



# Kansas Insurance Department

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## The Early Retiree Reinsurance Program

### Early Retirees

- The Patient Protection and Affordable Care Act provides \$5 billion in financial assistance to employers to help them maintain coverage for early retirees age 55 and older who are not yet eligible for Medicare.
- Employers can use the savings to either reduce their own health care costs, provide premium relief to their workers and families or a combination of both.

### How Does Program Work?

- Through this temporary program, employers may provide coverage to early retirees.
- Employers who are accepted into the program will receive reinsurance reimbursement for medical claims for retirees age 55 and older who are not eligible for Medicare, and their spouses, surviving spouses, and dependents.
- Health benefits that qualify for relief include medical, surgical, hospital, prescription drug, and other benefits that may be specified by the Secretary of Health and Human Services, as well as coverage for mental health services.
- The amount of this reimbursement to the employer plan is up to 80% of claims costs for health benefits between \$15,000 and \$90,000. Claims incurred between the start of the plan year (often January 1) and June 1st are credited towards toward the \$15,000 threshold for reimbursement. However, only medical expenses incurred after June 1, 2010, are eligible for reimbursement under this program.
- For example: If an individual incurs costs of \$30,000 between the start of the plan year and June 1, and \$40,000 after that date, the amount which may be reimbursed is \$40,000 – the costs above the \$15,000 threshold that occur after June 1.
- If a plan incurs \$90,000 or more in expenses before June 1, it is treated as having met the \$15,000 threshold and is eligible for reimbursement for costs incurred after June 1.
- These limits apply and claims are filed for individual's costs. Firms cannot add two or more individuals together to attain the threshold.
- Both self-funded and insured plans can apply, including plans sponsored by private entities, state and local governments, nonprofits, religious entities, unions, and other employers.

## **Businesses**

- HHS will begin the Early Retiree Program on June 1, 2010.
- Eligible employers can apply for the program through the Department of Health and Human Services. Applications will be available by the end of June.
- To receive assistance, plans must have their applications approved, document claims, and implement programs and procedures that have or have the potential to generate cost savings for participants with chronic and high-cost conditions.
- Plans will be subject to audits to assure fiscal integrity.
- The Early Retiree Reinsurance Program will assist these employer plans and individuals with the cost of health care coverage and health care.

The program ends on January 1, 2014, when early retirees will be able to choose from the additional coverage options that will be available in the health insurance exchanges.

*The Kansas Insurance Department, established in 1871, assists and educates consumers, regulates and reviews companies and licenses agents selling insurance products in the state. The department is an entirely self-funded agency. More about the department is online at [www.ksinsurance.org](http://www.ksinsurance.org).*