

Issue Brief

Cost-Sharing Reduction Payments



What's the issue

- On October 12, the Trump administration announced it would end cost sharing reduction (CSR) subsidy payments under the Affordable Care Act (ACA).
- The CSR payments were paid to insurers to help offset costs for insurers to provide low income Americans plans with a lesser burden for out of pocket payments.
- The Trump administration maintained the payments for months but said it can no longer lawfully continue to make the payments since they are not appropriated by Congress.
- The move adds another layer of uncertainty to the ACA's individual insurance markets and increases pressure on lawmakers to come to a bipartisan agreement over funding CSR payments.
- CSR payments would be continued for two years under a bipartisan proposal introduced in the Senate, but the passage of the legislation remains uncertain.

Why does it matter?

- Insurers are still mandated by law to provide lower out-of-pocket costs. So they will almost certainly increase premiums to offset the loss of the cost sharing payments.
- A report from the Congressional Budget Office projected an increase of 20% next year in premiums to compensate for the loss of CSR subsidy funding.
- Consumers who do not receive direct subsidies will pay significantly more for their premiums, and the CBO predicts one million of these consumers will likely become uninsured.
- While insurers and states have already locked down contracts on next year's exchanges, some insurers' contracts with states include clauses allowing them to pull out of the exchanges if certain events occur — including the end of CSR payments.
- Legal action is ongoing after state attorneys general sued to protect the CSR payments.
- A permanent end to the subsidies could imperil the law's marketplaces in the long term and lead to even bigger price hikes in future years.

What is the Presence Health perspective?

- **Presence Health fundamentally believes in access to health care.** Ensuring access to health care is a fundamental belief of our ministry. Any change to federal health care policy should maintain the ACA's coverage gains that have provided many people in Illinois with the coverage they need to proactively seek care.
- **Undermining the ACA will hurt the communities we care for.** Making health insurance more expensive for individuals to purchase and driving insurers out of the ACA marketplace will result in fewer people having insurance and reduced access to care.
- **Stabilize and build upon the ACA.** We welcome the opportunity to work with our elected officials on meaningful changes to health care policy that would help accelerate the triple aim of reduced costs, improved outcomes and increased patient satisfaction. We acknowledge that the ACA is not perfect and we support bipartisan efforts to improve it in meaningful ways.