

Impact of Ending Silver-Loading for Insurers Participating in the Affordable Care Act (ACA) Marketplaces

The budget reconciliation bill recently passed by the House of Representatives makes multiple changes that will increase costs for people who purchase health insurance through the ACA health insurance Marketplaces.¹ One change is to restart the federal funding of cost-sharing reductions (CSRs), which reduce out-of-pocket costs for certain Marketplace enrollees. The renewed funding of cost-sharing reductions would end the current practice of building their cost into silver-level plan premiums, known as “silver-loading.”²

This document explains what “silver-loading” is, its effects on the broader insurance market beyond those receiving cost-sharing reductions, and why changing cost-sharing reduction funding on such a short timeframe would increase costs for many Marketplace enrollees and cause some enrollees to drop coverage.

Cost-sharing reductions increase the value of health plans so that low-income enrollees can afford to use their coverage.

The Marketplaces provide two types of financial assistance: 1) premium reductions through advanced premium tax credits (“APTC”); and 2) cost-sharing reductions that reduce out-of-pocket health care costs that enrollees pay at the time of medical care, including deductibles, co-payments, co-insurance, and out-of-pocket maximums.³ Generally, cost-sharing reductions are available to individuals in households with annual income between 100% and 250% of the federal poverty level (FPL) –or

This series, produced by the State Marketplace Network, shares direct analysis from the State-based Marketplaces (SBMs) about the impact of H.R. 1 on the Marketplaces, health insurance markets, and the millions of consumers they serve.

\$15,060 to \$37,650 for an individual - who otherwise qualify for advance premium tax credits.⁴ Individuals must be enrolled in a silver-level plan to receive reduced cost-sharing.⁵

There are three different levels of cost-sharing reductions depending on household income, with lower income enrollees having access to greater levels of these benefits, as illustrated in Table 1 using a sample silver plan available in Pennsylvania.

Table 1. Comparison of Silver Plan Out-of-Pocket Costs with Cost-Sharing Reductions at Various Income Levels

Annual Income (Individual)	Eligible for CSRs?	Example Silver Plan Out-of-Pocket Costs ⁶
100-150% FPL (\$15,060 - \$22,590)	YES	Deductible: \$0 Maximum Out of Pocket: \$1,350
>150-200% FPL (\$22,590 - \$30,120)	YES	Deductible: \$0 Maximum Out of Pocket: \$3,050
>200-250% FPL (\$30,120 - \$37,650)	YES	Deductible: \$4,950 Maximum Out of Pocket: \$6,200
>250% FPL (>\$37,650)	NO	Deductible: \$6,300 Maximum Out of Pocket: \$8,000

When the federal government stopped paying for cost-sharing subsidies, insurers increased silver plan premiums to pay for these legally-required benefits.

The federal government stopped reimbursing insurers for cost-sharing reductions in 2018. At the time, an estimated 6 million enrollees nationwide were using this benefit, which left the roughly \$7 billion annual value of cost-sharing reductions unfunded.⁷ Regardless of federal funding, Marketplace enrollees are entitled to plans with reduced cost-sharing, as illustrated in Table 1.

To fill the federal funding gap, most state insurance regulators instructed insurers to price the value of cost-sharing reductions into their silver plan rates, as silver plans are the only plans in which consumers can receive CSRs.⁸ Because APTCs are based on silver plan premiums, higher gross premiums for silver plans increased the value of APTC. This benefits the 50% of Marketplace enrollees who are eligible for cost-sharing reductions *and* the 90% of Marketplace enrollees who receive APTCs. Increased APTC for all eligible enrollees increases purchasing power, allowing more people to afford coverage with higher benefit levels.⁹ For example, in

2017, before implementation of silver-loading, between 0% and 8% of consumers in the states shown in Table 2 selected gold plans, which have some of the lowest deductibles and other cost-sharing. By 2025, with the added impact of the enhanced premium tax credits, between approximately a quarter to half of consumers in those states were choosing to “buy up” to gold plans. When consumers have lower deductibles and other out-of-pocket costs, they are less likely to incur medical debt, which reduces healthcare providers’ charity care costs and benefits the entire healthcare system.

Today, 10 million enrollees nationwide use cost-sharing reductions to access health care services. Since insurers can price cost-sharing reductions into the plans that people must enroll in to use them, they do not have to raise rates for their plans in other metal levels. In short, silver-loading has allowed enrollees to continue to receive the cost-sharing reductions for which they are eligible and allowed many more consumers to access more robust coverage without creating inflationary pressure on insurers to raise rates across Marketplace plans in other metal levels.

Table 2. Percent of Marketplace Consumers Selecting Gold Plans in Selected States, 2017 and 2025¹⁰

State	2017	2025
Alaska	2%	48%
Iowa	0%	29%
Pennsylvania	8%	44%
Texas	4%	35%
West Virginia	8%	21%

Elimination of silver loading will increase costs for the majority of Marketplace members and lead many to drop coverage.

The discontinuation of silver-loading would reduce purchasing power for the 90% of Marketplace enrollees who use APTC to lower premiums, leading hundreds of thousands of enrollees to drop coverage and hundreds of thousands more to switch to lower-value plans with higher out-of-pocket costs.^{11,12,13} This would compound the impact of the upcoming expiration of enhanced premium tax credits, which will already increase premiums on average nationally by 93%. Additionally, this would reduce the amounts states receive in pass-through funding for their 1332 reinsurance waivers, directly impacting these programs, which are designed to stabilize premiums in the individual market and that benefit consumers not eligible for tax credits. Therefore, the¹⁴ discontinuation of silver-loading will further increase premiums and destabilize the individual health insurance market, exacerbating coverage losses as enrollees find themselves unable to absorb the significantly higher costs of coverage.

Discontinuation of silver loading would also reduce federal funding for reinsurance programs operated by seventeen states, because federal funding is tied to silver plan premiums.¹⁵

Reinsurance lowers premiums for all individual market enrollees, including individuals who do not qualify for APTC and who purchase coverage outside of Marketplaces. Reduced federal funding for reinsurance will likely require states to increase state spending or reduce the scope of their reinsurance programs and thereby increase premiums for individual market enrollees.

The proposal to fund cost-sharing reductions comes after many states have already begun the rate review process for 2026 and would face challenges incorporating new federal rules.

Significant market disruption is expected if silver-loading is removed and cost-sharing reductions are funded for benefit year 2026, as insurers have already finalized product designs and filed rates for the 2026 benefit year. With more advanced notice, insurers could react more thoughtfully and make decisions to design and rate plans differently. However, the plan design and rate filing process is already in progress in most states, and it is too late for these plan design updates to be made. While ending silver loading at any time will impact consumer affordability, doing so this late in the process for 2026 coverage will unnecessarily upend the rate filing process in a year already complicated by the multitude of other federal uncertainties. If this change were to be made effective for subsequent benefit years, insurers and Marketplaces could work to mitigate the impact on enrollees.

Endnotes

- ¹ [Congress.gov](https://www.congress.gov/congressional-record/volume-171/issue-86/house-section/article/H2235-2). “Congressional Record.” SEC. 44202. May 30, 2025. <https://www.congress.gov/congressional-record/volume-171/issue-86/house-section/article/H2235-2>.
- ² Nelson, Peter. “Insurance Standards Bulletin Series.” May 2, 2025. <https://www.cms.gov/files/document/py-26-individual-market-rate-filing-instructions.pdf>
- ³ 45 CFR Part 155. <https://www.ecfr.gov/current/title-45/subtitle-A/subchapter-B/part-155>
- ⁴ 100% FPL is \$15,060 for an individual, \$31,200 for a family of 4; 250% FPL is \$37,650 for an individual and \$78,000 for a family of 4.
- ⁵ Metal levels refer to the different categories of qualified health plans (QHP) determined by the percentage of average claims costs paid by insurers. From lowest insurer payment to highest insurer payments, percentages are approximate: Bronze (60%), Silver (70%), Gold (80%), and Platinum (90%).
- ⁶ [View Health Plans - Pennie](#) -Specific out-of-pocket costs will vary based on age and location. 36-year-old in Delaware County shopping for the second-lowest-cost silver plan.
- ⁷ Volk, JoAnn, et al. “Loss of Cost-Sharing Reductions in the ACA Marketplace: Impact on Consumers and Insurer Participation.” March 30, 2017. <https://www.commonwealthfund.org/blog/2017/loss-cost-sharing-reductions-aca-marketplace-impact-consumers-and-insurer-participation>
- ⁸ Congressional Budget Office. “The Effects of Terminating Payments for Cost-Sharing Reductions.” August 2017. <https://www.cbo.gov/system/files/115th-congress-2017-2018/reports/53009-costsharingreductions.pdf>
- ⁹ Dorn, Stan. “Silver Linings for Silver Loading.” Health Affairs. June 3, 2019. <https://www.healthaffairs.org/content/forefront/silver-linings-silver-loading>
- ¹⁰ KFF. “Marketplace Plan Selections by Metal Level.” <https://www.kff.org/affordable-care-act/state-indicator/marketplace-plan-selections-by-metal-level-2>
- ¹¹ Discontinuing silver-loading will reduce silver plan premiums. Because APTC is based on silver plan premiums, APTC levels will fall and the amount that many enrollees pay out of pocket for their premium will increase. For more on this, see: Linke Young, Christen. “Understanding Marketplace “Silver Loading””: Brookings. May 9, 2025. <https://www.brookings.edu/articles/understanding-marketplace-silver-loading/>
- ¹² Congressional Budget Office. “Appropriation of Cost-Sharing Reduction Subsidies.” March 19, 2018. <https://www.cbo.gov/publication/53664>
- ¹³ Rao, Preethi; Nowak, Sarah A. “Effects of Alternative Insurer Responses to Discontinued Federal Cost-Sharing Reduction Payments: Broad Loading as an Alternative to Silver Loading.” RAND. June 3, 2019. https://www.rand.org/pubs/research_reports/RR2963.html
- ¹⁴ Ortaliza, Jared et al. Congressional District Interactive Map: How Much Will ACA Premium Payments Rise if Enhanced Subsidies Expire? KFF. Feb 3, 2025. <https://www.kff.org/affordable-care-act/issue-brief/congressional-district-interactive-map-how-much-will-aca-premium-payments-rise-if-enhanced-subsidies-expire/>
- ¹⁵ AK, CO, DE, GA, ID, ME, MD, MN, MT, NH, NJ, ND, OR, PA, RI, VA, WI. CMS. “Section 1332: State Innovation Waivers.” <https://www.cms.gov/marketplace/states/section-1332-state-innovation-waivers>