Reducing Premiums and Expanding Patient Control: Why Congress Should Appropriate CSRs and Enact the HSA Option

The Affordable Care Act (ACA) was originally written to have a funded Cost-Sharing Reduction (CSR) program. Under the CSR program, the U.S. Treasury pays insurers to reduce plan deductibles, cost-sharing amounts, and out-of-pocket limits for ACA exchange enrollees who select a silver plan and have income below 250 percent of the federal poverty level (FPL).

But the ACA was written in a sloppy manner and failed to continue a valid appropriation for the CSR. A federal judge held that the Obama administration violated the Appropriations Clause by making CSR payments without congressional authorization. The Trump administration complied with the federal court ruling and stopped the payments to insurers.

When CSRs went unfunded, insurers—which still had the obligation to lower cost-sharing amounts for individuals below 250 percent of FPL—responded by inflating silver-plan premiums—a practice called "silver loading." This distortion increased premiums for unsubsidized households and made plan pricing less accurate. Because the premium subsidy is linked to the second-lowest-cost silver plan premium, silver-loading increased the average subsidy. And total subsidization in the market increased as the premium subsidies grew by more than the CSR cost.

With CSRs funded:
1) Silver loading ends, improving affordability for unsubsidized enrollees with a 12 percent premium reduction for silver plans. This translates to $900 in premium savings nationally.
2) Premium subsidies still apply—with the typical CSR enrollee having the government pay between 80 to 90 percent of the premium.
3) Overall federal spending would be reduced by more than $30 billion over the next decade.

Putting Money in People's Hands with the Access Act
The Access Act—authored by Reps. Kat Cammack and Greg Steube—creates the "HSA Option," allowing eligible enrollees the option to receive the value of their CSR subsidy as a deposit into a Health Savings Account (HSA).

Who qualifies?
Enrollees with incomes below 250 percent of FPL, which is nearly 75 percent of exchange enrollees. (250 percent of FPL would be about $40,000 a year for a single and $82,000 a year for a family of four.)

How much is in the HSA contribution, and what's the overall benefit?
According to modeling by the actuarial firm Milliman, the average HSA contribution for a single person under the option would exceed $2,000 per year, with most individuals saving $1,500 annually—building health care wealth for the future. Nearly 70 percent of all enrollees would be better off taking the HSA Option.

How does the HSA Option work? What are some additional benefits?

1) The HSA Option shifts subsidy dollars away from insurers and toward people, consistent with President Trump's policy preference.

2) The government payment would accrue on a debit card that could only be used for qualified medical expenses.

3) The HSA Option gives enrollees more choices and purchasing power because they can use their debit card for out-of-network services and for services not covered by the plan, such as vision and dental care.

4) The HSA Option would draw in healthier people who want to manage their own health care dollars, making the insurance pool stronger and lowering rates for everyone.

5) The HSA Option appeals to healthier enrollees because they often do not use enough services to benefit from CSR cost-sharing reductions, but under the HSA Option they keep unused funds year after year, making coverage a better value.

Appropriating the Cost-Sharing Reduction Subsidies Would Lower ACA Benchmark Plan Premiums by $900 Nationally

State	Premium Reduction	State	Premium Reduction	State	Premium Reduction
United States	**$900**				
Alabama	$929	Kentucky	$850	North Dakota	$821
Alaska	$1,486	Louisiana	$930	Ohio	$739
Arizona	$766	Maine	$1,021	Oklahoma	$870
Arkansas	$1,115	Maryland	$596	Oregon	$782
California	$821	Massachusetts	$711	Pennsylvania	$824
Colorado	$802	Michigan	$753	Rhode Island	$729
Connecticut	$1,253	Minnesota	$645	South Carolina	$812
Delaware	$995	Mississippi	$953	South Dakota	$943
District of Columbia	$878	Missouri	$871	Tennessee	$1,024
Florida	$984	Montana	$996	Texas	$952
Georgia	$886	Nebraska	$1,022	Utah	$922
Hawaii	$779	Nevada	$716	Vermont	$1,871
Idaho	$706	New Hampshire	$577	Virginia	$655
Illinois	$930	New Jersey	$785	Washington	$881
Indiana	$683	New Mexico	$897	West Virginia	$1,545
Iowa	$721	New York	$1,176	Wisconsin	$880
Kansas	$965	North Carolina	$919	Wyoming	$1,570

NOTES: CBO estimates that ACA silver plan premiums will decrease by 12% if CSRs are appropriated.
The author applied a 12% decrease to 2026 benchmark plan premiums.
SOURCES: Congressional Budget Office Estimate; KFF, "Average Monthly Marketplace Premiums by Metal Tier."