

Cost Sharing Reductions: What's at Stake for New York?



Health Care For All New York: Building Quality, Affordable Health Care for ALL New Yorkers

What are Cost Sharing Reductions?

The Affordable Care Act (ACA) makes health coverage more affordable for low- and moderate-income consumers in two ways: (1) Cost Sharing Reductions (CSRs), which lower the out-of-pocket costs (deductibles, copayments, coinsurance) for consumers with incomes between 100 and 250 percent of Federal Poverty Level (around \$30,000 annually for an individual); and (2) Advanced Premium Tax Credits (APTCs), which lower monthly premiums. CSRs save low- and moderate-income consumers an average \$3,350-\$3,600 annually. In total, CSRs are worth \$7 billion annually and are paid directly to insurance companies.

The Current Debate

In 2016, members of the House of Representatives sued the Administration to block funding for CSRs saying that the Administration had paid for them without Congressional authority. The lower court ruled in favor of the House and the case is on appeal. The current Administration now has to decide whether or not to move forward with the appeal. If the appeal is dropped, consumers across the nation would lose \$7 billion in subsidies and may no longer be able to afford coverage.

What This Means for New York

Under the ACA's state flexibility rules, New York State launched a Basic Health Program, called the **Essential Plan**. This option allows states to develop their own insurance product for consumers with incomes up to 200 percent of FPL (approximately \$24,000 for an individual). There are nearly 700,000 New Yorkers in the Essential Plan, paying a monthly premium of \$0 or \$20. They have no deductibles and low copayments.

New York receives 95 percent of what the federal government would have paid to insurers in APTCs and CSRs to fund the Essential Plan. New York's Essential Plan CSR allocation is currently \$220 million a quarter—or about \$1 billion annually.

If the federal government were to eliminate CSRs, New York would be hurt more than other states. New York would lose more than \$1 billion annually in funding for the Essential Plan, jeopardizing high quality, affordable coverage for nearly 700,000 New Yorkers.



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April 2017

The Essential Plan Helps New Yorkers



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Herbert E. and his wife Anna live in New York City, where they are raising their beautiful little girl, Lila. CSS helped Herbert and Anna enroll in the Essential Plan and helped enroll Lila in Child Health Plus.

When Herbert came down with prostate cancer, he was extremely relieved to be covered by the Essential Plan. Without it, they would have had to sell their house and still wouldn't have been able to afford the treatments.

“It’s extremely affordable with a de minimus level of stress. We had been paying \$2,500 a month for insurance before. When anyone badmouths Obamacare I’m quick to defend it from my own experience. Not having it can be a death sentence. ”



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