



## FORREST T. JONES & COMPANY, INC.

IN ARIZONA: FORREST T. JONES CONSULTING COMPANY  
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GROUP INSURANCE ADMINISTRATORS • SPECIALISTS IN AFFINITY MARKETING

June 25, 2010

Dear MEUHP Members:

The Early Retiree Reinsurance Program (ERRP) is part of the Health Care Reform legislation that could benefit employers that cover retirees age 55 up to age 65 (or until eligible for Medicare). The intent of this program is to incent employers to offer health benefits to early retirees, and to bridge health care coverage until health insurance exchanges are implemented in 2014. Below are the key features of the ERRP provisions.

- Congress appropriated \$5 billion to fund this Program, to be distributed on a “first-come, first-served” basis through 2013, or until funds are exhausted.
- ERRP is effective June 1, 2010, and employers must make application to the Department of Health and Human Services (HSS) to participate.
- Eligible employers are those that offer group health benefits to “early retirees.”
- An “early retiree” is an individual at least age 55 and not eligible for Medicare. Spouses, surviving spouses and dependents of early retirees are eligible regardless of age and Medicare eligibility.
- Provides a reimbursement of 80% of an early retiree’s health plan claim costs between \$15,000 and \$90,000 per plan year. Costs paid by the early retiree in the form of deductibles, copayments and coinsurance are included in claim costs.
- Claim costs incurred since the employer’s last plan anniversary and up to June 1, 2010 count towards the \$15,000 floor. Claim costs incurred on or after June 1, 2010 will count towards any remaining balance of the \$15,000 floor, and then 80% of the next \$75,000 of claim costs is eligible for reimbursement (to a maximum reimbursement of \$60,000/retiree).
- Reimbursements can be used to reduce employees’ costs (lower premium or out-of-pockets costs) and/or reduce the employer’s benefit plan costs. Funds may not be used as general revenue.

### Next Steps:

#### 1. Identify if your plan currently covers eligible “early retirees.”

FTJ will provide a listing of retirees from current billing records, including dates of birth and any family coverage elections.

#### 2. Obtain early retiree claim data applicable to ERRP reimbursement.

Anthem BCBS requires a Protected Health Information Report Request Form to release claim data for the ERRP application and reporting. The data is considered “Protected Health Information” (PHI), and is therefore subject to HIPAA Privacy Regulations. Each employer requesting PHI must comply with all of the HIPAA privacy requirements.

**3. Complete and file an ERRP application with the HSS, which requests:**

- Name, address, tax ID number and contact information of the applicant.
- A summary of benefit plans offered to retirees.
- A summary of how the employer will use reimbursements.
- A projected reimbursement amount for the next two plan-year cycles.
- A summary of health plan programs and procedures designed to generate cost-savings, especially cost savings for chronic and high-cost claims.
- A plan sponsor agreement affirming a fraud, waste, and abuse program is in place, and that an agreement exists with the health plan for the disclosure of claim data.

Anthem will provide the following information needed for the application:

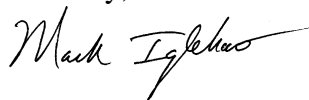
- A written summary of Cost Management programs
- A written summary of the Anti-Fraud program.
- Data needed to project estimated reimbursement amounts for the first two plan years.
- On-going claim data for employers to request reimbursements.

**Resources:**

- Anthem communications on Health Care Reform, the ERRP PHI Request Form and other resources will be posted on our [www.MEUHP.com](http://www.MEUHP.com) website.
- Details on the ERRP application process is available on the HHS website at <http://www.hhs.gov/ociio/regulations/index.html>
- The application for the ERRP program is posted on the HHS website at <http://www.hhs.gov/ociio/index.html>.

I certainly hope you find this information useful. For general information on the ERRP, you may contact your FTJ Regional Director. However, if you have specific questions regarding your individual situation, I would encourage you to contact a competent attorney or other professional concerning your requirements given the specific provisions of your health plan and to provide any needed assistance completing or filing the application.

Sincerely,



Mark Iglehart  
Assistant Vice President  
Forrest T. Jones and Company  
MEUHP Plan Administrator