

HHS Now Accepting Applications for Early Retiree Reinsurance Program

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Effective immediately, the Department of Health and Human Services (HHS) will accept applications for the early retiree reinsurance program. The application is available [here](#).

Applications can be complicated and limited program funds (\$5 billion) are available on a first-come, first-served basis. Eligible plan sponsors should consult with legal counsel familiar with the application process promptly.

Application Procedure

The sponsor of an eligible plan -- including private employers, state and local governments, employee organizations such as VEBAs and multi-employer plans -- must submit a completed application in order to participate in the program. The plan sponsor also must submit a summary of current programs and procedures that have generated or will generate cost-savings for participants with chronic or high-cost conditions. Additionally, the plan sponsor must attest that it has policies in place to prevent fraud, waste and abuse.

Procedures must be followed precisely. Instructions are available [here](#). Frequently asked questions are answered [here](#). Applications that are incomplete or do not meet the requirements of the program will be rejected. Corrected applications will be considered and reviewed by HHS as of the date of resubmission.

Program Benefits

If an application is approved, plan sponsors will be eligible to receive an 80% subsidy for retiree claims between \$15,000 and \$90,000 incurred on or after June 1, 2010, regardless of the date on which an employer was accepted into the program. Reimbursed costs can include cost-sharing amounts paid by the retirees and their dependents, including deductibles, co-payments and co-insurance.

Timing and Payments

The program will end no later than January 1, 2014. But the \$5 billion allocation may be depleted in as little as a year or two. HHS has clarified that applications will be processed in the order in which they are received, and all qualified applications will be approved. Payments will be made based on receipt by HHS of submitted claims, not when the application is submitted.



The plan sponsor may use the proceeds to reduce health benefit costs or health premium costs. The proceeds also may be used to reduce premium contributions, co-payments, deductibles, coinsurance or other out-of-pocket costs for plan participants.

Contact us

For additional information on how to navigate the application process, please contact any member of the Employee Benefits Group at Warner Norcross & Judd LLP.