

Bulletin No. B-4.100

COST-SHARING REDUCTIONS FOR ACA-COMPLIANT HEALTH BENEFIT PLANS FOR THE 2019 PLAN YEAR

I. Background and Purpose

The Patient Protections and Affordable Care Act and the Health Care Education Reconciliation Act of 2010, collectively referred to as the Affordable Care Act (ACA) was passed in 2010. Under the ACA, carriers are required to offer cost-sharing reductions (CSRs) to qualified persons that enroll in an individual silver metal-tier health benefit plan. The federal government ceased funding these CSRs in October 2017.

The purpose of this bulletin is to provide carriers with the necessary guidance regarding filing procedures for rates and binders in the continued absence of federal funding for CSRs.

Bulletins are the Division of Insurance's (Division's) interpretations of existing insurance law or general statements of Division policy. Bulletins themselves neither establish binding norms nor finally determine issues or rights.

II. Applicability and Scope

This bulletin is intended for all carriers offering individual health benefit plans through Connect for Health Colorado.

III. Division Position

The Division has evaluated numerous possibilities to account for the lack of funding for the CSR program. As stated above, carriers are required to provide reduced cost sharing plans to qualified low income consumers.¹ The Division has determined that it is appropriate to load the cost of the CSR benefit on silver level plans as only consumers that purchase those plans can receive the benefit of the reduced cost shares.

A. Cost Share Reduction Rate Loading

In order to stabilize the Colorado individual market and to reduce the negative impact of the de-funding of the CSR program for as many consumers as possible, the Division directs carriers in the individual market to load the rate increase necessary to cover the cost of providing the CSR benefit to qualified consumers on to the plans offered on-exchange, as well as the identical off-exchange plan.

¹ 45 CFR § 156.410



In addition, the Division directs carriers to create a silver level plan that is substantially similar to the CSR-loaded plan, but without the CSR load, for those off-exchange consumers who do not qualify for advanced premium tax credits or CSRs.

For example, in order to satisfy this requirement, carriers may adjust the Emergency Transportation/Ambulance benefit by adjusting the copay amount by five (5) dollars. If a carrier intends to satisfy this requirement through any other plan benefit adjustment that does not impact the actuarial value calculation or premium, and which has a *de minimus* impact on the consumer, the carrier shall submit such a request to the Division to obtain confirmation that such an adjustment is appropriate.

This substantially similar silver level plan shall be assigned a different Health Insurance Oversight System (HIOS) plan ID.²

B. Marketing

Under current law, carriers that offer coverage in the individual market must market any plan offered and certified for use in that market. For the 2019 plan year, a carrier may satisfy this requirement for the off-exchange silver plan with the CSR load by marketing the on-exchange plan with the CSR load. Carriers must also market the off-exchange substantially similar silver level plan without the CSR load.

IV. Additional Division Resources

A. For More Information

Colorado Division of Insurance
Rates and Forms/ Life, Accident and Health
1560 Broadway, Suite 850
Denver, CO 80202
Tel. 303-894-7499 Toll-free (in state): 800-930-3745
Internet: <http://www.dora.colorado.gov/insurance>

B. Related Division Regulation

Colorado Insurance Regulation 4-2-39

V. History

- Issued June 8, 2018.

² 45 CFR § 156.298