

**2025 California Enhanced Cost-Sharing Reduction Program Design
Covered California**

For plan year 2025, the California Health Benefit Exchange (Exchange) adopts this 2025 California Enhanced Cost-Sharing Reduction Program Design in accordance with item 4800-101-3381 of the Budget Act of 2024 for implementation of Title 25 of the Government Code. The amount appropriated in item 4800-101-3381 of the Budget Act of 2024 shall, during the 2025 plan year, provide California enhanced cost-sharing reduction to the applicable return filers who meet the requirements specified in subdivision (b).

- (a) The term “California enhanced cost-sharing reduction” means the California Enhanced Cost-Sharing Reduction Silver 94, California Enhanced Cost-Sharing Reduction Silver 87, and California Enhanced Cost-Sharing Reduction Silver 73 qualified health plan benefit designs set forth in the 2025 Patient-Centered Benefit Designs adopted by the Board April 18, 2024, provided to the applicable return filers based on household income eligibility as specified in the chart below and who meet the requirements specified in subdivision (b).

| Household Income Eligibility by Percentage of FPL | 2025 California Enhanced Cost-Sharing Reduction Product |
|--|--|
| 100% up to 150% | Silver 94 |
| Above 150% up to 200% | Silver 87 |
| Above 200% up to 250% | Silver 73 |
| Above 250% | Silver 73 |
| American Indian/Alaska Native Above 300% | Silver 73 |

- (b) An applicable return filer shall be eligible for the California enhanced cost-sharing reduction specified in subdivision (a) only if the applicable return filer:
 - (1) Applies for coverage through the single, streamlined application for insurance affordability programs or transitions from another insurance affordability program, as defined in section 15926 of the Welfare and Institutions Code, through the Exchange; and
 - (2) Meets all applicable eligibility requirements of the federal cost-sharing reduction specified in 42 U.S.C. section 18071 and its implementing regulations, except that the income requirements of that section shall not apply to an applicable return filer whose household income is above 250 percent of the federal poverty level for the taxable year.

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- (c) The Exchange shall make interim payments to a qualified health plan issuer to compensate for the difference between the federal cost-sharing reduction plans and the California enhanced cost-sharing reduction plans for the 2025 plan year through an average statewide interim marginal per member per month (PMPM) payment specific to the California enhanced cost-sharing reduction plan, as specified in the chart below, based on the actual enrollment and the value of the enhanced benefits. From these interim payments, the Exchange shall withhold 40% subject to reconciliation of the interim payments and the actual utilization of medical services by applicable return filers following the end of the plan year. The Exchange shall either make an additional payment to the qualified health plan issuer if the sum of interim payments is lower than the actual cost-sharing reduction cost, or receive returned funds from the qualified health plan issuer if the sum of interim payments is higher than the actual cost-sharing reduction cost, up to the amount appropriated in item 4800-101-3381 of the Budget Act of 2024.

| Household Income Eligibility by Percentage of FPL | 2025 California Enhanced Cost-Sharing Reduction Product | 2025 Average Statewide Marginal PMPM Payment | 2025 Average Statewide Interim PMPM Payment (60%) |
|--|--|---|--|
| 100% up to 150% | Silver 94 | \$0.34 | \$0.20 |
| Above 150% up to 200% | Silver 87 | \$4.13 | \$2.48 |
| Above 200% up to 250% | Silver 73 | \$14.13 | \$8.48 |
| Above 250% | Silver 73 | \$23.06 | \$13.84 |
| American Indian/Alaska Native Above 300% | Silver 73 | \$23.06 | \$13.84 |

- (d) For the purposes of this 2025 Program Design, the following definitions shall apply:
- (1) “Applicable return filer” means, with respect to any month, a return filer whose household income for the taxable year is at or above 100 percent of the federal poverty level for the return filer's family size.
- (A) If the return filer is married (within the meaning of Section 7703 of the Internal Revenue Code) at the close of the taxable year, the return filer shall be treated as an applicable return filer only if the return filer and the return filer’s spouse file a joint return for the taxable year, unless the return filer

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satisfies one of the exceptions specified in 26 C.F.R. section 1.36B-2(b)(2)(ii)-(v).

- (B) No California enhanced cost-sharing reduction shall be allowed under this title to any individual who is claimed as a dependent of another return filer for a taxable year beginning in the calendar year in which such individual's taxable year begins.
- (2) "Exchange" means the California Health Benefit Exchange, also known as Covered California, established pursuant to Title 22 (commencing with Section 100500).
- (3) "Family size" has the same meaning as the term is defined in subdivision (d)(1) of Section 36B of the Internal Revenue Code and its implementing regulations in 26 C.F.R. section 1.36B-1(d).
- (4) "Federal poverty level" or FPL means the most recently published Federal poverty level, updated periodically in the Federal Register by the Secretary of Health and Human Services under the authority of 42 U.S.C. section 9902(2), as of the first day of the annual open enrollment period for coverage in a qualified health plan through the Exchange.
- (5) "Household income" has the same meaning as the term is defined in subdivision (d)(2)(A) of Section 36B of the Internal Revenue Code and its implementing regulations in 26 C.F.R. section 1.36B-1(e).
- (6) "Modified adjusted gross income" has the same meaning as the term is defined in subdivision (d)(2)(B) of Section 36B of the Internal Revenue Code and its implementing regulations in 26 C.F.R. section 1.36B-1(e)(2).
- (7) "Qualified health plan" has the same meaning as defined in subdivision (g) of section 100501 of the Government Code.