



**INFORMATIONAL MEMORANDUM  
OIR-10-04M  
ISSUED  
JUNE 21, 2010**

Florida Office of Insurance Regulation  
**Kevin M. McCarty, Commissioner**

**ALL HEALTH INSURERS AND HMOs**

*The purpose of this memorandum is to notify health insurers and health maintenance organizations (HMOs) of a newly established federal program that may provide some financial relief for employers providing health coverage to early retirees. This Informational Memorandum is not intended to be a comprehensive summary.*

The recently enacted Patient Protection and Affordable Care Act (PPACA), Section 1102, established a temporary Early Retiree Reinsurance Program (ERRP) to be effective June 1, 2010, and ending no later than January 1, 2014. The program provides reimbursement directly from the U.S. Department of Health and Human Services (HHS) to participating employment-based health plans for a portion of the cost of health benefits for early retirees (ages 55 and older who are not active employees and not yet eligible for Medicare) and their spouses, surviving spouses and dependents. PPACA has set aside \$5 billion for this program. The amount of reimbursement is up to 80 percent of certain claims costs between \$15,000 and \$90,000 incurred after June 1, 2010. Health benefits that qualify for reimbursement include medical, surgical, hospital, prescription drug and mental health services.

An “employment-based health plan” is one that is maintained by an employer and provides health benefits to early retirees. Both self-funded and insured plans can apply, including plans sponsored by private entities, state and local governments, not-for-profit entities, religious entities, unions and other employers.

To participate in the ERRP, the plan must submit an application to the HHS Secretary, and have implemented programs and procedures that have generated or have the potential to generate cost-savings with respect to participants with chronic and high-cost conditions. The plan must provide documentation of the actual amount expended on qualifying medical claims. Applications will be processed in the order in which they are received.

The law states that amounts paid under ERRP shall be used to lower costs for the plan. The plan may use the amounts received to reduce premium contributions, co-payments, co-insurance and other out-of-pocket costs for plan participants.

An interim final rule was published on May 5, 2010 -- in the Federal Register, Vol. 75, page 24450, RIN 0991-AB64.

The Florida Office of Insurance Regulation (Office) believes the ERRP can be of benefit for many Florida employers in these uncertain economic times. Therefore, we ask for your help by identifying and contacting all of your employment based group policyholders that would be eligible for the ERRP and informing them of the availability of this new program. We further ask you to identify any provisions in their plan you believe would qualify for the “cost-savings” requirement, or revisions they might make to qualify.

The Office appreciates your time and effort in communicating this information with Florida employers. If you have questions regarding the content of this Memorandum, please contact Eric Lingswiler, Director of Life and Health Product Review, Florida Office of Insurance Regulation at [eric.lingswiler@flor.com](mailto:eric.lingswiler@flor.com) or (850) 413-5110.