

ALC-AHIM Oversight Subcommittee Meeting
12-14-17
Information Sheet

How Cost Sharing Reductions (CSRs) work under the current law of the Affordable Care Act (ACA):

- There are two ways that you pay for health insurance.
 - **Premium:** The monthly payment that you make no matter what.
 - **Out-of-pocket cost:** The amount you pay at the point of care. Out-of-pocket costs include deductibles, coinsurance, copayments, and out-of-pocket limits. Each plan contains a different mix of out-of-pocket costs.
- There are also two types of potential savings.
 - **Advanced Premium Tax Credits:** Advanced Premium Tax Credits (APTCs) are income adjusted. APTCs help people save on the amount of premiums each month. Under current law, people who are eligible for APTCs may be eligible for a reduction in their out-of-pocket costs: (1) if their income is below 250% of the poverty level and (2) if they enroll in a silver level plan.
 - **Cost Sharing Reductions:** Cost Sharing Reductions (CSRs) help to make the out-of-pocket costs at the point of service more affordable when you need care. Insurers are required to reduce the cost sharing applicable to people with low and moderate incomes (below 250% of poverty) by increasing the percentage of health costs paid by the insurer.

The Impact of Cost Sharing on Marketplace Plans

- Plan Categories in the Marketplace
 - **Actuarial Value:** The actuarial value is the amount, on average, that the insurers expect to pay for the covered costs of enrollees in the plan. Metal categories (i.e. Bronze, Silver, Gold, and Platinum) are grouped by the way you and your plan split the cost of health care, or the actuarial value.

TABLE 1

Estimated Metal Category Averages		
Plan Category	Percentage the Insurance Company Pays	Percentage the Consumer Pays (The out-of-pocket cost)
Bronze	60%	40%
Silver	70%	30%
Gold	80%	20%
Platinum	90%	10%

- **Cost Sharing Variant:** While a silver plan generally has an actuarial value of 70%, insurers must increase the actuarial value by creating variants called cost-sharing-reduction plans of each silver plan they offer. Each variant lowers the cost sharing, or out-of-pocket costs, of the consumer in order to meet the higher actuarial value required.

TABLE 2

Cost Sharing Variants Averages		
Enrollee Income	Percentage the Insurance Company Pays	Percentage the Consumer Pays
<150% of poverty	94%	6%
150% - 200% of poverty	87%	13%
200% - 250% of poverty	73%	27%

TABLE 3

Example of Cost Sharing Reduction Variant Plans				
	CSR-94	CSR-87	CSR-73	Silver
Medical Deductible (Individual)	\$250	\$500	\$1350	\$1350
Out-of-Pocket (Individual)	\$500	\$1850	\$5850	\$7350
Primary Care Physician Visit	\$5	\$15	\$30	\$30
Specialist Physician Visit (Copay after deductible)	\$25	\$30	\$70	\$75
ER Visit (Copay after deductible)	\$100	\$125	\$400	\$400
Inpatient Facility (Copay per day after deductible)	\$50	\$100	\$300	\$600
Inpatient Physician (Coinsurance after deductible)	5%	20%	35%	40%

Plan Year 2018 Open Enrollment Update

TABLE 4

Health Insurance Plans offered in the 2018 Marketplace Exchange: A Comparison of 2017 and 2018			
Issuer	Plan Year 2017	Plan Year 2018	Comparison of PY17 & PY18
BlueCross & BlueShield (BCBS)	2 Bronze, 4 Silver, 2 Gold, 1 Catastrophic QHPs & 3 High and 1 Low SADPs	1 Bronze, 1 Expanded Bronze, & 5 Silver QHPs, 3 High, & 1 Low SADPs	Added: 1 Expanded Bronze plan & 1 Silver plan. Dropped: 1 Bronze plan, 2 Gold plans & 1 Catastrophic plan.
Celtic (Ambetter)	2 Bronze, 4 Silver, & 1 Gold QHPs	2 Bronze, 5 Silver & 1 Gold QHPs	Added 1 Silver plan
QCA	1 Bronze, 2 Silver, 1 Gold & 1 Catastrophic QHPs	1 Bronze, 3 Silver, 1 Gold & 1 Catastrophic QHPs	Added 1 Silver plan
Qualchoice	1 Silver, 1 Gold QHPs	2 Silver & 1 Gold QHPs	Added 1 Silver plan
Best Life (Dental Only)	2 High and 2 Low SADPs	2 High, 2 Low SADPs	No change
Delta Dental (Dental Only)	2 High & 3 Low SADPs	2 High, 3 Low SADPs	No change
Dentegra (Dental Only)	1 High & 1 Low SADPs	1 High, 1 Low SADP	No change

How CSRs Impact Premium Rates in 2018

- Because insurers pay greater percentages of the cost of health care for CSR Variant plans, the insurers were periodically reimbursed by the federal government for the additional claims expenses they incurred. Following the Trump administration’s decision in October to cancel the reimbursements to insurers, 2018 premium rates increased.
- In Arkansas, the average premium rate increase was about 21%.
- Using 2017 post–open enrollment numbers as a baseline, the marketplace has compared the trend as of week 5 of 2018 open enrollment to project the following:

- With the increase in average premiums, the Advanced Premium Tax Credits (APTCs) also increased.
- On average, for consumers who receive APTCs, the consumer's share of the premium is down.
- There is a decrease in marketplace consumers who do not receive APTCs.

TABLE 5

Comparing 2018 (through week 6 of OEP) to 2017 (baseline)		
Average Monthly Premium	Increase \$115	For 2018 (through week 6 of OEP), the average monthly premiums are \$115 more expensive than 2017
Average APTC (subsidy)	Increase \$132	For 2018 (through week 6 of OEP), the average APTC is \$132 higher than 2017
Consumer Cost (after APTC)	Decrease \$22	For 2018 (through week 6 of OEP), the consumer's portion of premium, after applying the APTC, is \$22 lower than 2017
% of plan selections inclusive of CSR	Increase 2.3%	For 2018 (through week 6 of OEP), we are seeing 2.3% more consumers select CSR variant plans
% of Marketplace plans selected with no APTC (consumer pays 100% of premium cost)	Decrease 6.5%	For 2018 (through week 6 of OEP), we are seeing a decrease in participation by non-subsidized consumers. The percentage of plans selected by non-subsidized consumers is down 6.5%