

CMS to Stop Accepting Early Retiree Reimbursement Applications

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On April 5, 2011, the Centers for Medicare & Medicaid Services ("CMS") published a notice announcing it will stop accepting new applications for the Early Retiree Reinsurance Program (the "ERRP") as of May 6, 2011. CMS is exercising its authority under section 1102(f) of The Patient Protection and Affordable Care Act (the "ACA"), due to the availability of funds.

The ACA originally established the ERRP as a temporary program to provide reimbursement to eligible sponsors of employment-based plans for a portion of the costs of providing health coverage to early retirees (and eligible spouses, surviving spouses, and dependents of such retirees). Based on the amount of the \$5 billion in appropriated program funding that is available and the rate at which it is being disbursed, CMS will no longer accept new ERRP applications for the program as of May 6, 2011. Any application received on or after such date will not be processed.

Plan sponsors who would like to participate in ERRP should act quickly. Applicants should keep in mind that it is not sufficient to merely have an application post-marked prior to the deadline; rather, CMS must be in actual receipt of the application prior to the deadline.

If you have any questions regarding the ERRP or any other relevant issues under the ACA, please contact one of the Reed Smith attorneys listed or the Reed Smith attorney with whom you regularly work.

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