



## **COMMITTEE on WAYS and MEANS**

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#### **Obama Administration Uses Early Retiree Assistance as Slush Fund for Unions, State and Local Government Workers**

Monday, March 07, 2011

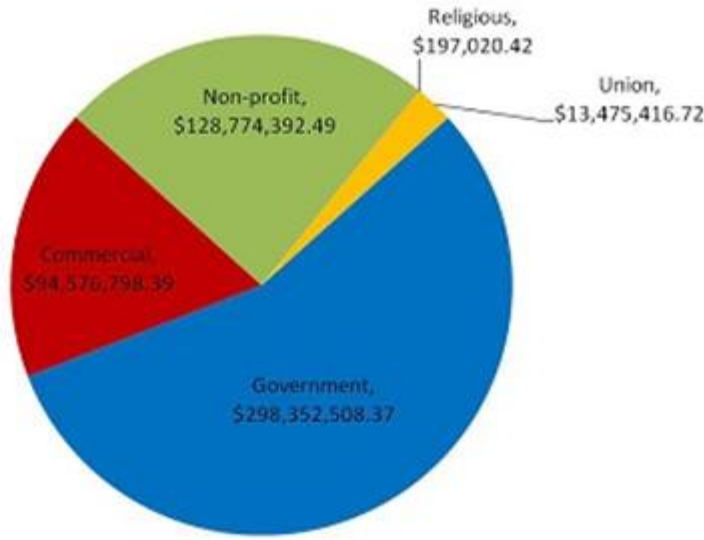
To build support for the Democrats' health care law, the Obama Administration promised "much-needed financial relief for employers so retirees can get quality, affordable insurance." However, recently released data suggests that when Obama Administration says "employers" it actually means labor unions and state and local governments.

Here is how it works: The Democrats' health care law provides \$5 billion in "financial assistance to employers to help them maintain coverage for early retirees age 55 and older who are not yet eligible for Medicare" through the Early Retiree Reinsurance Program (ERRP). The Administration's March 2, 2011 "[Report on Implementation and Operation of the Early Retiree Reinsurance Program](#)," acknowledges that government employees and unions represent the majority of approved ERRP sponsors.

Nearly six-in-ten (58%) entities receiving the federal retiree reinsurance subsidies are unions and state and local governments. New Canaan, CT (which had the highest median income in the nation in 2008) and East Hampton and Sag Harbor, NY were [approved](#) to participate and receive the scarce subsidies which the Department of Health and Human Services [predicts](#) will be exhausted in 2012, well in advance of the program's sunset date of January 1, 2014. With funds expected to run out nearly two years before the Democrats' health care law is fully implemented, will the Democrats seek additional funding to prop up this program, or will they simply let these subsidy recipients become the next flock of the uninsured?

Much like the failed stimulus program, the Early Retiree Reinsurance Program appears to just another bailout for the Obama Administration's politically-favored friends.

### Reimbursements to Approved ERRP Sponsors, by Type of Organization



Source: <http://www.healthcare.gov/center/reports/retirement03022011a.pdf> p. 5

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