

What Is A Cost Sharing Reduction ("CSR")?

A CSR is a discount that lowers the amount you pay out-of-pocket for deductibles, coinsurance, and copayments, but a CSR DOESN'T change the amount of your tax subsidy. CSR's can be used ONLY if you purchase a silver level plan (see FAQ 18).

You can qualify for a CSR if you purchase health insurance through an exchange and your income is below a certain level (between your state's income cut-off for Medicaid eligibility and 250% of the Federal Poverty Level). There are three different levels of Cost Sharing Reduction, and if you qualify for a CSR, the level will be indicated by where your income falls on the applicable chart in FAQ 13 above.

- Level 4 applies if your reported income is between 200% and 250% of the Federal Poverty Level. Plans at this level have an actuarial value of 73% (actuarial value means that a plan will pay that % of the average individual's medical expenses).
- Level 5 applies if your reported income is between 150% and 200% of the Federal Poverty Level. CSRs at this level have an actuarial value of 87%.
- Level 6 applies if your reported income is between your state's eligibility for Medicaid and 150% of the Federal Poverty Level. CSRs at this level have an actuarial value of 94%.

Please note that levels 4, 5, and 6 are the designations used by the Federal marketplace. Some carriers use different designations (like A, B and C) but the carrier designations are based on and equate to the marketplace levels.

Many people who are eligible for silver cost sharing reduction plans have in the past chosen bronze plans. Silver cost sharing reduction plans are often priced similarly to bronze plans and provide better benefits (e.g., lower copays and out-of-pocket maximums), so applicants with incomes at or below 250% of the Federal Poverty Level should first consider enrolling in a silver cost sharing reduction plan unless they feel a bronze level plan better fits their needs and budget. CMS has ended the practice introduced in 2024 where [healthcare.gov](https://www.healthcare.gov) automatically enrolled individuals with bronze plans who were eligible for silver level cost sharing reduction plans in cases where the net premiums were similar.