

State of Idaho
DEPARTMENT OF INSURANCE

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DEAN L. CAMERON
Director

DATE: October 16, 2017

TO: Your Health Idaho Certified Agents

FROM: Dean L. Cameron, Director

SUBJECT: Idaho Individual Health Plan Premium Rates and Cost Sharing Reduction Funding

Cost Sharing Reductions (CSRs) are reductions of out-of-pocket costs that lower-income Exchange customers receive in the form of reduced deductibles, coinsurance and copayments. Carriers who offer individual health insurance plans in the Exchange (Your Health Idaho) are required by law to provide the CSRs to eligible individuals and families who enroll in silver plans. In turn, the federal government is supposed to reimburse the carriers.

Due to many political issues and legal challenges, it is uncertain as to whether the federal government will continue to fund the CSRs in 2018. Accordingly, the Department of Insurance instructed carriers offering individual Exchange plans to assume that CSR funding **would not** continue when setting the 2018 premium rates for these plans. Since eligible consumers are entitled by law to receive the CSRs, carriers offering plans on the Exchange must allow these out-of-pocket reductions, whether or not the carriers are reimbursed by the federal government. In order to offset the lack of CSR payments, carriers increased premiums for silver plans.

It is still possible that the federal government will fund the 2018 CSR carrier payments through an appropriation bill or executive action. If this should occur, the individual health insurance market will be impacted in the following ways:

- Rates for 2018 silver plans offered on-Exchange will change.
- The silver benchmark plans (the second lowest cost silver plan available in a given rating area) could change.
- Advance Premium Tax Credits for eligible consumers may also change, based on changes in premium rates and a change in the benchmark plan.
- For consumers who are crosswalked to new plans at renewal due to their 2017 plan being discontinued, the crosswalked plan may no longer be the least expensive alternate plan that is available to them at the appropriate metal level. (See [*Crosswalk of Your Health Idaho Exchange Plans, 2017 to 2018*](#) at the Department's website for details on the crosswalk process).

The Department of Insurance is closely monitoring developments at the federal level. If CSRs are funded for 2018, the final rates will be adjusted on the Department's website, based on the carriers' projections taking CSRs funding into account. However, if the crosswalk of plans has

already taken place by the time 2018 CSR funding is confirmed, a second crosswalk will not occur.

In summary, there are three possible scenarios concerning the CSR funding, shown below along with the expected impacts.

CSRs not funded for 2018:

- 2018 final rates posted on DOI website remain unchanged.
- The 2018 APTC amounts that DHW has already processed remain the same.
- YHI performs crosswalk based on CSRs not being funded.

Federal government announces, **before** crosswalk of plans, that 2018 CSRs will be funded:

- DOI updates final rates on DOI website with rates based on CSRs being funded and publishes an updated crosswalk document.
- DHW will reprocess all 2018 APTC using benchmark silver plan based on CSRs being funded. All customers who have completed the application or re-evaluation process and who are eligible for 2018 APTC will receive an updated notice with the new 2018 amount.
- YHI performs crosswalk based on CSRs being funded.

Federal government announces, **after** crosswalk of plans, that 2018 CSRs will be funded:

- DOI updates final rates on DOI website with rates based on CSRs being funded
- DHW will reprocess all 2018 APTC using benchmark silver plan based on CSRs being funded. All customers who have completed the application or re-evaluation process and who are eligible for 2018 APTC will receive an updated notice with the new 2018 amount.
- YHI provides information to agents and consumers informing them that premium rates are changing due to the CSR funding, and that they should revisit their 2018 options.

Therefore we would strongly encourage that you carefully explain the options to your clients. Please advise them of potential changes in the rates and their APTC amounts. Please help them understand that timing may not be ideal. Lastly, please counsel with your clients as to their plan choice with and without CSR funding. I encourage that you document those discussions and their decisions.