

What is Cost-Sharing Reduction?

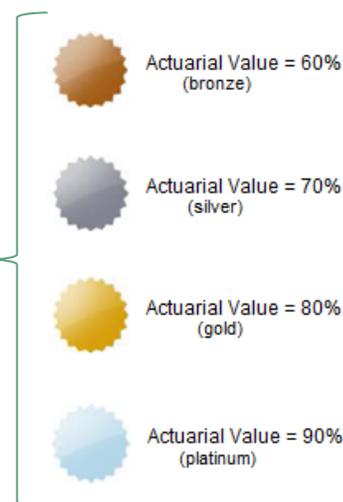
First things first: “Actuarial Value”

Qualified health insurance plans offered through MNSure are assigned an “actuarial value” (AV).

The AV – at a high level – provides an estimate of the percentage of health care costs a given plan will pay.

For example, silver level plans have an AV of 70% (that is what *makes* them silver level plans). The coverage provided by a silver level plan will pay for about 70% of an enrollee’s health care costs.

The AVs for the other metal levels are listed here.



Second: “Cost-Sharing”

Cost-Sharing refers to those costs shared by the insured person or household and the insurance company.

For instance, an insurance plan may pay for some, but not all of the costs associated with an emergency room visit. The insurance company (or “provider”) and the insured person “share” the costs of that visit.

Finally: “Cost-Sharing Reduction”

If a person or household is eligible for cost-sharing reduction, the person will pay a smaller portion of some of the “shared” costs than he or she would have without this benefit.

Cost-sharing reduction benefits are only applied to *silver level plans** (so if eligible for CSR, the consumer must select a silver plan in order to “take” the benefit).

*There is an exception to this rule for federally recognized tribes (see “How does eligibility for CSR work in Minnesota?” on page 2)

Reference Guide: Cost-Sharing Reduction



Cost-Sharing Reductions and You

How does eligibility for CSR work in Minnesota?

In Minnesota, individuals and households that fall within 201-250%* of established Federal Poverty Levels (FPL) may be eligible for CSR.

At this FPL (201-250%), a person or household may qualify for a **73% Cost Sharing Reduction**.

Additionally, federally recognized tribes with a household income at or below 300% FPL can receive 100% CSR with **any** metal level plan (they do not need to select a silver plan).

What does 73% CSR mean?

It means that rather than the usual 70% AV provided by a silver plan, silver plans available to people who qualify for CSR will include cost reductions that raise the actuarial value to 73% (so the insurance provider would cover about 73% of the health care costs for the enrollee).

How are CSR benefits paid for?

When a person takes a cost sharing reduction benefit, the government pays the insurance company to offset its costs.

What about other categories of eligibility?

You may see additional categories of eligibility. These include:

- FPL of up to 150% (CSR provides silver plans at 94% AV)
- FPL of 151-200% (CSR provides silver plans at 87% AV)

People who fall into these categories may be eligible for CSR in *other states* but in Minnesota, Medical Assistance (MA) and MinnesotaCare program eligibility applies in these income levels (that is why we don't see these CSR values at MNSure).

FPL and CSR – General Rules

FPL Guideline	Silver Plan AV
up to 150% FPL	= 94% AV
151-200% FPL	= 87% AV
201-250% FPL	= 73% AV

FPL and CSR – Federally Recognized Tribes

FPL Guideline	Plan AV *
300% FPL	100% AV

* ALL metal levels

Reference Guide: Cost-Sharing Reduction



What it boils down to:

Cost Sharing Reduction is a federal benefit that lowers the amount you have to pay out-of-pocket for health care costs like deductibles, coinsurance, and copayments.

To qualify for cost sharing reduction, you must:

- Enroll in your health insurance through MNSure
- Have an income that falls within 201-250% FPL (or 300% FPL for members of federally recognized tribes)
- Choose a “silver” level plan (or ANY level plan for qualifying members of federally recognized tribes)

The screenshot shows the myMNSure website interface. At the top, there is a navigation bar with the MNSure logo and the tagline "Where you choose health coverage". Below this, there are buttons for "SIGN OUT", "Get Help", and "Learn More". The main content area is titled "Your Healthcare Options" and includes a section for "Insurance Assistance". This section states that Tomy and Sita qualify for help to buy health insurance through the Exchange. Two benefits are listed: "\$353 off/month Premium Tax Credit" and "73% Reduction Cost-Sharing Reduction". The "73% Reduction Cost-Sharing Reduction" is circled in green, and a green arrow points from this circle to a text box on the right.

If a consumer qualifies for a cost-sharing reduction benefit, the reduction amount will appear above the “Cost-Sharing Reduction” heading in the application summary.

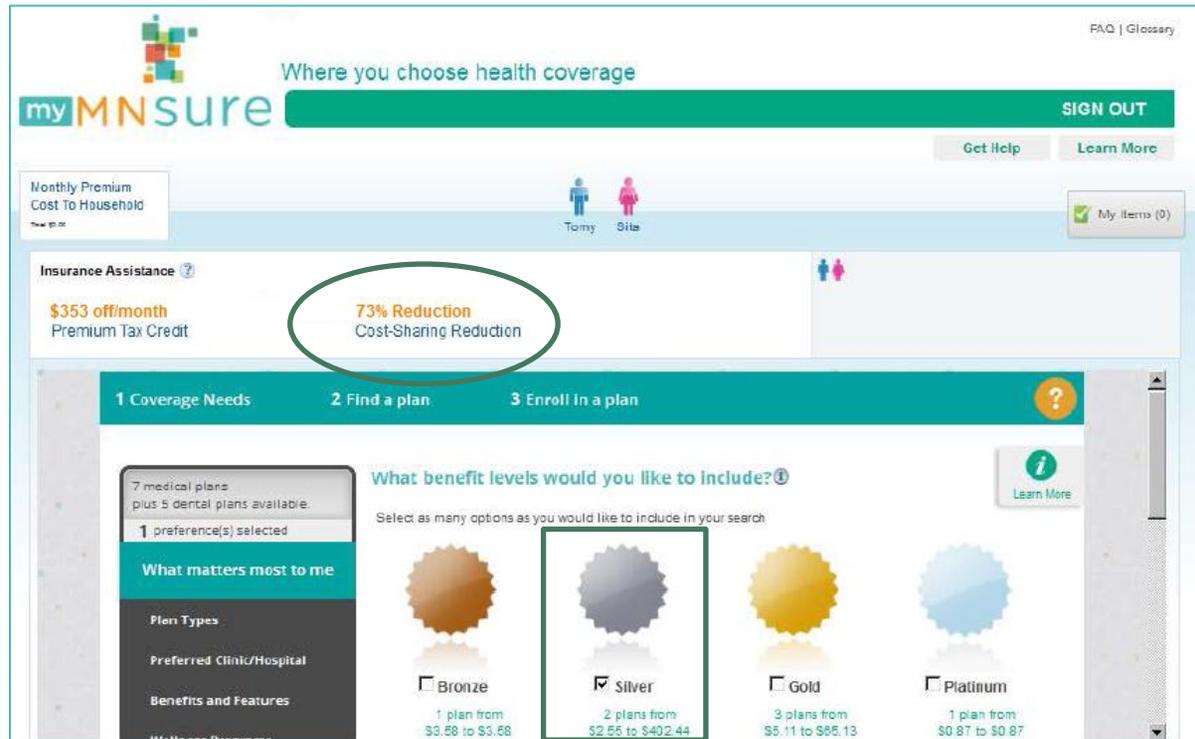
In this example, the household has qualified for both a premium tax credit and cost-sharing reduction.

Reference Guide: Cost-Sharing Reduction



CSR and the Silver Plan

Generally, you *must* select a silver plan to take advantage of cost-sharing reductions*.



If you qualify for cost-sharing reduction, the premium prices for silver plans will **already reflect** your discount. Other discounts for services like hospital visits and so on are ALSO already “baked in”.

You would only see a further reduction in premium if you *qualify for* and *take* a tax credit.

Important!

You *may* choose a different metal level plan, but the cost-sharing reduction benefit has not been (and will not be) applied to the cost of those plans (unless you are an eligible member of a federally recognized tribe).

Quick Facts:

- The cost-sharing reduction discount is *not* a tax credit so there is no “reconciliation” to worry about at the end of the year
- The cost-sharing reduction is applied automatically (it is “baked in” to the plan costs for enrollees who are eligible)
- If you re-enroll in insurance through MNSure due to a qualified life event (getting married, changing jobs, having a baby, etc.) your eligibility for the cost-sharing reduction may be impacted

*Members of federally recognized tribes may select *any* level plan and receive the cost-sharing reduction