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: February 7, 2017

Subject: Reimbursement of Cost-Sharing Reductions Provided during an Extension of Benefit Period

Qualified Health Plan (QHP) issuers are reimbursed for cost-sharing reductions (CSR) provided to eligible enrollees for services during the benefit year, pursuant to 45 C.F.R. § 156.430(c)(1). Some State laws require issuers that terminate individual market health insurance plans to continue to cover enrollees with specific conditions such as pregnancy, disability, and hospitalization after the plan terminates.

The Centers for Medicare & Medicaid Services (CMS) are clarifying that if the issuer terminates a QHP in a State that requires Extension of Benefits (EOB) for terminated plans, any CSRs provided by the issuer pursuant to State law during the EOB period are eligible for Federal reimbursement under the subscriber's policy for the covered year.

In order to be eligible to receive reimbursement for CSRs provided during an EOB period, issuers must continue to adjudicate and re-adjudicate CSRs provided under the plan design structure for the benefit year in which the subscriber was eligible and enrolled and for which the issuer received advance payments. For example, if an issuer paid CSRs for medical services provided in 2016 under an extension of 2015 benefit year coverage because of State EOB requirements, associated claims would be adjudicated and re-adjudicated with other 2015 benefit year claims in the manner described in CMS guidance on the re-adjudication of claims for the purpose of CSR reconciliation.[1] Issuers may not include any CSRs that accrue after the enrollee has met the maximum out of pocket limit for the plan as specified in the annual HHS notice of benefit and payment parameters for the applicable covered benefit year.

Issuers should submit data on CSRs provided during the extended coverage period during the annual CSR reconciliation cycle for the benefit year for which the subscriber was covered. Issuers may also use the restatement process to submit data on CSRs provided during an EOB coverage period when such data is not available by the data submission deadline for the applicable benefit year.

[1] https://www.regtap.info/uploads/library/APTC_Claims_Readjudication_Guidance_110314_5CR_111714.pdf