



Reinsurance Program for Early Retirees

Section 1102 of the Patient Protection and Affordable Care Act provides temporary reinsurance for early retirees, ages 55 – 64.

This provision goes into effect on June 23, 2010, and is retroactive to the beginning of a Plan Year. For each eligible retiree and spouse or dependents, the amount of money available to the employer-sponsored plan is 80% of costs for health benefits between \$15,000 and \$90,000 per member per year. These amounts are adjusted annually for inflation.

In order to participate in the program, employer-sponsored plans must submit an application to Health and Human Services (HHS.) The application will be available in June and is expected to be similar to the application for the Retiree Drug Subsidy program.

Eligible employer-sponsored health plans must implement programs and procedures to generate cost savings for participants with chronic and high-cost conditions. Proceeds received from the program must be used to lower health costs for enrollees.

There is currently \$5 billion set aside nationally for this program. The money is available on a first come basis, so it will be important to file applications as soon as they become available. The program ends on January 1, 2014.

Please let us know by May 21, 2010, by contacting your marketing representative if you have early retirees in your group program and are interested in applying for this reinsurance. If we receive a positive response from you, we will send you additional bulletins as more information becomes available.

For additional information, please see a [fact sheet](#) issued by HHS.