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legislativeUPDATE

April 1, 2011

Retiree Healthcare Fund to be Closed

Federal officials have issued a [preliminary notice](#) announcing that the agency will deny any reimbursement requests under the Early Retiree Reinsurance Program (ERRP) that include claims incurred after December 31, 2011. The notice provides that “plan sponsors must not include such claims in their Claim Lists and Summary Cost Data submitted in support of a reimbursement request.” The action is based on the actual availability of remaining appropriated ERRP funds and the rate at which reimbursements have been disbursed.

The healthcare reform act established ERRP in 2010. The temporary \$5 billion program was designed to end on the earlier of January 1, 2014 (when the state-based health insurance exchanges are scheduled to be operational) or when program funds are exhausted. Due to the significant response among the employer community, the program ceased accepting applications for participation in the program in May 2011. As of December 2, 2011, the ERRP has disbursed over \$4.5 billion to a variety of businesses, including for-profit companies, schools and educational institutions, unions, state and local governments, religious organizations and other nonprofit plan sponsors. See Conner Strong & Buckelew's [Update](#) for background on the ERRP requirements and other earlier guidance. More information about the ERRP, a full alphabetical list of participants, and an interactive map displaying participants by state is available on the dedicated [ERRP secure website](#).

The notice indicates that “should circumstances related to the availability of ERRP funding change, CMS may issue a new notice announcing approval of ERRP reimbursement request that include claims incurred after December 31, 2011.” In May, Senator John Kerry (D-MA) introduced the [Retiree Health Coverage Protection Act \(S. 1088\)](#) to provide an additional \$5 billion to the

program but the bill's obvious federal revenue cost is not offset and the measure has not received any consideration in the current federal deficit environment.

As new information becomes available on health reform, Conner Strong & Buckelew will issue alerts and updates. Should you have any questions, please contact your Conner Strong & Buckelew representative toll-free at 1-877-861-3220. For information related to national health insurance reform, please visit our compliance center on insurance reform at www.connerstrong.com/healthcare_reform.

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