

## Cost Sharing FAQ

**The final 2016 Notice of Benefit and Payment Parameters (2016 Payment Notice) (80 FR 10750) clarified that the self-only annual limitation on cost sharing applies to each individual regardless of whether the individual is enrolled in a self-only or other than self-only plan. As a result, how can issuers offer a family high deductible health plan (HDHP) with a \$10,000 family deductible?**

In the 2016 Payment Notice, CMS established that starting in the 2016 plan year, the self-only annual limitation on cost sharing applies to each individual, regardless of whether the individual is enrolled in other than self-only coverage, including in a family HDHP. Under the requirements for an HDHP, except for preventive care, a plan may not provide benefits for any year until the deductible for that year has been met. As discussed in IRS Notice 2004-2 ([http://www.irs.gov/irb/2004-02\\_IRB/ar09.html](http://www.irs.gov/irb/2004-02_IRB/ar09.html)), in the case of family coverage, a plan is an HDHP only if, under the terms of the plan and without regard to which family member or members incur expenses, no amounts are payable from the HDHP until the family has incurred annual covered medical expenses in excess of the minimum annual deductible for family coverage.

For example, an HDHP plan that has a \$10,000 family deductible may provide payment for covered medical expenses for a member of the family if that member has incurred covered medical expenses during the year of at least \$2,600 (the minimum deductible for a 2015 family HDHP). Under the policy finalized in the 2016 Payment Notice, this plan must also apply the annual limitation on cost sharing for self only coverage (\$6,600 in 2015) to each individual in the plan, even if this amount is below the \$10,000 family deductible limit.

As stated in the 2016 Payment Notice, while cost sharing incurred towards the deductible must count towards the annual limitation on cost sharing for essential health benefits (EHB), the deductible limit is not treated in the same manner as the annual limitation on cost sharing under 45 CFR §156.130. Therefore, family HDHPs that count the family's cost sharing to the deductible limit can continue to be offered under this policy, as long as the self-only annual limitation on cost sharing is applied to each individual in the plan.