

The Patient Protection and Affordable Care Act and Employers: Is Your Plan Affected and What Changes Will Your Business Have to Make?

Part III: Retiree Benefits

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The Patient Protection and Affordable Care Act, as modified by the Reconciliation Act and the Manager's Amendment (collectively "the Act"), provides assistance to employers who provide benefits to retirees through employment-based plans, which include both insured and self-insured plans. However, employers must apply for this reimbursement on a first-come, first-serve basis.

The theme of the Act is affordable, quality health care coverage for all. In line with this goal, the Act offers incentives for employers to provide early-retirees with continuing benefits after retirement. On June 29, 2010, the Department of Health and Human Services began accepting applications for the Early Retiree Reinsurance Program ("ERRP"). The ERRP is a temporary program extending to January 1, 2014 (or until the program's \$5 billion fund is depleted) that reimburses employers, who offer health benefits to retirees over age 55 who are not Medicare eligible, for part of the cost of coverage for early retirees and their spouses, surviving spouses and dependents. Employers can apply for a reimbursement of 80% of claims paid between \$15,000 and \$90,000. Reimbursements received must be used to reduce costs for plan participants and employers must also implement cost-saving programs to be eligible for reimbursement. Applications for the ERRP are available here – www.errp.gov.

This year, once an application is accepted, employers can be reimbursed for claims dating back to June 1, 2010. If your current plan year started before June 1, 2010, claims incurred before that date will be credited toward the \$15,000 minimum reimbursement threshold. Beginning 2011, only claims incurred during the plan year can be submitted to the program.

Part IV of this series will discuss employee protections when reporting employer violations of the Act.

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