

September 26, 2010

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

File No:100605 Application for ERRP funds

Dear Alderman Murphy:

Under file 100605 the Department of Employee Relations would be authorized to apply for federal funding under the US Department of Health and Human Services Early Retiree Reinsurance Program (ERRP).

The City, like other employees, is eligible for reimbursement of 80% of the health care expenditures after June 1, 2010 for those retirees under 65 who have cost over \$15,000 and not more than \$90,000 as long as the funds are used to control long term the costs of this group of retirees. The federal government has a total of \$5B dollars that will be allocated on a first come first serve basis. The City could be eligible for as much as \$3M in 2010 through this program.

The Department is proposing to work with Ingenix to administer this effort for the City with the two health plans and the prescription benefit administrator. The Department of Health and Human Services requires an administrator to submit the claims electronically and monthly for the individuals who have costs over \$15,000 and under \$90,000. The City does not have the ability to do this. Ingenix is providing these services for the Milwaukee Public Schools and Milwaukee County. Ingenix has agreed to provide these services in 2010 based on the attached agreement for approximately \$43,000.

A copy of the proposed application is attached. A resolution is attached

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

Sincerely,

Michael Brady
Employee Benefits

CC: Maria Monteagudo, DER
Troy Hamblin, DER
Ellen Tangen, City Attorney's Office