



MEMORANDUM

TO: Health Care Commission
Steve Dechant
Sandy Praeger
Nancy Ruoff
John Staton
Dennis Taylor

FROM: Mike Michael

DATE: February 23, 2011

SUBJECT: Early Retiree Reinsurance Program

The Early Retiree Reinsurance Program (ERRP) provides reimbursement to participating employment-based plans for a portion of the costs of health benefits for early retirees and early retirees' spouses, surviving spouses, and dependents. The program was authorized in the Patient Protection and Affordable Care Act (PPACA) and will expire on January 1, 2014.

The State Employee Health Plan has applied and been accepted to participate in the ERRP. The required notice to members about the ERRP was recently mailed to members' homes. Under ERRP, plan sponsors may choose to use any funds received to reduce or offset increases in members' premium contributions, copayments, deductibles, coinsurance, or other out-of-pocket costs.

Staff worked with the medical vendors to compile the necessary claim information for submission to the ERRP. The health plan recently submitted its first file for consideration. The file submitted covers all of plan year 2010. Initial estimates are the health plan could recover approximately \$1.5 million if the entire claim file is approved. Moving forward, the plan will submit quarterly files for consideration.