



Bulletin

2011-05B

Early Retiree Reinsurance Program (ERRP)

TO: City/Town/Regional School District Officials via DLS Alerts

FROM: Gerard D. Perry, Director of Accounts

DATE: April 2011

SUBJECT: Accounting Treatment of Early Retiree Reinsurance Program Reimbursements

Enacted in March of 2010, the federal Patient Protection and Affordable Care Act includes a temporary reimbursement to employers, unions and state and local governments for eligible health care costs of certain early retirees. Public Law 111-148, § 1102 (2010). Application is through the U.S. Department of Health and Human Services and currently over 60 Massachusetts cities and towns participate in the program. See the [ERRP website](#) or contact your local health insurance administrator for details.

Program regulations require that these proceeds be used for specified employer or employee health benefit costs, not as general revenue to the city or town. 45 Code of Federal Regulations § 149.200. Therefore, the Bureau advises the following:

- a.) These proceeds are a federal grant restricted to use by the terms and conditions of the program.
- b.) The grant must be appropriated for its intended use by the legislative body of the city or town, or by the regional school committee as part of the annual budget submitted to members of a regional school district, and must be available at the time of appropriation.
- c.) Cities, towns and districts may not borrow in anticipation of these proceeds under the State House Note Program.

Cities and towns must report appropriations of these proceeds to the Bureau on Schedule B-2, Sources and Uses of Other Available Funds and on page 4, column (d) of the next Tax Rate Recapitulation. Report proceeds under Other Federal Grants on the next Schedule A and any unappropriated balance on the balance sheet as of June 30.

If you have any further questions, please contact your Bureau of Accounts field representative.