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Some Retirees Will Receive Aid to Pay Health Bills

By **ROBERT PEAR**

WASHINGTON — The White House announced Tuesday that it would help pay medical bills for early retirees who have health insurance provided by their former employers.

The purpose of the temporary \$5 billion program, authorized by the new health care law, is to reverse the erosion of employer-sponsored insurance.

In announcing the initiative, the White House tried to win broader support for **President Obama's overhaul of the health care system**. Opinion polls suggest that the public remains deeply divided over the merits of the final legislation, passed by Congress without Republican votes.

Republicans hope to win control of Congress by running against the new law, while Democrats hope voters will reward them for passing it.

The administration said its goal was to provide "as much relief as possible as soon as possible" to employer-sponsored health plans.

Under the program, the federal government can reimburse employers for 80 percent of the cost of claims from \$15,000 to \$90,000 a year for a retired worker who is 55 or older and not eligible for **Medicare**.

The program will run from June 1 of this year to Jan. 1, 2014, when many early retirees, like millions of other Americans, will be able to enroll in health plans offered through new state-based markets known as insurance exchanges.

Valerie Jarrett, a senior adviser to Mr. Obama, said many retirees now "pay exorbitant premiums or simply go without health insurance."

"In 1988," Ms. Jarrett said, "66 percent of large firms provided health care coverage to their retirees. Twenty years later, in 2008, the percent of firms offering coverage to retirees

plummeted to 31 percent.”

John J. Castellani, president of the [Business Roundtable](#), which represents large employers, welcomed the new program, saying it would make health benefits “more affordable for employers and early retirees and their families.”

[Kathleen Sebelius](#), the secretary of health and human services, predicted that 4,500 employers — 3,000 private entities and 1,500 state and local governments — would seek federal aid under the program.

Ms. Sebelius issued rules to carry out the program on Tuesday. Employers can apply through her department. Applications will be available by the end of June.

Early retirees “often face difficulties obtaining insurance in the individual market because of advanced age or chronic conditions that make coverage unaffordable,” Ms. Sebelius said.

The federal aid will be available to private employers, state and local governments, nonprofit and religious organizations and labor unions that sponsor health benefit plans. It will be available to employers who pay premiums to insure early retirees, as well as to employers who assume the risk themselves and pay claims with their own assets.

The government said it would help defray the cost of medical claims paid by employer-sponsored plans for early retirees and their spouses, surviving spouses and dependents.

Under the new law, Ms. Sebelius said, employers must use the federal money to reduce “health benefit costs” for themselves or their retirees — for example, by reducing premiums, deductibles or co-payments.

As a condition receiving federal aid, employers must maintain their current contributions to the cost of retiree health benefits.

In addition, to qualify for federal aid, Ms. Sebelius said, health plans must have “programs and procedures” to save money for people with chronic and high-cost conditions like diabetes and cancer.

In a preamble to the new rules, Ms. Sebelius said the government could deny or stop accepting applications if it appeared that the \$5 billion would run out before 2014.

Many companies expected to apply for the new program already receive federal subsidies, under a 2003 law, to help offset the cost of providing prescription drug benefits to retirees, Ms. Sebelius said.

