



# Legislative Update

May 7, 2010

## Early Retiree Reinsurance Program Regulations Released

Conner Strong's recently issued legislative [bulletin](#) provided a link to a Department of Health and Human Services (HHS) [fact sheet](#) on the Early Retiree Reinsurance Program (ERRP) enacted as part of the health reform law (the "Affordable Care Act").

HHS has now issued interim final regulations establishing the temporary ERRP which is intended to make health benefits more affordable for early retirees and plan sponsors. Eligible employers will submit an application to HHS to participate in ERRP. Applications will be available by the end of June. Conner Strong will provide more information on the specific requirements regarding eligibility and the application process once the details are clarified. Both self-funded and insured plans can apply, including plans sponsored by private entities, state and local governments, nonprofits, religious entities, unions, etc.

The Affordable Care Act includes \$5 billion in financial assistance to help employers maintain coverage for early retirees age 55 and older who are not yet eligible for Medicare. The ERRP provides reimbursement to participating employment-based plans for 80% of the cost of certain health claims between \$15,000 and \$90,000 for early retirees and their spouses, surviving spouses and dependents. ERRP reimbursements must be used to lower retiree health costs and may not simply be deposited into an employer's general assets. The payments may be used to reduce the sponsor's health benefits premiums or health benefits costs and to reduce health benefit premium contributions, co-payments, deductible, co-insurance or other out-of-pocket cost, or a combination of these costs for plan participants. HHS will develop a mechanism to monitor the appropriate use of ERRP payments.

The temporary ERRP is to begin no later than June 21, 2010 and will end when all funding has been exhausted, but no later than January 1, 2014, when Americans will be able to choose from additional coverage options through the health insurance exchanges.

**Please contact your Conner Strong representative with any questions, toll-free at 1-877-861-3220.**

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