DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Center for Consumer Information and Insurance Oversight
200 Independence Avenue SW
Washington, DC 20201

Date: **April 9, 2014**

Subject: **Cost-sharing Reduction (CSR) Advance Payment Methodology: CSR Plan Variation Multiplier**

As described in the 2015 HHS Notice of Benefit and Payment Parameters final rule, starting with the 2015 benefit year, CMS will use a new methodology for estimating cost-sharing reduction advance payment amounts.

Under the new process, upon receiving an enrollment in a certified QHP, the Marketplace will calculate the CSR advance payment amount using a formula containing the CSR plan variation multiplier and the total premium amount for the enrollment group. State-based Marketplaces (SBMs) will then submit this information to CMS, and send it to QHP issuers via the 834 enrollment transaction. Federally-facilitated Marketplaces (FFM), including State-partnership Marketplaces (SPM), will send this information to QHP issuers via the 834 enrollment transaction.

CMS will validate SBM calculations of advance payment amounts reported via the 834 enrollment transaction to ensure that they follow the new CSR advance payment methodology, and will make monthly advance payments to QHP issuers based on those calculated amounts.

The Formula for Calculating CSR Advance Payments for a Specific Policy:

The CSR Advance Payment for the Specific Policy =

(Total Monthly Premium for the Specific Policy) x

(CSR Plan Variation Multiplier Applicable to the Specific Policy)

1. The Total Monthly Premium for the Specific Policy: The total monthly premium for each subscriber (enrollment group) can be found on the 834 enrollment transaction. It is listed as the REF02 value for "PRE AMT TOT" and is contained in the 2750 loop of the 834 transaction.

2. The CSR Plan Variation Multiplier Applicable to the Specific Policy: **All Marketplaces must use the applicable CSR Plan Variation Multiplier set forth in the table below**. This multiplier accounts for the difference between the actuarial value of the CSR plan variation and the actuarial value of the standard plan, as well as three factors that account for administrative costs, convert premium amounts to allowed claims costs, and adjust for induced utilization. Further information regarding the derivation of the CSR plan variation multiplier can be found in the 2015 HHS Notice of

Benefit and Payment Parameters final rule at 78 FR 13805 and the REGTAP Library under "Qualified Health Plan (QHP) – APTC & CSR Data Cost-Sharing."

Table 1: Cost-Sharing Reduction Plan Variation and Plan Multipliers

Cost-Sharing Reduction Plan Variation	CSR Plan Variation Multiplier
73 percent AV silver plan variation	0.03
87 percent AV silver plan variation	0.22
94 percent AV silver plan variation	0.31
Limited cost sharing plan variation of bronze QHP	0.41
Limited cost sharing plan variation of silver QHP	0.22
Limited cost sharing plan variation of gold QHP	0.15
Limited cost sharing plan variation of platinum QHP	0.04
Zero cost sharing plan variation of bronze QHP	0.61
Zero cost sharing plan variation of silver QHP	0.38
Zero cost sharing plan variation of gold QHP	0.21
Zero cost sharing plan variation of platinum QHP	0.09