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NEWS RELEASE

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Actuaries Urge Congressional Action on CSR Reimbursements After Trump Administration Ends Payments

WASHINGTON—The American Academy of Actuaries’ Health Practice Council is urging Congress to help stabilize the individual health insurance market by permanently funding cost-sharing reduction (CSR) reimbursements to insurers under the Affordable Care Act (ACA), in light of the Trump administration’s decision to immediately end the payments.

“Higher premiums are necessary when CSR reimbursements to insurers are not made,” said Academy Senior Health Fellow Cori Uccello. “In states where rates for 2018 were filed assuming federal CSR payments would be made, premiums may be insufficient to cover the cost of care, which could lead insurers to reconsider their decisions to participate in the market. Permanently funding the CSR reimbursements through congressional action is needed to avoid further premium increases and insurer market withdrawals that could lead to a loss of coverage.”

Under the ACA, low-income enrollees are eligible for CSRs to decrease their out-of-pocket spending requirements, reducing the financial barriers to receiving health care. The law stipulates that insurers provide the CSRs to eligible enrollees. The law also stipulates that the federal government reimburse insurers for the CSRs, and until now the federal government has done so. However, these payments were legally challenged and a U.S. District Court ruled that they are subject to congressional appropriation. Absent these reimbursements, insurers would need to raise premiums accordingly to cover the costs of the CSRs.

“Enrollees who receive premium subsidies would be insulated from the full increase in premiums caused by the end of CSR reimbursements, but enrollees who don’t could face the full brunt of the increase, potentially reducing enrollment, increasing the uninsured population, and deteriorating the risk pool,” said Uccello. “Permanent congressional appropriation of CSR reimbursements could prevent these destabilizing effects.”

(MORE)

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In addition, in the absence of CSR reimbursements, federal spending will likely rise. The Congressional Budget Office estimated that the increase in federal premium subsidies would exceed federal savings due to eliminating CSR reimbursements to insurers.

A Health Practice Council FAQ published this past summer explains: “[Cost-Sharing Reductions: What Are They and Why Do They Need to Be Funded?](#)”

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The American Academy of Actuaries is a 19,000-member professional association whose mission is to serve the public and the U.S. actuarial profession. For more than 50 years, the Academy has assisted public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.