



Reinsurance Program for Early Retirees – Information for Application

A draft application has been posted on the Office of Management and Budget website. Please see the attached link for copy of the draft application and draft instructions.

http://www.reginfo.gov/public/do/PRAViewDocument?ref_nbr=201005-0938-012

Final applications are expected to be available mid to late June. These applications must be submitted and approved before a plan submits claims for reimbursement. Incomplete applications will be rejected. To assist you in completing this application, Blue Cross Blue Shield of Wyoming will provide a portion of the necessary information. In addition, there will be information required to be provided by you, the plan sponsor. As the \$5 billion is available on a first come basis, we strongly recommend the plan sponsor begin gathering the required application data listed below as soon as possible. Please note there is no guarantee that you will receive reimbursement under this program.

1. Identify benefit options and develop descriptions – Plan sponsor:
A benefit option is defined as a unique cost sharing combination in which retirees participate. Medical and drug coverage is combined. Each retiree will be assigned to one benefit option at any given moment, but could be in more than one benefit option during the year.
2. Define plan year for application – Plan sponsor:
The plan year is as designated in the plan document. If there is no plan document, other rules will apply.
3. Identify chronic/high-cost conditions and evaluate programs and plan designs in place to reduce member costs for these conditions - Blue Cross Blue Shield of Wyoming:
These are defined as conditions expected to result in treatment costs of over \$15,000 annually for an individual.
4. Estimate the potential reinsurance payment - The guidance regarding this is unclear so it will be necessary to receive further information prior to determining how this will be calculated.
5. Determine split of reinsurance payment between reductions in plan sponsor and member costs - Plan sponsor:
Permissible uses include reductions in company and plan participant costs. Reimbursements

The information provided in this document is not intended to advise you on how to comply with any provisions of the referenced legislation or related legislation or regulations, nor is it otherwise intended to impart any legal advice. If you have any questions about how to comply with this or any other law or regulation, we recommend that you consult with your legal counsel.



BlueCross BlueShield of Wyoming

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Page 2 of 2

may be used solely for the benefit of the plan sponsor, solely for the benefit of participants or a combination of these two. Specific documentation may be required if reimbursement requests include out of pocket expenses paid by an early retiree. HHS requires a plan sponsor to maintain its current level of contributions to the applicable plan. "Current level of contributions" is not clearly defined, but the HHS example points to the plan sponsor using the reinsurance to offset increases in the plan's cost.

6. Evaluate or develop programs to detect fraud, waste, and abuse - Blue Cross Blue Shield of Wyoming.
7. Formalize agreements with vendors - Blue Cross Blue Shield of Wyoming will be providing an agreement to the plan sponsor that will detail the respective items required to complete the application. This legal agreement has been established with the assistance of an outside legal firm that focuses on federal issues and works with a variety of clients throughout the world.
8. Develop initial list of eligible early retirees and dependents, by benefit option – Plan sponsor:
This information will not be required in the application but will be required for claims submissions.
9. Determine roles and responsibilities for application - Plan sponsor:
The application will require an Account Manager who controls the application, an Authorized Representative who represents the plan sponsor and is typically a CFO or VP of HR, and one or more Designees who participate in designated aspects of the application or claims submission.

Please click on the links below for further information that has been issued by HHS.

http://www.hhs.gov/ociio/regulations/earlyretiree_slides051110.ppt

<http://www.healthreform.gov/affordablecareact.html>

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