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

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Subject: Reconciliation of Cost-Sharing Reductions Provided in States that Require Immediate Health Insurance Coverage for Newborns under Existing Contracts

As discussed in CMS guidance, "Issuer Guidance on Payments for Unaffiliated Issuer Enrollments (UIEs)," Dec. 9, 2016,[1] some state laws require issuers to cover newborns for some period of time (most commonly a month) without an increase in premium under the mother's (or other subscriber's) policy. CMS considers newborn coverage in such states to be an extension of the mother's coverage for the period of time for which the state requires the issuer to cover the newborn at no additional premium to the policyholder. Therefore, cost-sharing reductions (CSRs) provided to newborns under the mother's (or other subscriber's) policy are eligible for reimbursement through the CSR reconciliation process. We are updating REGTAP FAQ 14883 to reflect this policy.

To be reimbursed for CSRs related to the provision of care for newborns in states that require newborns to be covered under the mother's (or other subscriber's) policy for a period of time, issuers should adjudicate (and re-adjudicate for the purpose of determining cost-sharing reductions provided) all CSRs related to the provision of care for newborns under the primary subscriber's policy.

In states that require newborn coverage for a period of time under the mother's (or other subscriber's) policy, any cost sharing related to the provision of care for newborn during this period should accumulate to the mother's individual annual maximum out-of-pocket limitation as well as to the family annual maximum out-of-pocket limitation.

After the expiration of the required coverage period in states that require newborn coverage under the mother's (or other subscriber's) policy, and upon birth in all other states, newborns must be determined eligible for CSRs and added to the subscriber's policy before issuers can seek reimbursement for CSRs provided to newborns. As provided under 45 CFR 156.410, issuers will not be reimbursed for any CSRs provided in error or to ineligible enrollees. Therefore, as discussed in REGTAP FAQ 14883,[2] if the newborn is not added to the primary subscriber's

[1] https://www.regtap.info/uploads/library/ENR_2016UIEManualPaymentProcess_5CR_120816.pdf

[2] https://www.regtap.info/faq_viewu.php?id=14883

policy, or is determined not eligible for a Qualified Health Plan (QHP) following the subscriber's notice of a change in circumstance application, the issuer will not be reimbursed for CSRs provided for the provision of care for newborns. If the issuer covers the newborn at standard cost-sharing levels, and the FFM subsequently finds the newborn eligible for a QHP and CSRs, the newborn will be added to the policy as of the date of birth or as provided under 45 CFR 155.420(a)(2(i) (or following the required period of time under the mother's policy, as applicable), and the issuer is required to re-determine and provide CSRs on claims for that newborn. Any such CSRs provided as the result of a re-determination for the newborn should be reported by the issuer when determining actual CSRs provided for a benefit year.