Early Retiree Reinsurance Program frequently asked questions

The Early Retiree Reinsurance Program establishes a reinsurance program that is administered by the Department of Health and Human Services. This program pays for up to 80 percent of the expenses incurred by early retirees between $15,000 and $90,000 per plan year for employer-based health plans. Funding for this reinsurance program is limited to $5 billion and the deadline for applications is May 5, 2011. Reimbursements will last until January 1, 2014 or until the funds are exhausted, whichever comes first.

Who may participate in this program?

Plan sponsors who offer a group health plan to their early retirees. Both fully insured and self-insured plans may qualify.

An early retiree is someone over 55 years of age and who is not yet Medicare-eligible. The program also includes an early retiree’s spouse and dependents. In addition, plan sponsors must:

- Apply to HHS for certification to participate by May 5, 2011. The applications are available from HHS and will be processed on a first come-first reviewed basis.
- Have programs in place to generate cost-savings among those participants with chronic and high-cost conditions.
- Use the dollars from the program to reduce plan enrollee premiums, cost-sharing or both.
- Maintain or increase the dollar amount of employer contribution to applicable plans.
- Maintain service agreements with business associates (third-party administrators, health insurance issuers, pharmacy benefit managers, etc.) to verify program requirements, including access to protected health information (PHI) to transmit to HHS.

What is included in the application?

The application form and process are available and can be found on errp.gov, the official website for this program.

HealthPartners has provided the following support at healthpartners.com/employer:

- Information on HealthPartners cost-saving programs for high-cost and chronic conditions.
- Information on HealthPartners fraud, waste and abuse prevention practices.
- An overview of options of how you could use the reimbursement money.

Based on HealthPartners book of business, we estimate that you will receive approximately $2,000 per eligible employee/dependent.
How will plan sponsors submit expenses?

As soon as a plan sponsor’s application is accepted, the plan is considered “certified” to submit claims for reimbursement. The program will reimburse up to 80 percent of claims costs between $15,000 and $90,000 incurred by the early retiree or the retiree’s spouse or dependents per plan year on a per-individual basis. Additional details include:

- Reimbursement is available for Medicare-covered benefits only. Learn more about the claims eligible for reimbursement here: [http://www.errp.gov/download/Claims_Eligible_for_Reimbursement%5B1%5D.pdf](http://www.errp.gov/download/Claims_Eligible_for_Reimbursement%5B1%5D.pdf).
- A claim includes medical, surgical, hospital, prescription medications, other types of claims and mental health benefits. The amount of the claim that qualifies is the amount paid minus any discounts, rebates or coupons for diagnosis, care, treatment or prevention of a physical or mental disease or condition.
- The reimbursement is available for retiree claims incurred during the plan year and paid by the employer-based plan, the insurer for fully insured plans or the early retiree. To receive a reinsurance payment for the portion of a claim paid by an early retiree, the plan sponsor must submit evidence that the early retiree actually paid that portion of the claim. Because producing proof of payment may be difficult, some plan sponsors may choose not to request reimbursement for the portion of the claim paid by the retiree. It is unclear how such a decision would affect the total amount eligible for reimbursement.
- Employer approved for the ERRP must do an Early Retiree List Setup on the secure ERRP website to identify the source that will submit early retiree lists for each plan year and the method by which the list will be submitted. Learn more about the list setup here: [http://www.errp.gov/news_events.shtml](http://www.errp.gov/news_events.shtml).
  - **Fully insured groups** - When you get an email from the ERRP Center with registration information, please contact your HealthPartners sales representative. Once you get the email from the ERRP Center, you will need to designate HealthPartners as a delegate to submit the information on your behalf.
  - **Self-insured groups** – HealthPartners has developed a standard file we can share with you.
- The ERRP officially began on June 1, 2010. As a result, only claims incurred on or after June 1, 2010 will be eligible for the reinsurance payment. Claims for individuals from the start of plan years which begin on or after January 1, 2010 count towards the $15,000; however, only claims in excess of $15,000 incurred on or after June 1, 2010 will be eligible for reimbursement. Any excess of claims over $15,000 incurred before June 1, 2010 will not count toward the cost threshold. These amounts will be indexed for inflation for plan years starting on or after October 1, 2011.
- Finally, HHS will develop a mechanism to ensure the proper use of funds and there may be audits to ensure this. It appears that reinsurance payments will be excludable from an employer group’s gross income for federal income tax purposes.
How will the claims be submitted for reimbursement?

HealthPartners must have a signed data release agreement in place before we will release any claims data. We will assist fully insured groups that have contacted us and asked for designee information. For self-insured groups, we will only produce reports for those groups that have let us know they are approved and have signed the data release agreement. Claims can only be submitted once per quarter. In 2011, HealthPartners will provide data on the following dates:

- Feb. 15 – cumulative data through Dec. 2010
- May. 15 – cumulative data through Mar. 2011
- Aug. 15 – cumulative data through June 2011
- Nov. 15 – cumulative data through Sep. 2011

**Fully insured groups**

In order to get reimbursement, HealthPartners will complete the following steps on your behalf through the ERRP center at [errp.gov](http://errp.gov):

- Submit your early retiree list. HealthPartners will submit a list with all eligible people who meet the claims threshold of $15,000. Everyone on this list must have a corresponding social security number included. If a SSN is not included, that individual cannot be included on the list.
- Process the early response file from HHS. This will remove any Medicare-eligible people from the list.
- Report summary cost data.

Once HealthPartners completes these steps, you will get an email from us. At that point you will need complete the final step of requesting reimbursement at [errp.gov](http://errp.gov).

**Self-insured groups**

In order to get reimbursement, you must complete the following steps through the ERRP center at [errp.gov](http://errp.gov):

- Submit your early retiree list. The list should include all for eligible people who met the claims threshold of $15,000. Everyone on this list must have a corresponding social security number (SSN) included. If a SSN is not included, that individual cannot be included on the list.
- Process the early response file from HHS. This step will remove any Medicare-eligible people from the list.
- Report summary cost data. HealthPartners will send you the claims data for your early retiree site in the required format. The file will include eligible claims for people in your early retiree site with claims for non-Medicare covered services removed.
- Request reimbursement.
Are there any notice requirements?

Yes. Plan sponsors are required to provide a notice to plan participants. The details of how you need to provide this notice and a model notice are posted here: http://www.errp.gov/about_errp.shtml.

What if I think I want to apply for the Early Retiree Reinsurance Program?

If you are interested in pursuing an application for the Early Retiree Reinsurance Program, please:

- **Contact your HealthPartners sales representative** to let him or her know you are interested in applying for the program. We will need to put an additional confidentiality agreement in place for this program at that time. Without this agreement, we will be unable to share the necessary claims data for reimbursement.
- In order for HealthPartners to provide you with information for your application, your early retiree population must be separated into a different enrollment site, or division. If you don’t already have an early retiree enrollment site, please work with your HealthPartners sales representative to set one up.
- **Notify your HealthPartners sales representative when your application is approved for the program by the federal government.**

Where can I go for more information?

HHS created a website for this program at errp.gov. This website has a link with a list of Frequently Asked Question, the application, a list of employers approved for claims reimbursement and more.