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**Date:** February 7, 2014

**Subject:** Third Party Payments of Premiums for Qualified Health Plans in the Marketplaces

On November 4, 2013, the Center for Medicare & Medicaid Service (CMS) issued a frequently asked question (FAQ) related to third party payments of premiums for qualified health plans (QHPs) in the Marketplace.<sup>1</sup> Since then, questions have arisen whether this FAQ applies to payments of premiums and cost sharing made on behalf of QHP enrollees by certain types of third party payors.

**Q1.** Does the November 4, 2013 FAQ apply to QHP premium and cost sharing payments on behalf of QHP enrollees from Indian tribes, tribal organizations, urban Indian organizations, and state and federal government programs or grantees (such as the Ryan White HIV/AIDS Program)?

**A1.** No. The November 4, 2013 FAQ does not apply to payments for premiums and cost sharing made on behalf of QHP enrollees by Indian tribes, tribal organizations, urban Indian organizations, and state and federal government programs or grantees (such as the Ryan White HIV/AIDS Program). QHP issuers and Marketplaces are encouraged to accept such payments.

As CMS stated in its 2015 Draft Letter to Issuers on Federally-facilitated and State Partnership Exchanges,<sup>2</sup> pursuant to section 1312 of the Affordable Care Act, section 402 of the Indian Health Care Improvement Act, and 45 CFR 155.240(b), a Marketplace may permit Indian tribes, tribal organizations, and urban Indian organizations to pay QHP premiums on behalf of members who are qualified individuals, subject to terms and conditions determined by the Marketplace. Indeed, Federal law specifically provides for this approach.

In addition, guidance from the Health Resources Services Administration (HRSA) on the Ryan White HIV/AIDS Program<sup>3</sup> specifically describes how grantees can use grant funds to pay premiums and cost sharing for eligible individuals enrolled in QHPs.

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<sup>1</sup> Available at: <http://www.cms.gov/CCIIO/Resources/Fact-Sheets-and-FAQs/Downloads/third-party-qa-11-04-2013.pdf>.

<sup>2</sup> Available at: <http://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/draft-issuer-letter-2-4-2014.pdf>. The 2015 Draft Letter would continue the policy announced previously by CMS in the 2014 Letter to Issuers on Federally-facilitated and State Partnership Exchanges, available at: [http://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/2014\\_letter\\_to\\_issuers\\_04052013.pdf](http://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/2014_letter_to_issuers_04052013.pdf).

<sup>3</sup> Available at: <http://hab.hrsa.gov/manageyourgrant/pinspals/pcn1305premiumcostsharing.pdf>.

**Q2.** Does the November 4, 2013 FAQ apply to QHP premium and cost sharing payments on behalf of QHP enrollees from private, not-for-profit foundations?

**A2.** No. The concerns addressed in the November 4, 2013 FAQ would not apply to payments from private, not-for-profit foundations if: (a) they are described in Question 1, or (b) if they are made on behalf of QHP enrollees who satisfy defined criteria that are based on financial status and do not consider enrollees' health status. In situation (b), CMS would expect that premium and any cost sharing payments cover the entire policy year.