

Potential uses of Early Retiree Reinsurance Program (ERRP) funds

As set forth in guidance issued by the Department of Health and Human Services (see Federal Register, Vol. 75, No. 86, dated May 5, 2010)

According to the ERRP guidance, reimbursement funds may be used to lower health benefit costs for all participants in the plan, including retirees, and their spouses and dependents, and active employees and their spouses and dependents. Employers may not use the funds as general revenue.

Plan sponsors are encouraged to use their reimbursement from the ERRP for the following purposes:

1. To reduce your health benefit premiums or health benefit costs.
2. To reduce the health benefit premium contributions, copayments, deductibles, coinsurance or other out-of-pocket costs, or any combination of these costs, for plan participants.

The funds may be used for employment-based plans for all members, not just early retirees and their dependents.

The Department of Health and Human Services expects that you will continue to provide at least the same level of contribution to support the plan, as you did before this program. For example, for a plan that pays a premium to an insurer, if the premium increases, program funds may be used to pay the plan's share of the premium increase from year-to-year, which reduces the premium costs.

Use of the reimbursements will be subject to audit by the federal government.