kynect
health coverage

Cost-Sharing Quick Reference Guide

Cost-sharing refers to the portion of a medical claim that the insured must pay, usually in the form of a deductible, coinsurance or copay. Plans on kynect health coverage are designated as Platinum, Gold, Silver, Bronze, or catastrophic, depending on their **actuarial value**, or AV (a measure of the percentage of costs that the plan covers). Additionally, there are caps on the **maximum out-of-pocket costs** that any of the plans can impose.

Cost Sharing Reduction (CSR) subsidies are a means of keeping health care costs (as opposed to insurance premiums) affordable for individuals with modest incomes. CSR benefits are available to enrollees with household income between 100% and 250% of the federal poverty level (FPL). CSRs lower coinsurance, copays, deductibles, and maximum out-of-pocket costs.

CSRs increase the **actuarial value** of the plan. All Silver plans have an actuarial value of approximately 70%. For individuals eligible for CSRs, the actuarial value of a Silver plan will increase to between 73% and 94%. The Summary of Benefits and Coverage (SBC) will include different summaries for different CSR levels.

Cost-sharing reductions are based on income and household size. The lower a person's income, the more they will benefit from a CSR. There are 3 levels of CSR subsidies:

- CSR A (06): 100% to 150% of FPL, AV is increased to 94% (better than a Platinum plan)
- CSR B (05): 150% to 200% of FPL, AV is increased to 87% (nearly as good as a Platinum plan)
- CSR C (04): 200% to 250% of FPL, AV is increased to 73% (better than the normal 70% for a regular Silver plan)

In addition, Native Americans are eligible for 2 levels of CSR subsidies.

- CSR D (03): 100 %-300% of FPL, zero cost-sharing
- CSR E (02): Under 100% and above 300% FPL, Limited cost sharing variation where copayments, deductible or coinsurance are not required when receiving care from an Indian health care provider or with a referral from an Indian health care provider when getting benefits through a kynect plan.

Please Note: *Immigrants who are lawfully present but have an immigration status that is not eligible for Medicaid may be eligible for APTC and CSRs even if their annual household income is under 100% FPL.*

Cutting through some of the confusion.

There's plenty of confusion around the cost-sharing subsidies often due to misconceptions about how **out-of-pocket maximums** and **actuarial value** differ. To understand the cost-sharing subsidies, it helps to think of the reduction in **out-of-pocket maximum** as a safety net that's there in a worst-case scenario. If an individual has a claim that's large enough to cause them to reach their out-of-pocket maximum, the cost-sharing subsidies will make the burden easier to bear by reducing the maximum amount that they would have to pay.

A lot of people don't meet their out-of-pocket maximum most years. But they may have several smaller expenses throughout the year, and the costs can still be difficult to manage. That's where the **AV-increasing aspect of cost-sharing subsidies** comes in. It reduces the insured individual's portion of expenses right from the start, even if the out-of-pocket maximum is not reached.

For example, an insured individual with a household income of 140% of FPL who picks a Silver plan would end up with a policy that covers an average of 94% of costs (across all enrollees), instead of a policy that covers 70% of costs. For this person, the out-of-pocket maximum in 2022 is also reduced by 67% [from the regular maximum out-of-pocket of $8,700 (self-only coverage) to the adjusted maximum out-of-pocket of $2,900.] Keep in mind that plans can offer out-of-pocket limits that are lower than those amounts. The increased AV feature of the cost-sharing subsidies would be beneficial if and when the claims exceeded $2,900.

But the increased AV is beneficial even in the case of less expensive claims, as it keeps deductibles and copays lower than they would otherwise be.

Cost Sharing Reduction Examples

Below is an example that shows how the different CSR levels affect a Silver plan (exact figures are subject to change each year; the chart below is an example).

How Does the Cost-Sharing Reduction Level Affect Cost-Sharing Charges?

	Standard Silver – No CSR	CSR Plan C 201 – 250% FPL	CSR Plan B 151-200% FPL	CSR Plan A 100 to 150% FPL
Actuarial Value	70% AV	73% AV	87% AV	94% AV
Deductible (Individual)	$4100	$1,750	$250	$0
Maximum OOP Limit (Individual)	$8,700	$6,000	$2,000	$1,000
Inpatient hospital (After deductible)	$1,200/ admission	$1,000/ admission	$500/ admission	$250/ admission
Physician visit	$50	$30	$15	$10

The amount that anyone spends out-of-pocket depends on what health care they use and the specific health insurance plan they select. In other words, two people in the same Silver plan with the same CSR will pay different amounts because they use different medical services.

CSR Silver Plan B (87 percent AV): $250 deductible, $2000 out-of-pocket maximum, $500 for hospital admission (after deductible), $15 co-payment for physician office visit

Example: John

Health Care: 3 non-preventive physician visits

Total Cost: $300

John's share of cost: **= $45**
($15 co-payment for each physician visit)

Example: Jane

Health Care: 1 hospitalization, 3 physician visits, 15 physical therapy visits

Total Cost: $7,300

Jane's share of cost: **= $1,020**
[$500 hospital co-payment + $250 deductible + $15 for each of 15 office visits for physical therapy ($225) + $15 for each of 3 physician visits ($45)]

Please Note: Beginning in 2022, individuals who lose eligibility for cost-sharing reductions may become eligible for a special enrollment period to obtain a different metal level healthcare plan.