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Use of ERRP Reimbursements

Today, HHS officially published the guidance requiring plan sponsors to use all ERRP reimbursements by December 31, 2014.

http://www.gpo.gov/fdsys/pkg/FR-2012-03-21/pdf/2012-6728.pdf

This notice did not change how the proceeds must be used, however. In general, ERRP requires a sponsor to use ERRP proceeds (1) to reduce the sponsor's health benefit premiums or health benefit costs, (2) to reduce plan participants' health benefit premium contributions, copayments, deductibles, coinsurance, or other out-of-pocket costs, or any combination of these costs, or (3) to reduce any combination of the costs specified in (1) and (2). ERRP proceeds may not be used as general revenue of the sponsors. Thus, to the extent a sponsor decides to use the reimbursement for its own purposes, it may use the reimbursement only to offset increases in the sponsor's health benefit premiums or health benefit costs.