

FOR IMMEDIATE RELEASE: May 26, 2011  
CONTACT: [Whitney Smith](#) (Kerry), (202) 224-4159  
Cullen Schwarz (Stabenow), (202) 224-1437  
Kate Hansen (Blumenthal), (202) 224-2823

## Kerry, Stabenow, Blumenthal Legislation Would Protect Retiree Health Coverage

WASHINGTON – Senators John Kerry (D-Mass.), Debbie Stabenow (D-Mich.) and Richard Blumenthal (D-Conn.) today introduced legislation to protect and stabilize retiree health coverage. The Retiree Health Coverage Protection Act (S. 1088) would provide an additional \$5 billion to the Early Retiree Reinsurance Program (ERRP) to help them afford health insurance and costly medical expenses. Kerry successfully included the ERRP in the Affordable Care Act last year.

“I’ve talked to many employers who would love to be able to provide retirees with health insurance, but spiraling costs make it near impossible,” said Sen. Kerry. “This program makes insurance costs manageable so folks just under Medicare age have a safety net.”

“In Michigan and around the country, early retirees have been able to save money on their insurance premiums thanks to this initiative,” said Sen. Stabenow. “This help for retirees also lowers costs for employers, making our businesses more competitive. Now, we need to continue this successful effort to keep making health insurance for retirees more stable and affordable.”

“The Retiree Health Coverage Protection Act will greatly benefit early retirees in Connecticut and across the country, who rely on this coverage through their former employers before they can become eligible for the Medicare program,” said Sen. Blumenthal. “Helping older Americans maintain access to critical preventive services and afford the cost of increasing medical expenses will ensure better health for these individuals in their later years, and peace of mind for their families.”

During Kerry’s Presidential campaign in 2004 and for the past five years, he has proposed a federal reinsurance program to reimburse health plans that enroll individuals with catastrophic health care expenses. As sponsor of the *Healthy Businesses, Healthy Workers Reinsurance Act*, he championed reinsurance as a tool to lower costs and stabilize insurance markets for individuals with catastrophic medical expenses. Two reinsurance mechanisms proposed by Kerry – one for private plans operating in the newly reformed market and another for early retirees – were included in the health reform law.

Millions of retirees nationwide rely on health coverage through their former employers before they become eligible for Medicare. However, these retiree insurance plans often have a disproportionate share of enrollees with high medical costs. Older and sicker enrollees with chronic conditions can drive health care premiums to unaffordable levels. This is one of the reasons the percentage of large firms that provide workers with retiree coverage fell from 66 percent in 1988 to 29 percent in 2009.

If older Americans fail to get coverage from their employer, they may be unable to find affordable alternatives in the private market and go without insurance until they’re eligible for Medicare at age

65. The ERRP addresses this by providing financial assistance to employers offering early retiree health coverage. Over 180 employers in Massachusetts have taken advantage of this program.

Employers who participate in the program can receive a reinsurance reimbursement of up to 80 percent of catastrophic medical claims between \$15,000 and \$90,000 for their early retiree enrollees. The reimbursement is used to reduce the employer's health care costs and to lower premiums to retirees and their families.

The ERRP has been so successful that the Centers for Medicare and Medicaid Services (CMS) announced it wasn't able to accept applications for the program after May 6<sup>th</sup> because the overwhelming response is on pace to exhaust the \$5 billion in appropriated program funding. The Retiree Health Coverage Protection Act introduced today would provide an additional \$5 billion in ERRP funding. This additional funding could be used to allow more employers to participate in the program and to further reduce the cost of retiree coverage.

###