

HEALTH REFORM

Temporary Retiree Reinsurance Program

The early retiree reinsurance program provides \$5 billion for temporary financial help for employer plans to continue to provide coverage to certain retirees.

Effective date: The program becomes effective June 23, 2010. Payments are retroactive for a plan year, so employers and early retirees will be able to take advantage of them for costs incurred from the date the program is established. The program ends on the earlier of when the funds run out or January 1, 2014, when early retirees will be able to choose from the additional coverage options that will be available in the health insurance exchanges.

Who qualifies: Payments will be made to employer-sponsored health plans on behalf of an early retiree (and his or her spouse, surviving spouse, and dependents). An "early retiree" is defined as an individual age 55 and older who is neither an active employee nor eligible for Medicare.

Eligible firms: Payments will be made to employer-sponsored health plans on behalf of early retirees. To receive assistance, plans must apply, document claims, and implement programs and procedures to generate cost savings for participants with chronic and high-cost conditions. Plans will be subject to audits to assure fiscal integrity.

Amount of assistance: For each such early retiree (and his or her spouse, surviving spouse, and dependents), the employer plan will receive up to 80% of costs, minus negotiated price concessions, for health benefits between \$15,000 and \$90,000. This reinsurance corridor shall be adjusted in subsequent fiscal years by the medical component of the consumer price index.

Savings for enrollees: Plans must use these proceeds to lower health costs for enrollees (e.g., premium contributions, copayments, deductibles, etc.).

FREQUENTLY ASKED QUESTIONS

Who applies and when? Employer and union-based plans will submit an application to HHS to participate in the program. Many of them will already be familiar with the process for submitting applications for the Retiree Drug Subsidy program; we expect the process will be similar. The application will be available in June.

How will payments be made? Plans with approved applications will submit paid claims to the Department of Health and Human Services.

What types of employer-sponsored plans are eligible? Both self-funded and insured plans can participate, including plans sponsored by private entities, state and local governments, nonprofits, religious entities, unions, etc.

What types of services qualify for reimbursable services under the program? Plans can get program payments for medical, surgical, hospital, and prescription drug costs.

How should employers treat reinsurance payments when it comes to taxes? Proceeds are excluded from gross income.

For more information visit www.whitehouse.gov/sites/default/files/rss_viewer/reinsurance_early_retirees_fact_sheet.pdf

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