Extended deadline for selecting 2015 cost-sharing reduction reconciliation methodology

Advance cost-sharing reduction (CSR) payments will be reconciled to actual cost-sharing reductions provided to enrollees as part of the CSR reconciliation process. Qualified health plan (QHP) issuers are required to notify HHS whether they are selecting the simplified methodology for calculating cost sharing that the enrollee would have paid under the standard plan, or the standard methodology.

HHS recognizes that QHP issuers continue to experience operational issues in advance of setting up systems to adjudicate claims under the standard methodology and, at the same time, some QHP issuers need more time to be able to estimate whether they would meet the credibility threshold (referenced below) for the simplified methodology in 2015. As a result, we are extending the deadline to select a methodology for the 2015 benefit year until March 31, 2015, from December 15, 2014.

Issuers that selected the simplified methodology may continue to select this transitional method for 2015 and 2016 benefit years only. Issuers that wish to continue using the simplified methodology or to change their selection to the standard methodology for the 2015 year now have until March 31, 2015 to notify HHS. Issuers that selected the standard methodology for 2014 may not change their election. Issuers that have already made their selection, but wish to change their selection, may do so before March 31, 2015.

- Issuers that wish to retain the simplified methodology or change to the standard methodology for 2015 must send notice to CCIIO by March 31, 2015 to CSRreview@cms.hhs.gov. The notification should include the QHP issuer's HIOS ID, the issuer's selection of the simplified methodology or the issuer's election to change to the standard methodology, the date, and the coverage year for which the change applies.

Simplified Methodology: QHP issuers use the standard plan population claims data to develop a set of summary cost-sharing parameters for the standard plan. QHP issuers then calculate the amount of cost sharing the enrollee(s) would have paid under the standard plan by applying the summary cost-sharing parameters for the standard plan to the plan variation policy claims data. Guidance on this methodology can be found at
https://www.regtap.info/uploads/library/APTC_CSRSimpleMethodUpdate_5CR_031114.pdf.

Simplified Methodology Credibility Threshold: Guidance on meeting the credibility threshold required to estimate cost-sharing parameters for the simplified methodology can be found at
https://www.regtap.info/uploads/library/APTC_CSRReconFAQ_112114_5CR_112114.pdf

Standard Methodology: For each plan variation policy, QHP issuers calculate the amount of cost sharing the enrollee(s) would have paid under the standard plan by applying the cost-sharing requirements for the standard plan to the plan variation policy claims data.