



Cost Sharing Reductions and Silver Loads

PRESENTED TO THE GREEN MOUNTAIN CARE BOARD
3/8/2023

Jacqueline Lee, FSA, Vice President & Principal
Kevin Rugeberg, FSA, Vice President & Senior Consulting Actuary
Traci Hughes, FSA, Vice President & Senior Consulting Actuary
Jason Doherty, ASA, Consulting Actuary

1

Describe historical context for CSR loads

2

Discuss compliance and market impacts of current methods, alternatives

3

Advise Board on possible updates for 2024

Goals for this Presentation



Caveats

- All numbers in this presentation, unless noted otherwise, are approximate and/or illustrative.
- Any changes to the premiums in the market will result in some amount of enrollment shifts. Each carrier will make predictions about this, and that will cause further changes that are difficult to predict.

Cost Sharing Reductions (CSRs)

ACA Provision	Current Status
Plans must substantially reduce cost sharing for low-income members.	Still in effect
The federal government pays the difference between base Silver cost sharing and this reduced level.	Struck down in 2018

Silver Loads

Funding needed to cover shortfall created by CSR Defunding, which is limited by most states, including Vermont, to loading the on exchange Silver Premiums

The carriers currently calculate the amount that would have been funded by the federal government and use this as the basis for the load. It is sometimes called the “double adjudication method.”

The CSR load has generally been categorized under the ACA-defined “plan-level adjustment to the index rate,” which is narrowly constrained. The only relevant allowance is for “the actuarial value and cost-sharing design of the plan.”

Factors Influencing Silver Load



Distribution of Silver Members By Income



Assumptions About Induced Utilization



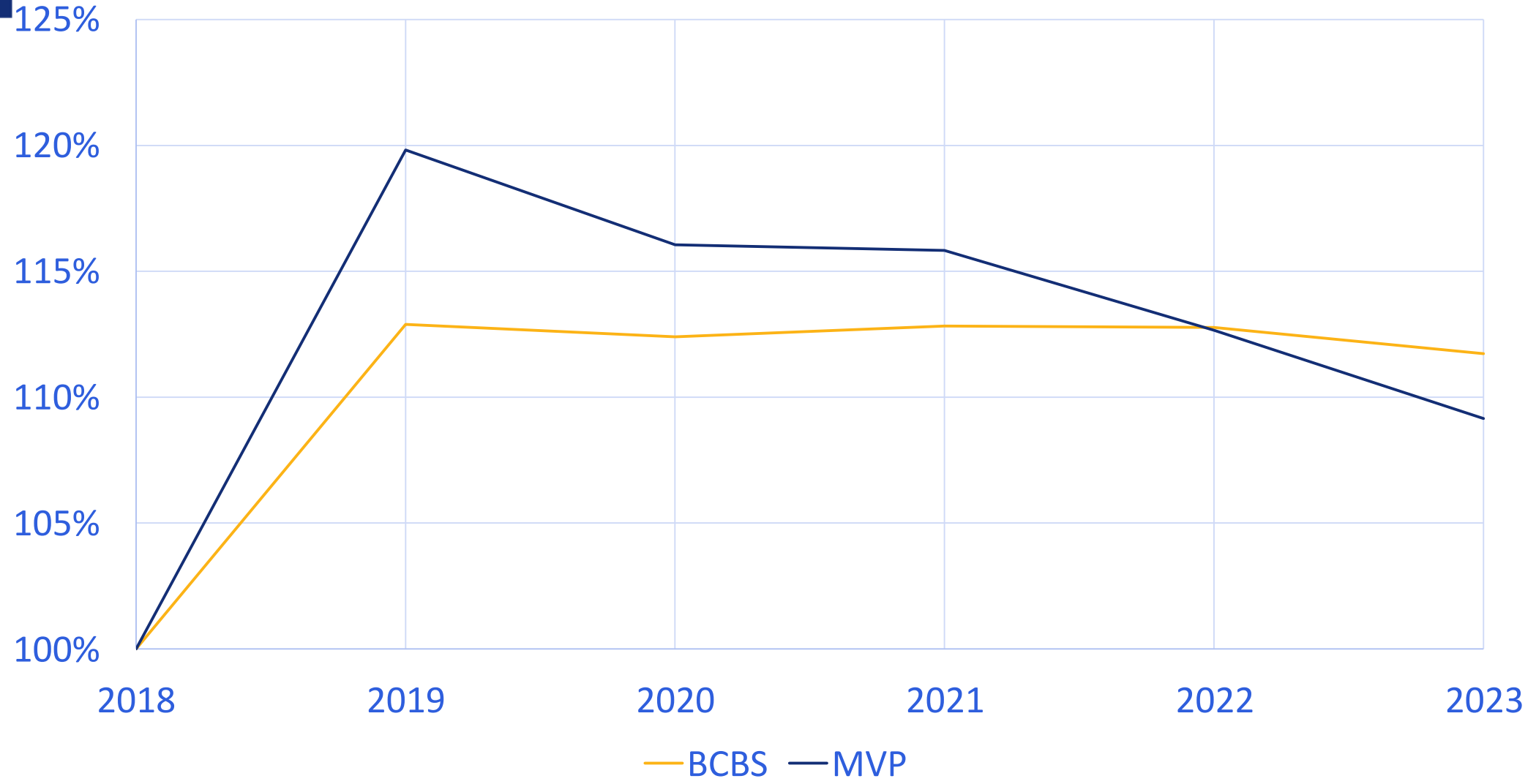
Benefit Design Considerations



Calculation Method




Historical CSR Loads



Significance of Falling Silver loads

Family Silver premiums are about \$28,000 per year in 2023.



Every 1% Silver load corresponds to roughly \$280 of annual subsidy for families.



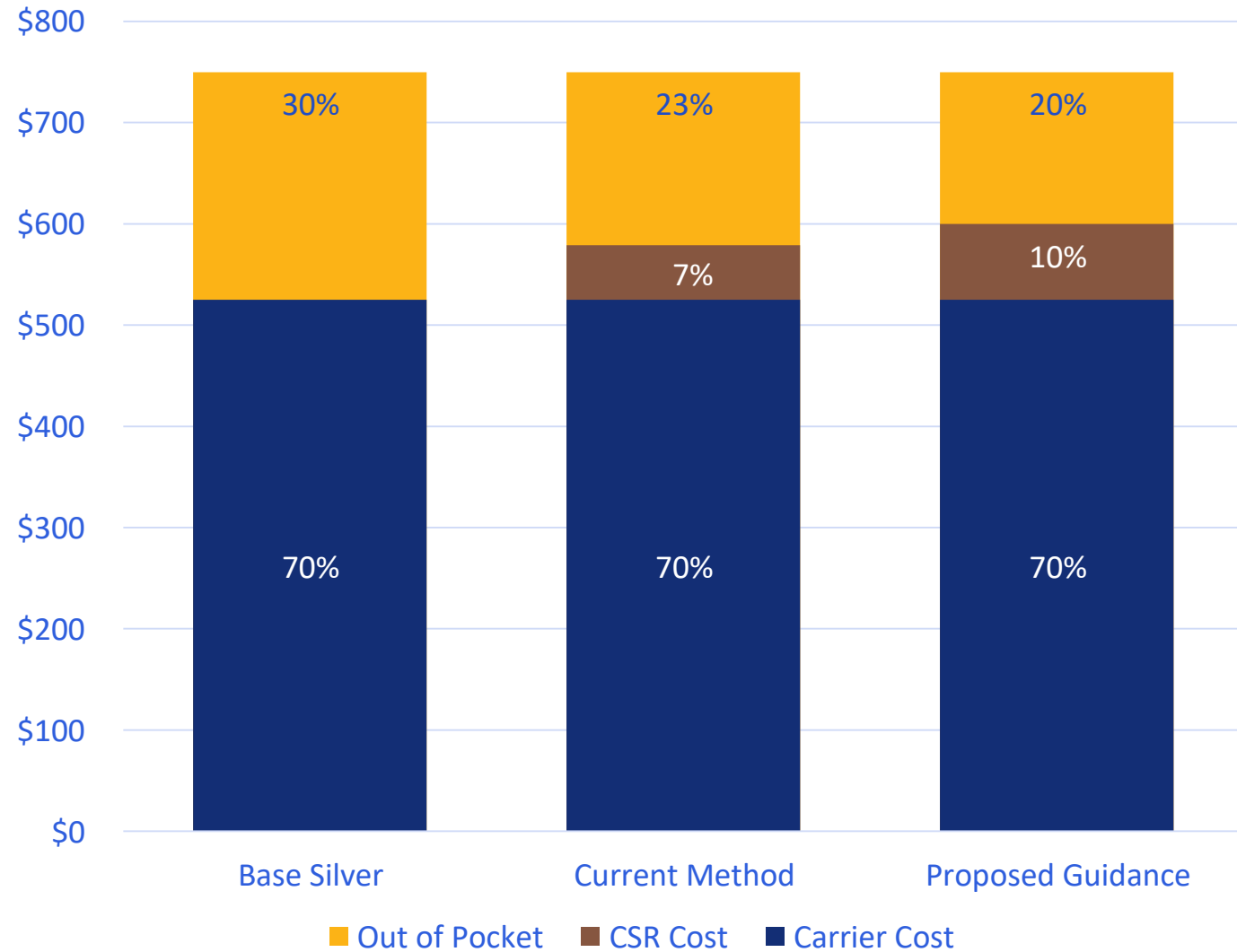
If Silver load was 1.15 instead of 1.10, subsidies would be about \$1,400 per family per year higher.

Impact of Using Single Risk Pool for CSR Load

The average On-Exchange Silver member receives an Actuarial Value of approximately 70% from their Silver benefits and an additional 10% in CSR benefits.

The current prevailing CSR loads produce plan cost which is lower than the implied Actuarial Value of 80%.

The increased revenue from the higher CSR load would result in a reduction in premium for the other metal tier premiums to achieve revenue neutrality.





Current Enrollment Distributions

September 2022 Individual Market Enrollees

