

HEALTH CARE REFORM FOR EARLY RETIREES

The rapidly rising costs of health insurance have made it difficult for employers to offer affordable coverage for their workers and those who retire before they are eligible for Medicare. Included in the Affordable Care Act was a new program to assist employers who wish to offer insurance coverage to early retirees.

Rapidly Rising Costs and Early Retirees

- Firms offering coverage to early retirees has dropped precipitously in recent years; 66 percent offered early retiree coverage in 1988 while only 31 percent offered coverage in 2008.
- For those employees who are lucky enough to maintain insurance when they retire, often premiums are too high and these retirees are forced to forgo coverage, hoping to not become seriously ill before they qualify for Medicare.

Details of the Early Retiree Program

- The Affordable Care Act 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.
- Employers can use the savings to either reduce their own health care costs, provide premium relief to their workers and families or a combination of both.
- The Department of Health and Human Services began the Early Retiree Program on June 1, 2010, and 11 employers in Vermont have already applied for the program. For more information about who is participating in the program visit healthcare.gov/law/provisions/retirement/states/vt.html.
- A new report found that 76 percent of eligible companies plan to participate in the program. The study also found that participation will help companies reduce the cost of covering early retirees by 25-35 percent, or roughly \$2,000-\$3,000 per retiree, per year.

Early Retirees in 2014

- The Early Retiree Program will stay in effect until 2014 to help individuals maintain their health insurance coverage.
- Beginning in 2014, millions of Americans will have the ability to purchase health insurance on State Health Insurance Exchanges, which will offer a variety of coverage options to Americans who are uninsured.

To learn more about the Affordable Care Act please visit www.healthcare.gov.