

Estimating Early Retirement Reinsurance Program (ERRP) Reimbursement Cost

Given the small number of pre 65 retirees that exist on most employer health plans, we are providing the following table to estimate your expected ERRP Program reimbursement cost. We have provided examples to demonstrate how to apply the information to your group.

Number of retirees	In one year, the expected number of claims over \$15k	Expected annual program reimbursement	Expected monthly program reimbursement
1	0.06	\$1,968	\$164
2	0.13	\$3,936	\$328
3	0.19	\$5,903	\$492
4	0.26	\$7,871	\$656
5	0.32	\$9,839	\$820
6	0.39	\$11,807	\$984
7	0.45	\$13,774	\$1,148
8	0.52	\$15,742	\$1,312
9	0.58	\$17,710	\$1,476
10	0.65	\$19,678	\$1,640
15	0.97	\$29,516	\$2,460
20	1.30	\$39,355	\$3,280
25	1.62	\$49,194	\$4,099
30	1.94	\$59,033	\$4,919
35	2.27	\$68,871	\$5,739
40	2.59	\$78,710	\$6,559
45	2.92	\$88,549	\$7,379
50	3.24	\$98,388	\$8,199
60	3.89	\$118,065	\$9,839
70	4.54	\$137,743	\$11,479
80	5.19	\$157,420	\$13,118
90	5.83	\$177,098	\$14,758
100	6.48	\$196,775	\$16,398
125	8.10	\$245,969	\$20,497
150	9.72	\$295,163	\$24,597
175	11.34	\$344,356	\$28,696
200	12.96	\$393,550	\$32,796
250	16.20	\$491,938	\$40,995
300	19.44	\$590,325	\$49,194
350	22.69	\$688,713	\$57,393
400	25.93	\$787,100	\$65,592
450	29.17	\$885,488	\$73,791
500	32.41	\$983,875	\$81,990
600	38.89	\$1,180,651	\$98,388
700	45.37	\$1,377,426	\$114,785
800	51.85	\$1,574,201	\$131,183
900	58.33	\$1,770,976	\$147,581
1,000	64.82	\$1,967,751	\$163,979

Example 1

Your plan year is January to December, and you have 20 early retirees. Since the program starts June 1, 2010, you have 7 months left in your current plan year. Take the monthly rate of \$3,280 and multiply it by 18 (7 months left in your current plan plus 12 for the next plan year) for a total 2 year expected program reimbursement of \$59,040.

Example 2

Your plan year is July to June, and you have 20 early retirees. Since the program starts June 1, 2010, you have 1 month left in your current plan year. Take the monthly rate of \$3,280 and multiply it by 13 (1 month left in your current plan plus 12 for the next plan year) for a total 2 year expected program reimbursement of \$42,640.