

Important Information About the Affordable Care Act

Date: January 24, 2011
To: All Employees, Retirees; and, All Plan Participants
From: David Hunter, GCCMH Contract Manager
Organization: GCCMH
Re: **Early Retiree Reinsurance Program**

Rising health care costs have made it difficult for employers to provide quality, affordable health coverage for workers and retirees while also remaining competitive in the global marketplace. Health insurance premiums for older Americans are over four times more expensive than those for young adults, and the deductibles these enrollees pay is, on average, almost four times that in a typical employer-sponsored insurance plan.

The Affordable Care Act creates a new program called the Early Retiree Reinsurance Program (ERRP) to help address this challenge that employers and older employees are facing. ERRP provides much-needed financial relief to employers in order to help retirees and their families continue to have quality, affordable health coverage.

Applicants who are accepted into the program receive reinsurance for the claims of high-cost retirees and their families. They will receive reinsurance payments for health benefit claims for retirees age 55 and older who are not yet eligible for Medicare, and their eligible spouses (including surviving spouses) and dependents. The amount of the reimbursement to the employer is 80% of medical claims costs for the health benefits of an individual between \$15,000 and \$90,000. Approved applicants must use these funds to provide premium relief and other health care cost relief to their retirees and workers and their families, to offset increases in their own health care premiums or costs, or for a combination of these purposes.

We submitted an Application for participation in the ERRP program and our Application has been approved. HHS will begin to issue reinsurance payments on claims in October. We will use reimbursement funds as follows:

As plan sponsor, the Agency has elected to use the Early Retiree Reinsurance Program reimbursements to reduce or offset increases in our costs for maintaining retiree health benefit coverage.

Attached please find the “**Notice About the Early Retiree Reinsurance Program**” which is required to be provided to all plan participants by employers participating in the ERRP program. Please call payroll department (810) 257-3736 ext. 4111 of 4110 if you have any other questions with respect to this program.

NOTICE ABOUT THE
EARLY RETIREE REINSURANCE PROGRAM

You are a plan participant, or are being offered the opportunity to enroll as a plan participant, in an employment-based health plan that is certified for participation in the Early Retiree Reinsurance Program. The Early Retiree Reinsurance Program is a Federal program that was established under the Affordable Care Act. Under the Early Retiree Reinsurance Program, the Federal government reimburses a plan sponsor of an employment-based health plan for some of the costs of health care benefits paid on behalf of, or by, early retirees and certain family members of early retirees participating in the employment-based plan. By law, the program expires on January 1, 2014.

Under the Early Retiree Reinsurance Program, your plan sponsor may choose to use any reimbursements it receives from this program to reduce or offset increases in plan participants' premium contributions, co-payments, deductibles, co-insurance, or other out-of-pocket costs. If the plan sponsor chooses to use the Early Retiree Reinsurance Program reimbursements in this way, you, as a plan participant, may experience changes that may be advantageous to you, in your health plan coverage terms and conditions, for so long as the reimbursements under this program are available and this plan sponsor chooses to use the reimbursements for this purpose. A plan sponsor may also use the Early Retiree Reinsurance Program reimbursements to reduce or offset increases in its own costs for maintaining your health benefits coverage, which may increase the likelihood that it will continue to offer health benefits coverage to its retirees and employees and their families.

If you have received this notice by email, you are responsible for providing a copy of this notice to your family members who are participants in this plan.