eligible for Medicare, and who is not an active employee of the employer maintaining the health benefit plan. The term “retiree” also includes the retiree’s spouse, surviving spouse, and dependents.

Q: What types of employer-sponsored plans are eligible?

A: All non-federal employer-sponsored health benefit plans for retirees are eligible to participate in the Program, including employer-sponsored plans that are self-funded by the employer or funded by a health insurance policy (fully-insured). Among the eligible Program participants listed in the law are private entities, state and local governments, nonprofits, religious entities, unions, and other employers.

Q: What is required to support a claim for reimbursement?

A: To receive reimbursement for health benefits paid on behalf of a retiree, the plan must submit supporting documentation of the actual cost of the health benefits. The regulations provide a complete description of the information required. Plans will be subject to audits to assure fiscal integrity.

Q: When can employer-sponsored retiree plans apply?

A: The Secretary has announced that applications will be available by June 1, 2010, but there is no date specified when HHS will begin accepting applications. Since this is a “rolling enrollment,” it is strongly advised that employer-sponsored retiree plans apply as soon as possible if they wish to participate in the Program.

Q: How does the assistance help plan enrollees?

A: The reinsurance funds paid to a participating employer health plan must be used to lower health costs for plan participants, including reducing the participant’s premium contributions, copayments, deductibles, etc.

Q: How will payments be made?

A: The reinsurance payments will be made after HHS determines that a claim is eligible for reimbursement. No time limits are provided in the statute or regulations regarding when HHS will process or reimburse an eligible claim.

Q: How should employers treat reinsurance payments when it comes to taxes?

A: The funds reimbursed to employer-sponsored retiree health plans are excluded from gross income.

Q: Where can I find out more information?

A: There are several helpful websites that provide trustworthy information about this Program, such as: www.hhs.gov/ociio, www.healthreform.gov; www.kff.org; www.whitehouse.gov and www.healthcarereform.ohio.gov <http://edocket.access.gpo.gov/2010/pdf/2010-10658.pdf>.