



LEGISLATIVE BRIEF

Health Care Reform: Early Retiree Reinsurance Program to be Closed to New Applications

CMS Announces Deadline for ERRP Applications

The Patient Protection and Affordable Care Act (PPACA) established the **Early Retiree Reinsurance Program** (ERRP). The ERRP is a temporary program designed to provide reimbursement to eligible employers (and employment-based plans) for part of the cost of providing health care coverage to early retirees and their families. The ERRP has \$5 billion in funding and is set to expire no later than Jan.1, 2014.

To participate in the ERRP, the plan must submit an application to the Department of Health and Human Services' Center for Medicare & Medicaid Services (CMS). Once certified to participate, the plan is eligible to submit claims for reimbursement. The ERRP began accepting applications on June 29, 2010. As of the end of March 2011, the ERRP had provided more than 1,300 employer-based plans with nearly \$1.8 billion in reimbursements.

CMS has announced that it will no longer be accepting applications for the program after **May 5, 2011**, consistent with PPACA's provisions regarding the availability of funding. This decision is based on the amount of funding that remains available for the program and the rate at which it is being disbursed. If the circumstances related to the availability of ERRP should change, CMS may resume accepting applications for the ERRP.

In order to be accepted for processing, applications must be received in the ERRP Intake Center on or before May 5, 2011. CMS has stated that postmarking the application before May 5, 2011, is not sufficient.

Action Steps for Employers

Employers who provide health coverage to early retirees (retirees who are 55 and older but not yet eligible for Medicare) and/or their families should consider applying to participate in the ERRP **as soon as possible**. Employers who are certified can receive reimbursements of 80 percent of high cost claims between \$15,000 and \$90,000.

The ERRP has always been positioned as a "first come, first served" program, where plans will be reimbursed in the order in which they submit claims for reimbursement. Now that program has proven to be so popular and its funding is dwindling, it is more important than ever for plan sponsors to move quickly to participate.

Employers that would like to apply should make sure to gather the required information for the application and send the completed application in plenty of time to arrive before the May 5, 2011 deadline.

The application form, along with information to help plan sponsors apply to the program, is available on the ERRP's website at www.errp.gov.

For a copy of the CMS notice announcing the deadline, see www.gpo.gov/fdsys/pkg/FR-2011-04-05/pdf/2011-7934.pdf

