

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Center for Consumer Information and Insurance Oversight
200 Independence Avenue SW
Washington, DC 20201



To: **ISSUER NAME**
ADDRESS

Date: **July XX, 2016**

RE: Alternative Schedule for Payment of Charges for Reconciliation of the Cost-sharing Reduction Portion of Advance Payments for the 2014 and 2015 Benefit Years

Dear **ISSUER NAME**:

In the June 17, 2016, *Alternative Schedule for Payment of Charges for Reconciliation of the Cost-sharing Reduction Portion of Advance Payments for the 2014 and 2015 Benefit Years* FAQ,¹ CMS stated that, for issuers who meet certain requirements, it would provide flexibility on the payment schedule for reconciliation of the cost-sharing reduction component of advance payments to assist issuers with cash flow constraints, to ensure they may continue to provide coverage to enrollees through the end of the benefit year.

You have requested such flexibility for the 2014 or 2015 benefit year(s)² and CMS has determined that you met the requirements for this payment flexibility.³ In order to enter into an installment payment schedule, **ISSUER NAME, HIOS ID** must enter into this agreement **no later than 11:59 p.m. ET on Tuesday, July 12, 2016**.

To help ensure that you will be able to continue to provide coverage to enrollees through the end of the benefit year, CMS will provide an installment payment schedule that will permit you to pay your charges in two installments. You must pay 10 percent of the full cost-sharing reduction reconciliation charge amount in the August 2016 payment cycle. The remaining 90 percent of your cost-sharing reduction reconciliation charge will be due in the December 2016 payment cycle. However, CMS, at its sole discretion, retains the right under this agreement to further postpone payment of the remaining 90 percent charge amount until the January 2017 payment cycle, if requiring payment in December 2016 would present a liquidity hardship so that the company could not provide coverage through the end of the calendar year. CMS will charge interest on the remaining 90 percent of your cost-sharing reconciliation charge at the rate

¹ Available at: <https://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/CSRFAQ.pdf>.

² If issuers requesting this flexibility owed amounts for the 2014 and 2015 benefit year for reconciliation of the cost-sharing reduction component of advance payments, then this flexibility must be requested for both benefit years, as these amounts will be collected for both years.

³ Available at: <https://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/CSR-Repayment-Guidance-6-27-16.pdf>.

provided for under 45 CFR 30.18.⁴ Interest is assessed from the date of the initial invoice (dunning letter) in August 2016 for each 30-day period payment is delayed. In addition, a one-time administrative fee of \$15 will be added to the unpaid balance.⁵

When charges are due under the installment payment plan schedule described above, CMS will follow the administrative netting process set forth at 45 CFR 156.1215(b). As such, CMS will collect the charge that has become due by netting that amount from any payments owed to the issuer (including other issuers operating under the same tax identification number) for advance payments of the premium tax credit, advance payments of and reconciliation of cost-sharing reductions, payment of Federally-facilitated Exchange user fees, and risk adjustment, reinsurance, and risk corridors programs. If any charge amount remains outstanding after this netting process, CMS would invoice the issuer for the outstanding amount owed.

If you fail to make timely payment in accordance with the installment payment schedule or enter into insolvency, rehabilitation, early pre-liquidation, or fail to make the initial 10 percent payment, the full balance of the charge will become immediately due.

You are permitted to make an early payment toward your outstanding debt. We note that early payments will be applied to interest first and the remaining portion will reduce the principal balance.

Please return this letter with the information on page three completed to provide your written agreement and approval no later than no later than 11:59 p.m. ET on Tuesday, July 12, 2016.

Thank you for your cooperation in this matter. If you have any questions concerning this installment payment schedule, please contact CSRrepayment@cms.hhs.gov.

Sincerely,

Kevin J. Counihan
Chief Executive Officer, Health Insurance Marketplaces
Director, Center for Consumer Information & Insurance Oversight

⁴ This interest rate is updated on a quarterly basis, the next quarterly update will be mid-July 2016. The interest rate is published in the Federal Register.

⁵ See 45 CFR 30.18.

ISSUER NAME, HIOS ID agrees to the terms above.

I attest that I am an individual that is legally and financially able to obligate **ISSUER NAME, HIOS ID**.

First and Last Name

Title

Company

Phone Number

Email

Address

Signature

Date Signed