

New Benefit to Help Businesses Afford Retiree Coverage

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Washington, DC – Congressman Steny H. Hoyer (D-Md.) applauded an announcement this week by the Department of Health and Human Services that it is moving early to implement the [Early Retiree Reinsurance Program](#) so employers can apply for assistance to help maintain coverage for early retirees age 55 and older who are not yet eligible for Medicare. The program will begin on June 1, 2010, in advance of the June 21 start date required by the Affordable Care Act, allowing more claims to qualify for reinsurance payments for plans this year.

“Just five weeks after health insurance reform was signed into law, Americans are already seeing immediate benefits from health care reform,” **said Hoyer**. “It’s been announced that yet another key benefit will be available early. This is a great benefit not just for workers and retired Americans, but for businesses struggling with rising health care costs and trying to remain competitive in the global marketplace.”

Eligible employers can apply for the program through the Department of Health and Human Services. Applications will be available by the end of June. Employers 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 to cover up to 80% of claims costs for health benefits between \$15,000 and \$90,000. 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.

With the percentage of large firms providing workers with retiree coverage dropping from 66 percent in 1988 to 31 percent in 2008, the program will bridge a common gap in coverage that many retired Americans increasingly fall into before they reach the Medicare-eligible age. Employers must use the funds to either reduce their health care costs, provide premium or cost-sharing relief to their workers and families or a combination of both.

The Business Roundtable representing top U.S. companies with 12 million employees [praised the program](#)

as a welcome benefit for the business community.

In addition to the early retiree reinsurance program announced this week, the following benefits of reform have already been implemented:

- **Early End to Insurer Rescissions:** The association of health insurers announced that their members will institute a major provision of the law five months early by ending the practice of rescissions, or revoking people's insurance when they get sick.
- **Early Implementation of Under 26 Coverage:** Most of the country's leading insurance companies have also announced that beginning now young adults will be able to stay on their parents' insurance until their 26th birthday – moving up the timetable for enacting this provision by months. And, the IRS has announced these benefits will be tax-free.
- **Small Business Health Care Tax Credits:** 4 million small businesses will be able to take advantage of tax credits immediately to help cover the cost of insurance for their workers.

The following [fact sheet](#) contains further information on the Early Retiree Reinsurance Program.

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