



Cost-Sharing Reductions (CSR) Frequently Asked Questions

What is “cost-sharing?”

Cost-sharing refers to any costs that you pay when you actually use medical services, as opposed to the premium that you pay to stay enrolled in your health insurance plan. Also called “out-of-pocket costs,” cost-sharing includes your deductible, co-pays, and co-insurance.

What are cost-sharing reductions?

A cost-sharing reduction (CSR) is a discount that lowers both your deductible and the maximum amount you could have to pay out-of-pocket in a year. You can get this reduction if 1) you buy health insurance through Vermont Health Connect (not through your job), 2) your income is below a certain level, and 3) you choose a health plan at the Silver level. In Vermont, there are four different tiers of cost-sharing reduction you can qualify for, depending on your income. If you're a member of a federally recognized Native American tribe, you may qualify for additional cost-sharing benefits.

How do CSR work?

First, you determine your income eligibility with Vermont Health Connect and purchase a Silver level health plan. Then if you need to use services, such as seeing a specialist or having surgery, you only have to pay the new lower deductible before your health insurance plan would begin to contribute. Then, if you hit the new lower out-of-pocket maximum (OOPM), your health insurance plan covers all additional costs.

Behind the scenes, the federal government or the State of Vermont would pay the health insurance carrier directly for the difference between the plan’s full deductible and your reduced deductible, and for the difference between the plan’s full OOPM and your reduced OOPM. If eligible, your potential costs are automatically reduced when you enroll in a Silver level plan. You do not have to keep track of your spending or seek reimbursement. When you go to the doctor or pharmacy, your bill is automatically adjusted.

How Cost-Sharing Reductions (CSR) Lower Out-of-Pocket Costs			
Example: Family of four earning \$45,000 per year, Standard Silver Plan			
Standard Silver Family Plan	Without CSR	With Tier II CSR	Explanation
Medical Deductible (Family)	\$3,800	\$1,500	Family pays first \$1,500 of medical services, then pays part of additional costs through co-insurance while health plan and CSR pay the rest.
Medical Out-of-Pocket Max. (Family)	\$10,200	\$2,500	This is the unlikely worst case scenario. Once the family has paid a total of \$2,500 in out-of-pocket costs, the health plan and CSR pay all additional costs. CSR can save this family up to \$7,700.

Who qualifies for CSR?

Individuals or families who purchase a Silver level plan on Vermont Health Connect on their own (not through an employer) and have a household income that is below 300% of the Federal Poverty Level (FPL) qualify for CSR. For examples, see the charts below. For all household sizes, see Vermont Health Connect's FPL charts at <http://info.healthconnect.vermont.gov/Thresholds>.

Standard Silver Plan with State and Federal Cost-Sharing Reductions			
Example: 1-person household, Single Plan			
CSR Tier (AV)	1-person Income Less Than (FPL)	Medical Deductible - Individual	Out-of-Pocket Maximum - Individual
Tier I (93%)	\$17,235 (150%)	\$100	\$500
Tier II (87%)	\$22,980 (200%)	\$750	\$1,250
Tier III (77%)	\$28,725 (250%)	\$1,500	\$3,000
Tier IV (73%)	\$34,470 (300%)	\$1,900	\$4,000

Standard Silver Plan with State and Federal Cost-Sharing Reductions			
Example: 4-person household, Family Plan			
CSR Tier (AV)	4-person Income Less Than (FPL)	Medical Deductible - Family	Out-of-Pocket Maximum - Family
Tier I (93%)	\$35,325 (150%)	\$200	\$1,000
Tier II (87%)	\$47,100 (200%)	\$1,500	\$2,500
Tier III (77%)	\$58,875 (250%)	\$3,000	\$6,000
Tier IV (73%)	\$70,650 (300%)	\$3,800	\$8,000

You can view the reduced deductibles, co-insurance, and co-payments for each CSR tier in Vermont Health Connect's CSR Companion Cards or on the health plans' Summaries of Benefits and Coverage (SBC). CSR Companion Cards and SBCs can both be found by clicking on the "Health Plans" tab at <http://VermontHealthConnect.gov>. If you don't have access to the Internet, call toll-free 1-855-899-9600.

If I expect to need a lot of medical services in the next year, wouldn't I be better off with a Gold or Platinum plan than a CSR Silver plan?

Not necessarily. Consider:

- The Tier I Silver has a lower deductible and lower out-of-pocket maximum than Platinum;
- The Tier II Silver has a lower deductible and lower out-of-pocket maximum than Gold;
- All four tiers of CSR plans have a lower out-of-pocket maximum than Gold;
- Gold and Platinum have a significantly higher monthly premium cost than Silver.

When evaluating plans, always be sure to consider the *total cost* – the combined cost of monthly premiums *and* potential out-of-pocket costs. For example, the premiums for a Blue Cross Blue Shield Standard Platinum family plan will cost \$5,280 per year more than a Standard Silver plan. Therefore, for a Standard Platinum plan to be cost-effective, a family would need to spend more than \$5280 more in out-of-pocket costs with the Silver plan than they would with the Platinum. Because the out-of-pocket maximum for Tier I and Tier II CSR Silver plans is less than \$5,280, it would be **impossible to pay a higher total cost** with the Silver plan.

The comparison of Gold and Platinum Plans to Tier III and Tier IV Silver CSR plans is not as clear cut. Still, you should focus on expected total cost and potential total cost, rather than solely on either premium costs or potential cost-sharing.