

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b> June 14, 2010
	<b>Agenda Item No.</b> 49 <b>Roll Call No.</b> [Roll Call] <b>Communication No.</b> <u>10-354</u> <b>Submitted by:</b> Tom Turner, Human Resources Director

**AGENDA HEADING:**

Apply for the Affordable Care Act’s Early Retiree Reinsurance Program (ERRP) through the U.S. Department of Health and Human Services (HHS) and authorize the Mayor to sign completed application.

**SYNOPSIS:**

Recommend approval of the application to the Affordable Care Act’s ERRP through the U.S. Department of HHS and authorize the Mayor to sign completed application.

**FISCAL IMPACT:**

Amount: Up to \$500,000 based on Wellmark’s estimate.

Funding Source: Any amounts received by the Affordable Care Act’s ERRP will be credited to the Health and Dental Fund, IS301, HRS960100, page 149.

**ADDITIONAL INFORMATION:**

The ERRP was established by the Patient Protection and Affordable Care Act (the Affordable Care Act) on March 23, 2010. This act provides \$5 billion in financial assistance on a first come first serve basis to employers to help 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 cost, provide premium relief to their workers and families or a combination of both. The program starts no sooner than June 21, 2010 and ends no later than January 1, 2014, which is when early retirees will be able to choose from the additional coverage options that will be available in the health insurance exchanges.

Reimbursements are provided to participating employment-based plans for a portion of the cost of health benefits for early retirees and their spouses, surviving spouses and dependents. ERRP will reimburse plans for certain claims between \$15,000 and \$90,000 (with those amounts being indexed for plan years starting on or after October 1, 2011). Wellmark estimates that up to \$500,000 in retiree claims could be eligible for reimbursement. HHS released a draft application and expects to finalize it in late June. Human Resources and Wellmark will complete the application and submit immediately following receipt of the final version.

Chapter 509A of the Iowa Code requires the City to allow pre-65 retirees to participate in the active employee plan at the retiree's expense paying 100% of the premium. Thus, any reimbursement received will be used to lower active and early retiree (non-Medicare) premiums equally.

**PREVIOUS COUNCIL ACTION(S): NONE**

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

Staff will update City Council on the status of application.

For more information on this and other agenda items, please call the City Clerk's Office at 515-283-4209 or visit the Clerk's Office on the second floor of City Hall, 400 Robert D. Ray Drive. Council agendas are available to the public at the City Clerk's Office on Thursday afternoon preceding Monday's Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk's Office or sending their request via email to [cityclerk@dmgov.org](mailto:cityclerk@dmgov.org).