

Cost-Sharing Reduction (CSR) Subsidies (added May 4, 2016)

What are CSRs?

Established by the ACA, CSRs are subsidies that reduce out-of-pocket liability for members who meet certain financial criteria and select "silver" plans on the exchange. CSRs are separate from premium subsidies under the ACA. Currently, the federal government reimburses each health carrier for CSRs, but pending litigation could result in termination of this reimbursement.

What can carriers do to prepare for the possibility of the termination of federal funding for CSRs?

TDI will accept contractual language in exchange forms permitting carriers to stop covering cost-sharing reductions in the event of the termination of federal reimbursements. TDI believes this may be more feasible than attempting to increase premiums in a manner that complies with state notification requirements. Such contractual language should clearly identify the triggers and time frames for how such changes to CSRs would be implemented and what the plan's benefits would be with and without CSRs. Note that TDI has concerns about contractual language that would permit immediate termination of CSRs without notice and encourages carriers to provide reasonable notice to consumers, such as at least 30 days advance notice and implementation on the first of the month. Carriers are also advised to ensure that any changes to CSRs maintain compliance with Texas HMO, PPO and EPO requirements for cost-sharing. For example, Texas requires that enrollees in state-mandated HMO plans not be held responsible for copayment requirements that exceed 50% of the total cost of services provided or total more than 200% of the total premium cost. Refer to [28 TAC §11.506\(2\)\(A\)](#).

ADDITIONAL INFORMATION

[Cost-Sharing Reduction Notice

Cost-Sharing Reductions (CSRs) are discounts that lower the amount You have to pay out-of-pocket for Deductibles, Coinsurance, and Copayments. They also lower Your out-of-pocket maximum.

These CSRs apply to an eligible individual enrolled in a silver Qualified Health Plan in the Exchange or for an individual who is an American Indian/Alaskan Native enrolled in a Qualified Health Plan in the Exchange, as described under section 1402 of the Affordable Care Act and 45 C.F.R. § 155.20.

The federal government determines if You are eligible for these discounts. The federal government also funds the Cost-Sharing Reductions under Your Evidence of Coverage.

In the event the federal government stops funding CSRs, these discounts will no longer be available under Your Evidence of Coverage, effective immediately. To understand how a loss of CSRs will affect out-of-pocket costs under Your Evidence of Coverage, please refer to the following:

- Schedule of Copayments and Benefit Limits "A" (Schedule "A") at the front of this Evidence of Coverage; and
- Schedule of Copayments and Benefit Limits "B" (Schedule "B") on the following page.

Schedule "A", located in the front of this Evidence of Coverage, is Your standard Schedule of Copayments and Benefit Limits for the Calendar Year. It describes Your out-of-pocket expenses where CSRs are available under Your Evidence of Coverage. This Schedule "A" remains in effect unless or until the federal government stops funding CSRs. In the event the federal government stops funding CSRs, Schedule "B" replaces Schedule "A", effective immediately.

Schedule "B" describes Your costs in the event the federal government stops funding Cost-Sharing Reductions, and these discounts are no longer available under Your Evidence of Coverage. Schedule "B" replaces Schedule "A" in the event the federal government stops funding CSRs, effective immediately.]