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ERRP Claims Submission Process Goes Live

The Early Retiree Reinsurance Program (ERRP) was included in the health care reform law to allow employers to recover part of their cost in providing retiree health coverage to pre-Medicare early retirees and their dependents. Last week, the Department of Health and Human Services (HHS) provided eagerly awaited guidance on the claims submission process. Beginning today, plan sponsors with approved applications are able to report costs and request reimbursement on the ERRP site.

Background

On October 21, HHS conducted an ERRP training webinar that covered a number of key areas. The session provided an overview of the application process, roles of the authorized representative, account manager and designees, the early retiree list and the early retiree response file. However, the primary area of interest in the webinar to most employers was the discussion of the claims submission process. Slides of the session are available on the ERRP [website](#).

HHS previously provided guidance on the preparation and submission of the early retiree list. (See our October 5, 2010 [For Your Information](#).) On October 18, HHS provided further [guidance](#) on medical expenses that are ineligible for reimbursement. HHS has scheduled a second webinar on October 28 to discuss the reimbursement process in more detail.

ERRP Claims Submission

Starting today, plan sponsors with approved applications can submit claims and request reimbursements on the ERRP site. The recent webinar provided much needed guidance on the submission process and requirements.

- A “data aggregator” will combine the medical, prescription drug, and other claims data for each early retiree. The data aggregator can be the claims administrator, the employer or other third party. While there can be multiple data aggregators within a plan, there can only be one data aggregator for each early retiree.
- “Cost reports” will be submitted by the “cost reporter” on an aggregate plan basis, and not separately for each early retiree or data aggregator. However, detailed claims data for each early retiree must be collected and will be reported to the ERRP Center at some future date.

BUCK COMMENT. *While a plan can have multiple data aggregators, only one combined cost report can be submitted to the ERRP site. Therefore, a single cost reporter is probably required. Similarly, only a single early retiree list can be submitted to the ERRP Center.*

- Submitted claims must be net of any rebates or other price concessions. For price concessions that are not reflected at point of sale, the plan sponsor must make a reasonable estimate of the adjustments.

BUCK COMMENT. *During the webinar, the speakers stated that additional guidance will be released soon on the process for making adjustments. Under the retiree drug subsidy (RDS) program, final adjustments for prescription drug rebates are made during the final reconciliation. However, there has not been any discussion of a final reconciliation process for ERRP.*

- Claims submissions can only be made once per calendar quarter for each plan year.
- Reimbursement payments will be made within 30 days of the claims submission.

BUCK COMMENT. *Since claims submissions can only be made once a calendar quarter, employers may want to target their first submission before the end of 2010 to allow time to collect the required data and implement the needed processes. A retiree list must first be submitted to the ERRP Center, and the response file returned by the ERRP Center would be used to prepare the claims submission. Since many carriers will not be able to aggregate medical data with prescription drug data from a carve-out pharmacy benefit manager, employers will need to consider using a third party to serve as the data aggregator. In addition, the employer must ensure that the claims submission is adjusted for future rebates and other price concessions.*

Conclusion

Needed guidance has now been released on the submission of both early retiree lists for approval and claims for reimbursement. Employers will need to prepare the early retiree list and work with the claims administrators to collect the required claims data for submission. Employers with multiple plan administrators and carve-out prescription drug programs will need to coordinate the aggregation and submission of the early retiree list and claims data. Buck can assist in these critical areas, and can also serve as the data aggregator for plans with more than one claims administrator.

This FYI is intended to provide general information. It does not offer legal advice or purport to treat all the issues surrounding any one topic.