



CITY OF STOCKTON NEWS RELEASE

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Stockton Retiree Healthcare to Benefit from Federal Reimbursement

(Stockton, CA) - The U.S. Department of Health and Humans Services has notified the City of Stockton that much-need assistance with the cost of retiree healthcare is on the way in the form of a federal reimbursement of \$870,693. The City applied for funding through the Early Retiree Reinsurance Program (ERRP), a program authorized through the Affordable Care Act. The program provides reimbursement to participating employment-based plans for a portion of the costs of healthcare benefits for early retirees and eligible family members.

“This is great news,” said Di Smith, Interim Director of Human Resources. “The cost of healthcare has significantly increased, and the reimbursement will assist the City with the cost to provide benefits for our early retirees. It was definitely worth the hours invested in research and preparing the request for reimbursement.”

Early retirees are ages 55 and older and are not, yet, eligible for Medicare. Medicare eligibility begins at age 65. Under the City’s current healthcare program, retirees and their

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spouses or surviving spouses are eligible to receive healthcare benefits.

The City's plan, which is self-funded, becomes supplemental to Medicare when a retiree, or their spouse, is eligible to receive Medicare benefits. The reimbursement received cannot be used to provide City programs and services and it cannot be used to provide salary and benefits for current employees. The purpose of the reimbursement is to make health benefits more affordable for early retiree plan participants and sponsors, making healthcare accessible to more Americans.

The City of Stockton was eligible to receive reimbursement of up to 80 percent of expenses for retirees with expenses of between \$15,000 and \$90,000 for the period of January 1, 2010, through December 31, 2010. The federal government allocated \$5 billion for the nation-wide program. The City is eligible to receive another year of funding, without reapplying, should funds remain after the first round of reimbursements have been dispersed.

For additional information, please call (209) 937-8827.

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