



## **Off and On-exchange Policies**

### **What is an off-exchange policy?**

Off-exchange medical plans are purchased directly from the health insurance company (i.e. BlueCross BlueShield) through a broker.

### **Is this coverage different than on-exchange policies?**

The Affordable Care Act (ACA) mandates that all insurance plans cover the same set of essential health benefits. The only variation in coverage depends on the plan category you choose. Plan categories are often referred to as “metallic categories” because they are divided into bronze, silver, and gold. These metallic levels indicate the level of total cost-sharing between the carrier and the insured: Gold (80%), Silver (70%), Bronze (60%). They have nothing to do with the quality of care.

### **What is an on-exchange policy?**

On-exchange plans are purchased through the Federal Marketplace (Healthcare.gov) or a State Marketplace.

### **What is the key difference between on and off-exchange plans?**

If you are eligible (income-based) for Federal assistance via Federal Tax Credits and/or Cost-Sharing Reductions and want to use this assistance to offset premium costs, you must apply through a government-run marketplace and choose an on-exchange plan. Not all health insurance companies offer on-exchange plans in the federal or state marketplaces.

### **What is the difference between Advance Premium Tax Credits and Cost-Sharing Reductions?**

The Advance Premium Tax Credit (APTC) is a tax credit that helps lower the costs of monthly health insurance premiums. You may qualify for the credit if your household income above 134% of the federal poverty level.

Based on your income, the exchange will determine the maximum amount that it thinks you should reasonably be paying on your health insurance premiums. This maximum spending level is known as the premium cap. The subsidy you receive is the difference between the premium and your premium cap. For example; a household of 1 that is making \$50K per year on the [2025 Federal poverty level table](#) should not be spending more than 9.56% (\$4780.00 per year or \$398.33 per month) of their income on health insurance. So, if the member's premium is \$500 per month then they would qualify for \$101.66 per month for federal assistance on their premium.

Cost-Sharing Reductions (CSR) work similarly to the Premium Tax Credit with a couple of key differences. CSRs apply to Silver plans, unlike the tax credit, which you can apply to any health insurance plan. The CSRs apply to more than just your monthly premiums. For example, if you qualify for a CSR and enroll in a silver plan with an income below 250% of FPL, the silver plan will have reduced deductibles, co-payments, and coinsurance.