
Specialty Public Policy

Federal Judge Upholds Administration's Decision to End Cost Sharing Reduction Payments

On October 24, a federal judge denied a request from 19 Democratic state's attorneys general to issue an emergency order to require the administration to continue to make the Affordable Care Act's cost-sharing reduction (CSR) payments while a lawsuit over the payment's legality makes its way through the courts. The administration announced it was ending the payments in early October after months of speculation that it would do so.

Under the Affordable Care Act, low-income people who earn too much to qualify for Medicaid – about half of the people who purchase insurance on the individual market – receive cost-sharing reductions from the federal government to cover deductibles, copayments and other out-of-pocket costs. The payments are made in the form of subsidies to individual insurers. In 2014, the U.S. House of Representatives filed a lawsuit against the Obama Administration claiming that the payments were unconstitutional because they were not explicitly required under the law.

A federal judge ruled against the administration in May 2016, however the payments were allowed to resume until the suit could be resolved. Since his election, President Trump had repeatedly vowed to end the payments before finally doing so in early October. On October 12, the Trump Administration announced that cost-sharing reduction (CSR) payments would be discontinued immediately, therefore the Administration will no longer be reimbursing insurers for the subsidies required for low-income individuals under the Affordable Care Act (ACA).

Read the [HHS statement on CSR payments](#).

Read [HHS' CSR payment memo](#).