Are you ready to complete your early retiree reinsurance application?

Employers that are accurate and agile are most likely to benefit from the new $5 billion government program

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While the official application won't be available until later in June, there are sufficient details now available for employer-sponsored health plans to begin preparing their applications for the Early Retiree Reinsurance Program (ERRP) that was created as part of the new healthcare reform law. The ERRP is a government-funded program that reimburses employer-sponsored health plans for certain claims between $15,000 and $90,000 incurred by early retirees and their spouses, surviving spouses, and dependents. The program ends either January 1, 2014, or when the $5 billion runs out—whichever occurs first.

With a program start date of no later than June 30, plan sponsors do not have much time before the Department of Health and Human Services (HHS) begins to accept applications. And many people have speculated that the funds will run out long before 2014, which means that first movers are likely to have an advantage. The draft application is already available, and most of the application is unlikely to change, so employers know what kinds of information HHS will be looking for.

Are you ready? How can you ensure that your organization can access this program and derive the maximum potential benefit?

Employer organizations face a number of key questions as they prepare to apply for the ERRP program.

- **Are you eligible?** Interested plan sponsors are already clarifying whether their plans qualify for the ERRP—not to mention whether or not there is a financial incentive to participate based on the reimbursement available.

- **What is your estimate for projected reimbursement amounts over the next two years?** The application requires projected reimbursements for the first two plan-years of the program, which means sponsors need to both assess historical experience as well as future trends.

- **Do you have the analytic infrastructure in place to maintain required processes?** A data warehouse can provide the kind of accurate recordkeeping needed to process ERRP claims. It also may be instrumental as part of the fraud-, waste-, and abuse-prevention provisions that are required for the application and necessary over the life of the program, as well as various other reporting requirements that will put an emphasis on precision and transparency.

- **What are your cost-control and chronic care management strategies?** The application requires documentation of programs and procedures that have or may generate cost savings for participants with chronic or high-cost conditions. Plan sponsors that receive ERRP funds will have to maintain an audit trail, which puts an onus both on recordkeeping and on having data to substantiate effective cost containment and chronic care management strategies.

- **Are you confident of your application's accuracy?** Applications will be processed in the order in which they are received. Plans that submit incomplete or incorrect applications will be rejected and required to submit a new application, which will be processed based on the date on which the new application is received. Any delay due to an incomplete or incorrect application could be costly.

- **Are you handling the funds correctly?** The application requires you to articulate your strategy for handling the funds, and the stated use of these funds will be considered as HHS determines the accuracy of your application. There is direction in the interim final regulation—and HHS has emphasized this point—that the funds should be used to lower healthcare costs for the participants and/or the plan sponsor. Do you know how you will reflect the funds in your participants' costs?

Organizations that want help answering these and other pertinent questions can look to Milliman for assistance. Contact your Milliman consultant for more information.