



Date: December 16, 2016

Subject: Transfer of Accumulated Cost Sharing in Cost-sharing Reduction Plans

Issuers of qualified health plans (QHPs) are required under 45 CFR 156.425(b) to carry over accumulated cost sharing paid by enrollees in the course of a benefit year when the enrollee switches to a different cost-sharing plan variation or to the standard plan without cost-sharing reductions of the same QHP. Additionally, some issuers voluntarily carry over accumulated cost-sharing when an enrollee switches to another of the issuer's QHPs. Cost-sharing is defined at 45 CFR 155.20 as "any expenditure required by or on behalf of an enrollee with respect to essential health benefits; such term includes deductibles, coinsurance, copayments, or similar charges...".

Cost-sharing requirements may differ between plan variations of the same QHP. CMS is clarifying that, in the event that an enrollee switches between cost-sharing plan variations of the same QHP¹, the QHP issuer should apply the accumulated cost-sharing from the original plan variation to the new plan variation's cost-sharing structure in the order that cost-sharing accumulates in the new plan variation. Issuers should not apply the total cost-sharing amount that an enrollee paid toward the annual cost-sharing limitation in the original plan variation directly against the annual cost-sharing limitation of the new plan variation without first paying down other types of accumulators in the new plan variation, including the deductible. CMS encourages issuers that voluntarily transfer accumulators to follow this same process.

For an enrollee who has spent \$2,500 out-of-pocket, and has therefore met the \$2,500 annual limitation in Plan variation A, which has no deductible:

Example 1: The enrollee switches from plan variation A to plan variation B, which has a \$600 deductible and a \$2,500 annual limitation. In this case, since the annual limitation is the same in both plan variations, the enrollee pays no additional cost-sharing.

Example 2: The enrollee switches from plan variation A to plan variation C, which has a \$600 deductible and a \$4,500 annual limitation. In this case, the issuer first applies the \$2,500 accumulated cost-sharing from plan variation A to plan variation C's \$600 deductible. The \$600 deductible and the remaining \$1,900 accumulated cost-sharing will count against the

¹ (This guidance also applies when the enrollee switches between the standard plan and its plan variations back and forth from Medicaid.) .

annual limitation in plan variation C. Therefore, in the new plan variation C, the enrollee has met the deductible, should receive cost-sharing reductions that apply to the plan variation, and has \$2,000 (\$4,500-\$2,500) of cost-sharing (e.g., copays or coinsurance) remaining until he or she would meet the annual limitation on cost-sharing in plan variation C.