

# Will Washington fund CSR subsidies to stabilize the health insurance markets?

The Affordable Care Act provides subsidies known as cost-sharing reductions (CSRs) to help cover out-of-pocket costs, which make plans more affordable for qualifying consumers. It is not clear if Washington will continue to fund CSRs in 2018.

States and insurers set rates for 2018 without knowing if these critical subsidies will be available, leading to insurers exiting markets and significant spikes in premiums in some states. Below, NASHP maps how states or insurers will have to account for CSR subsidy losses. Their decisions have important implications on how markets will operate in 2018 and beyond.

**States and insurers have two choices:**

- Set 2018 rates assuming Washington will **NOT** fund CSR payments, or
- Set 2018 rates assuming Washington will cover CSR costs.

**Federal government will not fund CSRs.**

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State regulators and insurers set premium prices assuming there will be no CSR payments.

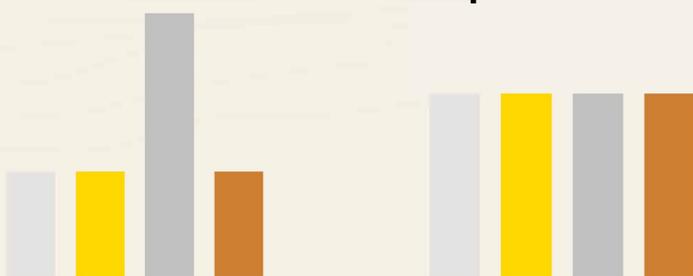
State regulators and insurers maintain premium rates as if CSRs are funded.

Insurers increase premiums to make up for CSR losses. Increases are spread across all plans, or concentrated in silver-level plans (through which CSR subsidies are offered).

If the federal government does not fund CSRs, insurers will be liable for billions in payments and may consider future premium hikes to make up for their losses or even leave the health insurance marketplaces.

**Silver Load**

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When premiums rise, tax credits also increase for qualifying consumers. The Congressional Budget Office estimates the increased tax credits could increase the federal deficit by \$194 billion.



**If the federal government does fund CSRs:** Insurers could keep some of the excess funds for 2018, but some funds will likely be returned to consumers because of requirements that limit insurer profit ratios.

## A fix is needed!

Each month, the Administration deliberates whether to issue CSR payments to insurers. Until a permanent solution is found, this state of flux will continue to spur instability for insurers who are already looking ahead to their participation and rates in 2019.

**NOTE:** For more information, please read [Cost-Sharing Reduction Debate: Why this Matters and How States are Preparing for an Uncertain Future](#)