

lated business taxable income of an exempt organization).

**(d) Coordination with State high-risk pools**

The State shall eliminate or modify any State high-risk pool to the extent necessary to carry out the reinsurance program established under this section. The State may coordinate the State high-risk pool with such program to the extent not inconsistent with the provisions of this section.

(Pub. L. 111-148, title I, §1341, title X, §10104(r), Mar. 23, 2010, 124 Stat. 208, 906.)

**Editorial Notes**

AMENDMENTS

2010—Pub. L. 111-148, §10104(r)(1), substituted “market” for “and small group markets” in section catchline.

Subsec. (b)(2)(B). Pub. L. 111-148, §10104(r)(2), substituted “paragraph (1)(B)” for “paragraph (1)(A)” in introductory provisions.

Subsec. (c)(1)(A). Pub. L. 111-148, §10104(r)(3), substituted “individual market” for “individual and small group markets”.

**§ 18062. Establishment of risk corridors for plans in individual and small group markets**

**(a) In general**

The Secretary shall establish and administer a program of risk corridors for calendar years 2014, 2015, and 2016 under which a qualified health plan offered in the individual or small group market shall participate in a payment adjustment system based on the ratio of the allowable costs of the plan to the plan’s aggregate premiums. Such program shall be based on the program for regional participating provider organizations under part D of title XVIII of the Social Security Act [42 U.S.C. 1395w-101 et seq.].

**(b) Payment methodology**

**(1) Payments out**

The Secretary shall provide under the program established under subsection (a) that if—

(A) a participating plan’s allowable costs for any plan year are more than 103 percent but not more than 108 percent of the target amount, the Secretary shall pay to the plan an amount equal to 50 percent of the target amount in excess of 103 percent of the target amount; and

(B) a participating plan’s allowable costs for any plan year are more than 108 percent of the target amount, the Secretary shall pay to the plan an amount equal to the sum of 2.5 percent of the target amount plus 80 percent of allowable costs in excess of 108 percent of the target amount.

**(2) Payments in**

The Secretary shall provide under the program established under subsection (a) that if—

(A) a participating plan’s allowable costs for any plan year are less than 97 percent but not less than 92 percent of the target amount, the plan shall pay to the Secretary an amount equal to 50 percent of the excess of 97 percent of the target amount over the allowable costs; and

(B) a participating plan’s allowable costs for any plan year are less than 92 percent of

the target amount, the plan shall pay to the Secretary an amount equal to the sum of 2.5 percent of the target amount plus 80 percent of the excess of 92 percent of the target amount over the allowable costs.

**(c) Definitions**

In this section:

**(1) Allowable costs**

**(A) In general**

The amount of allowable costs of a plan for any year is an amount equal to the total costs (other than administrative costs) of the plan in providing benefits covered by the plan.

**(B) Reduction for risk adjustment and reinsurance payments**

Allowable costs shall<sup>1</sup> reduced by any risk adjustment and reinsurance payments received under section<sup>2</sup> 18061 and 18063 of this title.

**(2) Target amount**

The target amount of a plan for any year is an amount equal to the total premiums (including any premium subsidies under any governmental program), reduced by the administrative costs of the plan.

(Pub. L. 111-148, title I, §1342, Mar. 23, 2010, 124 Stat. 211.)

**Editorial Notes**

REFERENCES IN TEXT

The Social Security Act, referred to in subsec. (a), is act Aug. 14, 1935, ch. 531, 49 Stat. 620. Part D of title XVIII of the Act is classified generally to part D (§1395w-101 et seq.) of subchapter XVIII of chapter 7 of this title. For complete classification of this Act to the Code, see section 1305 of this title and Tables.

**§ 18063. Risk adjustment**

**(a) In general**

**(1) Low actuarial risk plans**

Using the criteria and methods developed under subsection (b), each State shall assess a charge on health plans and health insurance issuers (with respect to health insurance coverage) described in subsection (c) if the actuarial risk of the enrollees of such plans or coverage for a year is less than the average actuarial risk of all enrollees in all plans or coverage in such State for such year that are not self-insured group health plans (which are subject to the provisions of the Employee Retirement Income Security Act of 1974 [29 U.S.C. 1001 et seq.]).

**(2) High actuarial risk plans**

Using the criteria and methods developed under subsection (b), each State shall provide a payment to health plans and health insurance issuers (with respect to health insurance coverage) described in subsection (c) if the actuarial risk of the enrollees of such plans or coverage for a year is greater than the average actuarial risk of all enrollees in all plans and

<sup>1</sup> So in original. Probably should be followed by “be”.

<sup>2</sup> So in original. Probably should be “sections”.

coverage in such State for such year that are not self-insured group health plans (which are subject to the provisions of the Employee Retirement Income Security Act of 1974).

**(b) Criteria and methods**

The Secretary, in consultation with States, shall establish criteria and methods to be used in carrying out the risk adjustment activities under this section. The Secretary may utilize criteria and methods similar to the criteria and methods utilized under part C or D of title XVIII of the Social Security Act [42 U.S.C. 1395w-21 et seq., 1395w-101 et seq.]. Such criteria and methods shall be included in the standards and requirements the Secretary prescribes under section 18041 of this title.

**(c) Scope**

A health plan or a health insurance issuer is described in this subsection if such health plan or health insurance issuer provides coverage in the individual or small group market within the State. This subsection shall not apply to a grandfathered health plan or the issuer of a grandfathered health plan with respect to that plan.

(Pub. L. 111-148, title I, §1343, Mar. 23, 2010, 124 Stat. 212.)

**Editorial Notes**

REFERENCES IN TEXT

The Employee Retirement Income Security Act of 1974, referred to in subsec. (a), is Pub. L. 93-406, Sept. 2, 1974, 88 Stat. 829, which is classified principally to chapter 18 (§1001 et seq.) of Title 29, Labor. For complete classification of this Act to the Code, see Short Title note set out under section 1001 of Title 29 and Tables.

The Social Security Act, referred to in subsec. (b), is act Aug. 14, 1935, ch. 531, 49 Stat. 620. Parts C and D of title XVIII of the Act are classified generally to parts C (§1395w-21 et seq.) and D (§1395w-101 et seq.), respectively, of subchapter XVIII of chapter 7 of this title. For complete classification of this Act to the Code, see section 1305 of this title and Tables.

**SUBCHAPTER IV—AFFORDABLE COVERAGE CHOICES FOR ALL AMERICANS**

**PART A—PREMIUM TAX CREDITS AND COST-SHARING REDUCTIONS**

**§ 18071. Reduced cost-sharing for individuals enrolling in qualified health plans**

**(a) In general**

In the case of an eligible insured enrolled in a qualified health plan—

- (1) the Secretary shall notify the issuer of the plan of such eligibility; and
- (2) the issuer shall reduce the cost-sharing under the plan at the level and in the manner specified in subsection (c).

**(b) Eligible insured**

In this section, the term “eligible insured” means an individual—

- (1) who enrolls in a qualified health plan in the silver level of coverage in the individual market offered through an Exchange; and
- (2) whose household income exceeds 100 percent but does not exceed 400 percent of the poverty line for a family of the size involved.

In the case of an individual described in section 36B(c)(1)(B) of title 26, the individual shall be treated as having household income equal to 100 percent for purposes of applying this section.

**(c) Determination of reduction in cost-sharing**

**(1) Reduction in out-of-pocket limit**

**(A) In general**

The reduction in cost-sharing under this subsection shall first be achieved by reducing the applicable out-of-pocket<sup>1</sup> limit under section 18022(c)(1) of this title in the case of—

- (i) an eligible insured whose household income is more than 100 percent but not more than 200 percent of the poverty line for a family of the size involved, by two-thirds;
- (ii) an eligible insured whose household income is more than 200 percent but not more than 300 percent of the poverty line for a family of the size involved, by one-half; and
- (iii) an eligible insured whose household income is more than 300 percent but not more than 400 percent of the poverty line for a family of the size involved, by one-third.

**(B) Coordination with actuarial value limits**

**(i) In general**

The Secretary shall ensure the reduction under this paragraph shall not result in an increase in the plan’s share of the total allowed costs of benefits provided under the plan above—

- (I) 94 percent in the case of an eligible insured described in paragraph (2)(A);
- (II) 87 percent in the case of an eligible insured described in paragraph (2)(B);
- (III) 73 percent in the case of an eligible insured whose household income is more than 200 percent but not more than 250 percent of the poverty line for a family of the size involved; and
- (IV) 70 percent in the case of an eligible insured whose household income is more than 250 percent but not more than 400 percent of the poverty line for a family of the size involved.

**(ii) Adjustment**

The Secretary shall adjust the out-of-pocket<sup>1</sup> limits under paragraph (1) if necessary to ensure that such limits do not cause the respective actuarial values to exceed the levels specified in clause (i).

**(2) Additional reduction for lower income insureds**

The Secretary shall establish procedures under which the issuer of a qualified health plan to which this section applies shall further reduce cost-sharing under the plan in a manner sufficient to—

- (A) in the case of an eligible insured whose household income is not less than 100 percent but not more than 150 percent of the poverty line for a family of the size involved,

<sup>1</sup> So in original. Probably should be “out-of-pocket”.