

UnitedHealthcare Early Retiree Reinsurance Program Summary: Fully Insured Plans

The Early Retiree Reinsurance Program (ERRP) provision of the recently enacted Patient Protection and Affordable Care Act offers the potential for Plan Sponsor who provide health insurance to large numbers of pre-65 retirees to significantly reduce coverage costs by accessing a temporary re-insurance program funded at \$5 billion.

The Interim Final Rule published on May 5, 2010 provides guidance for plan sponsors seeking to participate in this Program, and accelerates the effective date of the Program to June 1, 2010. Key uncertainties remain including the full set of information required to apply for the ERRP and the structure and frequency of reporting to the Department of Health and Human Services (HHS) required for a plan sponsor to claim Program reimbursements.

Based on our current understanding of the ERRP regulations, we have developed an entirely optional UnitedHealthcare ERRP Program to support plan sponsors and their consultants or brokers seeking our assistance in claim aggregation and cost reporting, plus available assistance with program application. Specifically, the UnitedHealthcare ERRP Program offers the following assistance to plan sponsors:

Application Support: UnitedHealthcare will assist Plan Sponsors as requested to complete ERRP applications, including guidance on information required to apply and phone-based assistance to complete applications. Note that the Plan Sponsor is ultimately responsible for filing the applications, and neither UnitedHealthcare nor any of its Affiliates will sign the ERRP application

Data Extraction: UnitedHealthcare will provide data extraction and management to provide ongoing data sharing with HHS at required time intervals, through all UHC legally approved transmission methods (e.g. FTP (File Transfer Protocol), secured email).

Data Aggregation: UnitedHealthcare will provide data aggregation as required for external (non-UnitedHealth Group) platforms to support ongoing data sharing with HHS required for Plan Sponsors to claim their share of the subsidy (Specified data format available upon request)

Summary Cost Reporting: UnitedHealthcare will provide summary cost reporting for Plan Sponsors to claim ERRP reimbursements directly to HHS

Calendar year 2010 pricing for [City of Milwaukee's](#) optional, fee-based service will be as follows, subject to final HHS regulations governing the allowable frequency of cost reporting:

Cost per application to HHS – **Monthly reporting:** \$42,000

Cost per application to HHS – **Quarterly reporting:** \$22,500

Cost per application to HHS – **Annual reporting:** \$15,000

This pricing assumes that we will access the [UNET, Anthem, Navitus](#) data sources from which to extract and aggregate data for cost reporting purposes. An additional Non-Disclosure Agreement may be required to access 3rd party data.

Pricing for calendar year 2011 and beyond will be determined via a later update to this agreement, and a modest escalator may apply.

While final regulations governing how many applications a Plan Sponsor must file based on the number of "plans" they have in place are not yet finalized, we believe that in most cases the number of plans will follow the number of ERISA Form 5500 filings that the Plan Sponsor makes for its health benefit plans. In cases with union-negotiated benefits or trust benefits, the union or trust benefits are often separate plans from the plan that covers non-union employees. Plans

Sponsors should engage their own counsel and human resource personnel to make a final determination of the number of plans that cover early retirees.

We expect demand for this Program to be high, and cannot assure that individual Plan Sponsor applications will be accepted. As such, plan sponsors who agree in advance to participate in the UnitedHealthcare ERRP Program will not be charged the fee if their application is not accepted.

Please acknowledge your acceptance of this agreement by signing the attached contract, which also governs data sharing agreements required by the Early Retiree Reinsurance Program.

**EARLY RETIREE REIMBURSEMENT PROGRAM
DATA RELEASE AGREEMENT FOR INSURED PLANS**

This Agreement is between **City of Milwaukee** ("Plan Sponsor") and **UnitedHealthcare Insurance Company** ("United") and is dated and effective [date].

RECITALS

United has issued to Plan Sponsor a group medical benefits contract ("the Contract") that provides insured benefits to Plan Sponsor's employees, retirees and their dependents; and

The Contract provides medical care benefits for certain of Plan Sponsor's retirees who are age 55 and older and are not yet eligible for Medicare; and

Plan Sponsor intends to participate in the Early Retiree Reinsurance Program ("the Program") whereby the United States Department of Health and Human Services (HHS) will provide reimbursements ("the Reimbursements") to Plan Sponsor to the extent that the Contract provides certain defined claims benefits to its Early Retirees under regulations issued by HHS; and

Plan Sponsor must arrange to provide to HHS certain information held by United as defined under 45 C.F.R. §§149.320-149.335, in order to qualify for and receive the Reimbursements; and

United is a "covered entity" under the Health Insurance Portability and Accountability Act (HIPAA) that governs the use of Protected Health Information (PHI) as defined under HIPAA; and

HHS's Interim Final Rule on the Program requires the Plan Sponsor to have an agreement with its health insurance issuer regarding disclosure of information to HHS; and

HHS's Interim Final Rule on the Program permits insurance issuers to submit relevant claims data directly to HHS on behalf of the Plan Sponsor; and

Inasmuch as the data required by HHS may constitute PHI, and inasmuch as Plan Sponsor under HIPAA may not have direct access to such data, HHS requires that the Plan Sponsor and United enter into an agreement whereby the Plan Sponsor requests United, as its health insurance issuer under 42 CFR § 423.884(b), to submit this information directly to HHS on its behalf.

NOW, THEREFORE, in consideration of the mutual promises of the parties and other good and valuable consideration, receipt of which is hereby acknowledged, the parties agree as follows:

1. Plan Sponsor hereby engages United for the services indicated in Exhibit A and agrees to pay the service fees, if any, associated with the elected services as shown on that Exhibit.
2. Upon request of the Plan Sponsor United will disclose directly to HHS on Plan Sponsor's behalf, such information described below that Plan Sponsor has determined is necessary for Plan Sponsor to comply with the requirements of the Program, as set forth in 45 C.F.R. §§149.320-149.335, or any successor regulation promulgated by HHS, and any guidance issued by HHS, and any mandated updates of required information. Any information that United discloses to HHS will be in compliance with all applicable procedures and submission deadlines relating to the information to be disclosed.
3. Plan Sponsor further directs United to make arrangements with any Business Associate with whom United has a Business Associate Agreement as required by HIPAA to send

directly to HHS any such required information that Business Associate may have in its possession.

4. United will maintain existing fraud, waste and abuse programs on behalf of the Plan that United believes are consistent with requirements of the Program.
5. Plan Sponsor certifies that, if required for the operation of the Program, it will take all steps necessary for it to review limited PHI disclosures as may be necessary for the operation of the Program including entering into a written PHI disclosure agreement with United.
6. United will cooperate fully in audits of the Plan Sponsor's participation in the Program conducted by HHS.
7. United agrees to maintain records consistent with the requirements of 45 C.F.R. §149.350 or any other requirements established by HHS and to make such records available to HHS upon HHS's request.
8. The Parties acknowledge, that any information provided to HHS in order for Plan Sponsor to become and to remain eligible on a continuing basis to receive the Reimbursements is being provided for the purpose of the Plan Sponsor obtaining federal funds in accordance with 45 CFR Section 149.35(f)(4)(ii).

Signature Page Follows

IN WITNESS WHEREOF, the parties have hereto affixed their respective authorized signatures and intend that this agreement be effective on the date first mentioned above.

[Plan Sponsor]

[UnitedHealthcare Insurance Company]

EXHIBIT A SERVICES AND FEES

SERVICES

Claims Administrator will perform the following specific services on behalf of Plan Sponsor:

Application Support: Claims Administrator will assist Plan Sponsors as requested to complete ERRP applications, including guidance on information required to apply and phone-based assistance to complete applications. Note that the Plan Sponsor is ultimately responsible for filing the applications, and neither Claims Administrator nor any of its Affiliates will sign the ERRP application

Data Extraction: Claims Administrator will provide data extraction and management to provide ongoing data sharing with HHS at required time intervals, through all UHC legally approved transmission methods (e.g. FTP (File Transfer Protocol), secured email).

Data Aggregation: Claims Administrator will provide data aggregation as required for external (non-UnitedHealth Group) platforms to support ongoing data sharing with HHS required for Plan Sponsors to claim their share of the subsidy (Specified data format available upon request)

Summary Cost Reporting: Claims Administrator will provide summary cost reporting for Plan Sponsors to claim ERRP reimbursements directly to HHS

SERVICE FEES

Calendar year 2010 pricing for [City of Milwaukee's](#) optional, fee-based service will be as follows, subject to final HHS regulations governing the allowable frequency of cost reporting:

Cost per application to HHS – **Monthly reporting:** \$42,000
Cost per application to HHS – **Quarterly reporting:** \$22,500
Cost per application to HHS – **Annual reporting:** \$16,000

This pricing assumes that we will access the [UNET, Anthem, Navitus](#) data sources from which to extract and aggregate data for cost reporting purposes. An additional Non-Disclosure Agreement may be required to access 3rd party data.

Services under this Agreement are provided on a calendar year basis, not on a plan year basis. Pricing for calendar year 2011 and beyond will be determined via a later update to this agreement, and a modest escalator may apply. The Claims Administrator also reserves the right to modify fees, with 30 days' advance written notice, in the event that additional regulatory guidance requires additional services or changes to existing services.