



BURNING BENEFITS NEWS

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IN THIS ISSUE:

EARLY RETIREE REINSURANCE PROGRAM

Required Action:

Submit a complete and accurate application for the Early Retiree Reinsurance Program to the Department of Health and Human Services as soon as possible after such applications are made available in June 2010.

Discussion:

The Patient Protection and Affordable Care Act, as amended ("PPACA") provides for a temporary early retiree reinsurance program ("Program") that is to commence in June 2010 and continue until the earlier of January 1, 2014, or the \$5 billion of allocated funding has been exhausted. The Program applies to retirees between age 55 and 64 and their spouses and dependents. The Program reimburses 80% of individual claims between \$15,000 and \$90,000 that were incurred on or after June 1, 2010, on a plan year basis.

The reimbursements from the Program must be used to:

- (1) Reduce the sponsor's health benefit premiums or health benefit costs; or
- (2) Reduce health benefit premium contributions, copayments, deductibles, coinsurance, or other out-of-pocket costs, or any combination of these costs, for plan participants; or
- (3) Reduce any combination of the costs in (1) and (2) above.

The reimbursements may not be used as general revenue of the plan sponsor.

The requirements to participate in the Program are:

- (1) The plan must be Certified by HHS;
- (2) The plan must include programs and procedures that have generated or will generate cost-savings with respect to plan participants with chronic and high-cost conditions;
- (3) The sponsor must make available certain information, data, documents, and records to the Secretary of HHS;
- (4) The sponsor must have a written agreement with the health insurer or the employment based plan regarding disclosure of information, data, documents, and records to HHS;
- (5) The sponsor must ensure that policies and procedures are in place to protect against fraud, waste and abuse under the Program; and

- (6) The sponsor must submit an application to the Secretary of HHS in the manner, and at the time required by the Secretary.

Since applications will be processed in the order in which they are received and any incomplete application will be denied, and the resubmitted application will be processed based upon when the resubmitted application is received, it is important to submit an accurate and complete application as soon as possible once the Secretary opens this process in June 2010. Please let us know if you have any questions or need any assistance with this matter.

Burning Benefits News is a communication designed to provide timely information regarding current employee benefits issues. It does not constitute legal advice, as we must address your specific facts in rendering legal opinions. As required by tax regulations, any tax information contained in the communication is not intended to be and cannot be used for the purpose of avoiding tax penalties.

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