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legislativeUPDATE

March 15, 2012

Update on ERRP Payment Processing

The Patient Protection and Affordable Care Act established the Early Retiree Reinsurance Program (ERRP), which reimburses certain claims paid by health plans on behalf of covered non-Medicare eligible retirees age 55 or older and their dependent spouses and children. The temporary \$5 billion program was designed to end on the earlier of January 1, 2014 (when the state-based health insurance exchanges are scheduled to be operational) or when program funds are exhausted. Details on the claims reimbursement process can be found on the [ERRP secure website](#).

The Centers for Medicare and Medicaid Services (CMS) recently [announced](#) that because the \$5 billion in funds will soon run out, effective December 9, 2011, CMS will deny any ERRP reimbursement requests that include claims incurred after December 31, 2011. Specifically, any claim list submitted to ERRP in support of a reimbursement request that includes one or more claims incurred January 1, 2012 or later will be rejected in its entirety. Therefore, to avoid rejected claims incurred on or before December 31, 2011, a plan should not submit any claim list or summary cost data that includes any claim incurred January 1, 2012 or later. In addition, if a claim is incurred on or before December 31, 2011 but paid after that date, a plan may submit the claim for reimbursement but not until the claim has been paid.

To date, ERRP has received requests for reimbursement that exceed the \$5 billion in funding. Reimbursement requests which exceed the program's \$5 billion are being held in the order of receipt, pending the availability of funds. Plan sponsors with reimbursement requests on hold can expect to receive an email notifying them that their reimbursement requests have been placed on hold pending the availability of funds. If you receive such an email, you may call the ERRP Contact Center at 877-574-3777 to obtain updated information on the position of your reimbursement request in the list of held reimbursement requests.

Reimbursement requests will continue to be paid in the order received until available funds are exhausted. If there are not sufficient funds to pay the first reimbursement request that causes the initial exhaustion of the funds available for payment in its entirety, CMS will partially honor that reimbursement request, and will pay the balance of that reimbursement request if additional funds become available through recoupment of overpayments. In the event that funds become available as a result of overpayment collections, CMS will pay subsequent reimbursement requests in the order of receipt until funds are once again exhausted.

As a reminder, for each plan year for which a plan sponsor has been reimbursed with ERRP

funds, the requirement to submit a full-replacement Claim List that passes the automated edits (implemented in October 2011) and an associated reimbursement request by March 30, 2012, remains. In the absence of the timely submission of such an error-free Claim List and a corresponding reimbursement request, CMS will initiate procedures for recoupment of the funds paid to the plan sponsor for that plan year. Funds returned to the program as a result of recoupment efforts will be used to pay outstanding reimbursement requests in the order in which they were received.

Plan sponsors should keep the following program information up to date with the ERRP, as it will assist in the ERRP Center's ability to make prompt payment when funds become available:

- Responses to application questions
- Authorized Representative, Account Manager, and Designee contact information (e.g. email address, phone number, etc.)
- Bank account information

Plan sponsors should also notify the ERRP Center if they have identified data inaccuracies or changes to previously submitted price concession amounts (such as rebates) in order to obtain instructions on steps necessary to update their data.

CMS has announced its expectation that plan sponsors will use ERRP reimbursement funds they have received or will receive, as soon as possible, but in no case later than December 31, 2014. A Common Question on this topic, [800-13](#), is posted in the "Use of Reimbursement" section of the Common Questions on www.errp.gov. Plan sponsors that have not yet done so should complete the recently issued ERRP program survey. The survey will allow ERRP to collect information about the use of program funds. Plan sponsors were sent requests to complete the survey on December 1, and can contact the program at 877-574-ERRP for information on completing the survey.

Should you have any questions, please contact your Conner Strong & Buckelew representative toll-free at 1-877-861-3220. For information related to national health insurance reform, please visit our compliance center on insurance reform at www.connerstrong.com/healthcare_reform.



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