



For your information

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Early Retiree Reinsurance Program Nears Its End

As of December 2, 2011, the ERRP had disbursed more than \$4.5 billion of its \$5 billion funding allocation. Because the fund's limit is being approached, the ERRP Center implemented a cut-off for submission of claims. Claims incurred after December 31, 2011 cannot be submitted for reimbursement. Surveys and audits of plan sponsors that received ERRP funds are also underway.

Background

The Patient Protection and Affordable Care Act (PPACA) created the Early Retiree Reinsurance Program (ERRP) for early (pre-Medicare) retirees and their dependents under which employers can receive reimbursement of 80% of the costs of health claims between \$15,000 and \$90,000 per year (between \$16,000 and \$93,000 for plan years beginning on and after October 1, 2011) for each eligible retiree or dependent. PPACA allocated \$5 billion to fund the ERRP Program. The program, which was intended to help employers maintain early retiree programs until insurance exchanges become available in 2014, went into effect June 1, 2010. It is to end on the earlier of January 1, 2014 or when the \$5 billion is expended. It is now anticipated that the program will shortly exhaust all allocated funds.

End Date for Claim Submission

The ERRP Center [announced](#) that because ERRP reimbursements are approaching the \$5 billion fund limit, it will not accept submissions of any claims with incurred dates after December 31, 2011. If a claim submission includes any claims with incurred dates after December 31, 2011, the entire claim submission will be rejected.

INSIGHT

Although the ERRP funding is nearing its end, plan sponsors can still submit claims incurred on or before December 31, 2011.

The ERRP Center will honor ERRP reimbursement requests in the order that they are received until all ERRP funds are disbursed. When there are not enough funds left to pay the last reimbursement request in full, that request will be partially paid, and the balance will be paid if additional funds become

available. Reimbursement requests received after all ERRP funds are disbursed will be held and honored in the order received if additional funds become available. The plan sponsor will be notified by email that its request was placed on hold. Additional funds could become available as a result of audits, the failure of plan sponsors to submit a full-replacement claim list for all submissions by March 30, 2012, and other claim submission adjustments.

COMPLIANCE ALERT: Plan sponsors must submit an error-free, full-replacement claim list by March 30, 2012 for each plan year for which ERRP funds were reimbursed. Otherwise, any ERRP funds paid to the plan sponsor for that year will be recouped.

CMS Survey of Plan Sponsors and Program Audits

On December 1, 2011, the Centers for Medicare & Medicaid Services (CMS) emailed a survey to all plan sponsors that received ERRP reimbursements, asking for information regarding their use, or intended use, of the reimbursements, as well as when they plan to use them. The survey was only sent to the authorized representative and must be completed using the link in that email.

INSIGHT

ERRP officials informally stated that there is no requirement to complete the survey, but that they will follow up with non-respondents.

CMS also hired a “program integrity contractor” to conduct audits of ERRP plan sponsors to “verify compliance with program rules, including eligibility of early retirees, validity of claims submitted, and use of program funds.”

Conclusion

As the ERRP uses up its funding, employers with outstanding reimbursement requests should submit them as soon as possible. Documentation of the use of ERRP funds should also be prepared as CMS starts its audit process.

Buck Can Help

- Ensure that the required claim listings are submitted by the March 30, 2012 deadline
- Assist with completion of the CMS ERRP survey
- Prepare plan sponsor documentation on the proper use of ERRP funds
- Assist with the response to the CMS audit