

December 8, 2011

Alderman Michael Murphy, Chairman  
City of Milwaukee Common Council Finance and Personnel Committee  
200 East Wells Street, Room 205  
Milwaukee, WI 53202

**File No: 110943 Communication regarding award of the Early Retiree  
Reimbursement Funds from the Department of Health & Human Services,  
Centers for Medicare and Medicaid Services**

Dear Alderman Murphy and Finance Committee Members:

Common Council resolution 100605, approved by the Common Council October 12, 2010, authorized the City to apply for Early Retiree Reinsurance Program (ERRP) funding.

The City has been awarded approximately \$4M. This communication is to report that the funds will be used consistent with the CMS guidelines. The guidelines prohibit the use of ERRP funds for general revenue, but allow the use of the funds “to reduce the sponsor’s health benefit costs.” The City intends to use the funds in 2012 to reduce City health benefit costs. This is consistent with what the Milwaukee Public Schools and Milwaukee County are doing with their ERRP funds.

As you are aware the ERRP funds reimburse 80% of the City health care costs over \$15,000 and under \$90,000 for retirees between 55-64 years of age. The City has worked with Ingenix to administer these funds and process the application.

The Department of Health and Human Services, Center for Medicare and Medicaid Services, recently announced they would not accept reimbursements for health care costs incurred after December 31, 2011, as they have already awarded over \$4.5B of the \$5B available for these funds. The \$4M award to the City is for four quarters in 2010 and two quarters in 2011, so it is likely the City may receive some additional funds from ERRP.

Please contact me if you have any additional comments or questions regarding this file.

Sincerely,

Michael Brady, Employee Benefits  
CC: Maria Monteagudo, DER  
Troy Hamblin, DER  
Renee Joos, Budget  
Ellen Tangen, City Attorney's Office