

Web Briefing for Journalists: ACA Cost-Sharing Subsidies: How One Decision Could Disrupt Obamacare Marketplaces

Presented by the Kaiser Family Foundation

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Cost-sharing reductions, described

- The law provides two types of protections for lower-income enrollees, premium tax credits and reduced cost sharing
 - Recognizes that many lower-income people do not have the resources to meet the deductibles and other cost sharing in nongroup policies
 - For lower-income marketplace enrollees in silver plans, insurers reduce the deductibles, out-of-pocket limits and other cost sharing, with the cost reimbursed monthly by the government
- The authority to make these reimbursements is subject to a court challenge by the U.S. House of Representatives
 - Case in abeyance, next court date May 22
 - House leadership suggesting it will appropriate funds as part of CR
 - Uncertainty for insurers, may affect rates and even participation

Cost-sharing reductions, how they work

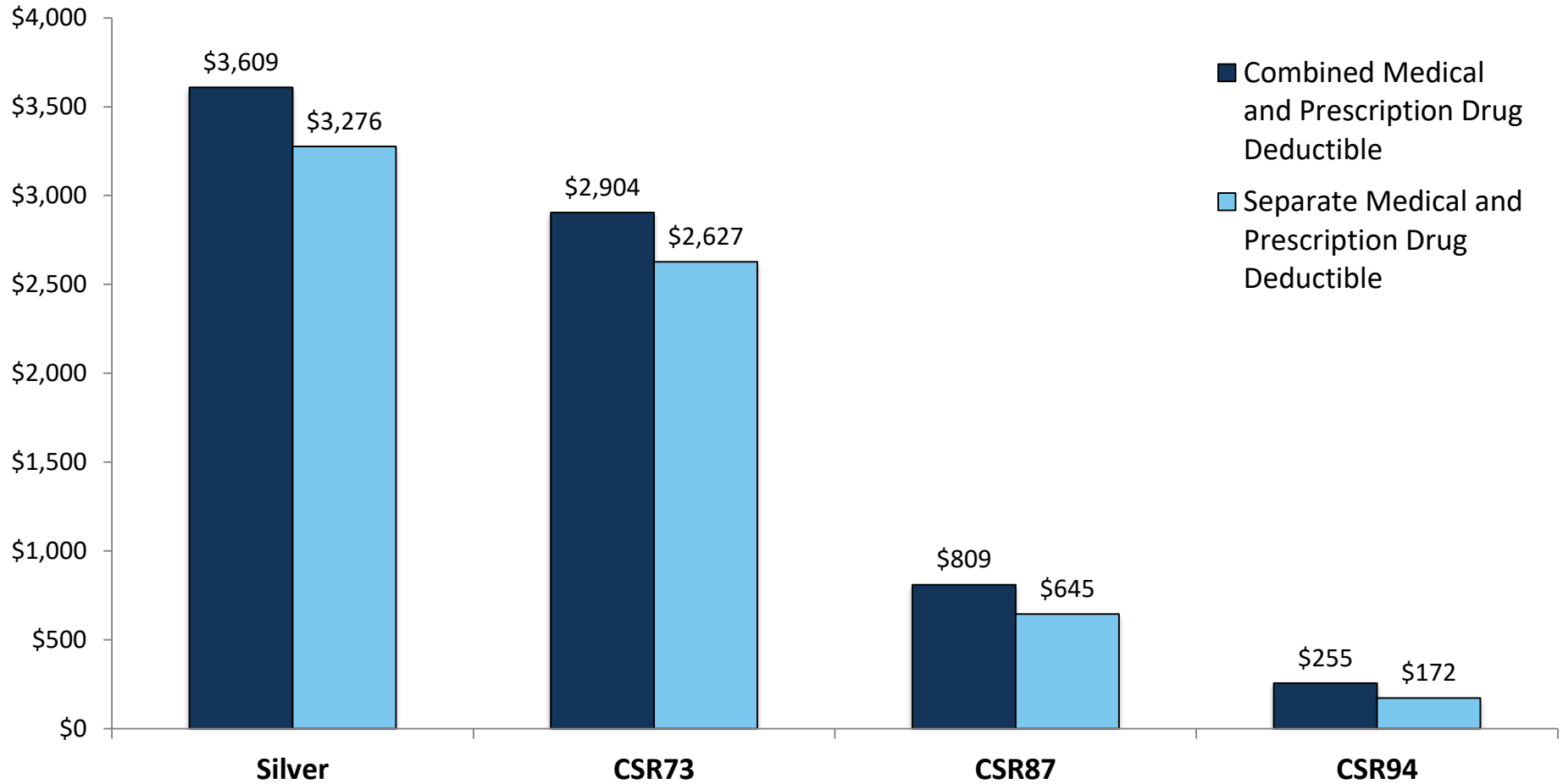
- Insurers offer variants of each silver plan which meet higher actuarial values:
 - Enrollees with incomes under 150% of poverty get a plan with an AV of 94%
 - Enrollees with incomes 150% to 200% of poverty get a plan with an AV of 87%
 - Enrollees with incomes 200% to 250% of poverty get a plan with an AV of 73%
- Maximum out-of-pocket limits are reduced:
 - Standard plans: \$7150
 - Enrollees with incomes below 200% of poverty: \$2,350
 - Enrollees with incomes 200% to 250% of poverty: \$5,700

Cost-sharing reductions, by the numbers

- Total 2017 marketplace plan selection with a cost-sharing reduction: 7,050,298
- Average federal payment per beneficiary of cost-sharing reductions in 2016: \$1,136
- Estimated total cost-sharing reduction payments in 2017: \$7 billion

Cost-Sharing Reductions - Impact on Deductibles

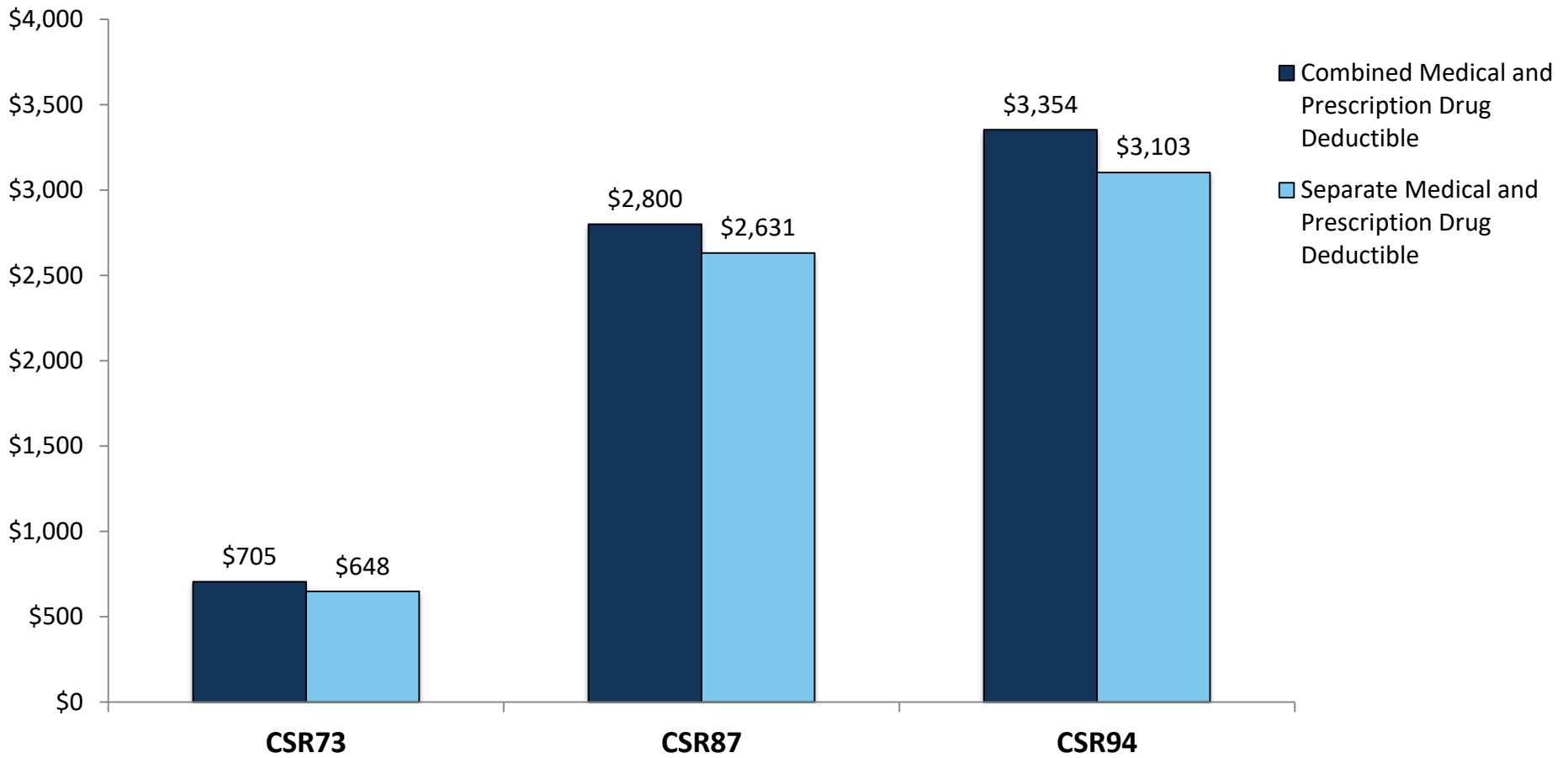
Average Medical Deductible In Plans with Combined and Separate Medical and Prescription Drug Deductible, 2017



Source: Kaiser Family Foundation analysis of Marketplace plans with the 39 states with Federally Facilitated or Partnership exchanges in 2017 (including Arkansas, New Mexico, Oregon, Kentucky, and Nevada). Data are from Healthcare.gov health plan information for individuals and families available at <https://www.healthcare.gov/health-plan-information-2017/>.

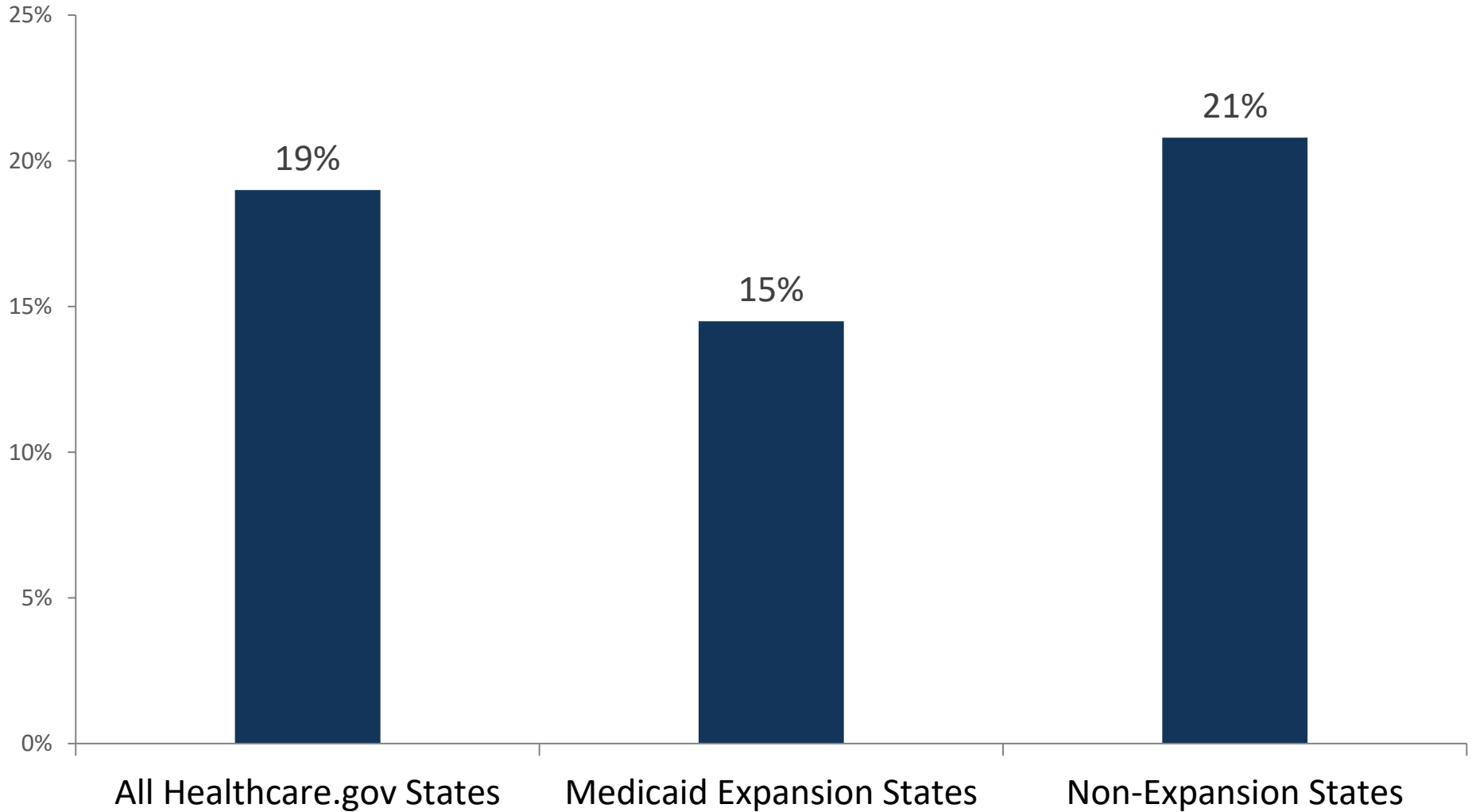
Cost-Sharing Reductions - Impact on Out-of-Pocket Limits

Average Savings in Plan Deductibles Between Silver Plans and Cost-Sharing Reduction Plans, 2017

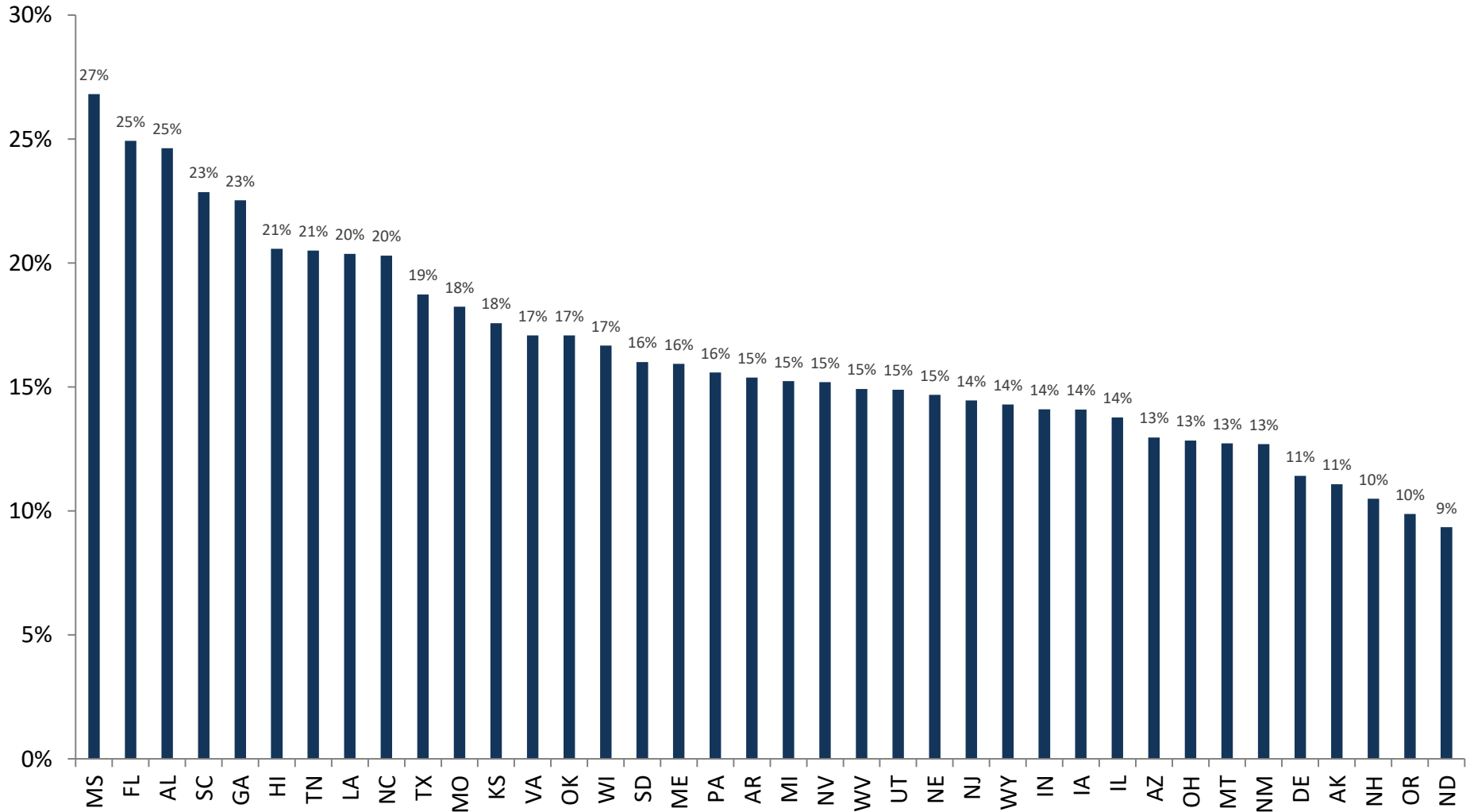


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How much silver premiums would have to rise to compensate for loss of cost-sharing reduction payments



Premium increases to compensate for the loss of cost-sharing reduction payments, states using healthcare.gov



Potential scenarios if cost-sharing reduction payments are eliminated

- Insurers participating in marketplaces would likely raise premiums for silver plans.
 - For enrollees not receiving cost-sharing reductions, bronze and gold plans would be a much better value.
 - The cost to the government of premium tax credits would rise.
 - There would be significant uncertainty for insurers, since the adequacy of premiums would depend on the share of enrollees receiving cost-sharing reductions.
- Given the uncertainty, many insurers would likely exit the marketplaces (particularly if cost-sharing reduction payments end mid-year).

Today's Web Briefing Will Be Recorded

The archived web briefing will be available later today.

Slides are available for download.

<http://kff.org/health-reform/event/web-briefing-for-journalists-aca-cost-sharing-subsidies-how-one-decision-could-disrupt-obamacare-marketplaces/>

Kaiser Family Foundation Resources

Estimates: Average ACA Marketplace Premiums for Silver Plans Would Need to Increase by 19% to Compensate for Lack of Funding for Cost-Sharing Subsidies

<http://kff.org/health-reform/press-release/estimates-average-aca-marketplace-premiums-for-silver-plans-would-need-to-increase-by-19-to-compensate-for-lack-of-funding-for-cost-sharing-subsidies>

Impact of Cost Sharing Reductions on Deductibles and Out-Of-Pocket Limits

<http://kff.org/health-reform/issue-brief/impact-of-cost-sharing-reductions-on-deductibles-and-out-of-pocket-limits/>

Consumer Assets and Patient Cost Sharing

<http://kff.org/health-costs/issue-brief/consumer-assets-and-patient-cost-sharing/>

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