Dec 1, 2023

Washington Health Benefit Exchange:
2023 Legislative Reports Summary

Washington Health Benefit Exchange (Exchange) was directed by the Legislature to examine key components of Cascade Care – a program established by the Legislature to help make health insurance accessible and affordable for Exchange customers.

Approximately 220,000 Washingtonians – those who are over-income for Medicaid, not yet eligible for Medicare, and unable to purchase health insurance through an employer – purchase commercial coverage (qualified health plans, or QHPs) through the Exchange. Cascade Care includes three main components:

- **Standard plans (marketed as Cascade Care plans)** have the same benefits and cost-sharing structure regardless of the insurance company, making it easier for customers to make apples-to-apples comparisons. Standard plans also lower customer costs, so they pay less at the doctor's office.
- **Public option plans (marketed as Cascade Select plans)** are standard plans selected by the Health Care Authority and intended to be the most affordable QHPs for Washington Healthplanfinder customers. Public option plans must meet higher quality standards and state-defined reimbursement rates for providers, including hospitals and doctors.
- **State subsidies (marketed as Cascade Care Savings)** lower customer premiums through state-funded premium assistance. Low-income customers can get Cascade Care Silver or Gold plans for less.

The Legislature directed the Exchange to analyze the impact of offering only standard plans through the Exchange, as well as analyze the impact of and opportunities presented by the first-in-the-nation public option program.

Main findings: Taken together, the Exchange-led 2023 legislative reports indicate:

- Moving toward a standardized market could provide a better customer experience with minimal market disruption.
- Leveraging the public option to increase affordability and enrollment does not materially impact hospitals.
- Introducing new public option requirements to lower public option premiums by 10% could generate ***$60 million to $90 million annually in federal pass-through funding*** to support Exchange affordability programs.

Why it matters: Across the state, Exchange customers are disproportionately impacted by the rising costs of health care. And when health care costs increase, so do customers' out-of-pocket costs and health insurance premiums.

For more information or a full briefing, contact
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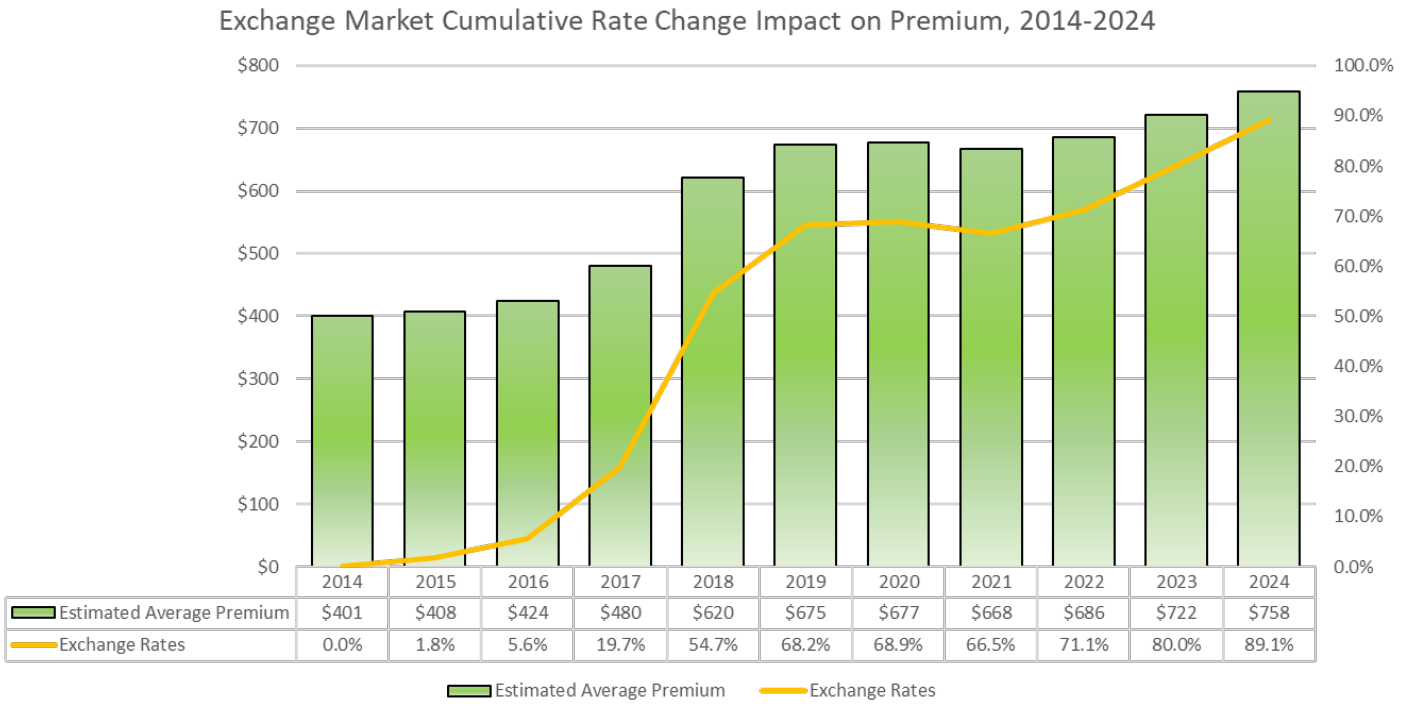
Over the past 10 years, Exchange premiums have increased nearly 90%



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Estimated Average Premium	$401	$408	$424	$480	$620	$675	$677	$668	$686	$722	$758
Exchange Rates	0.0%	1.8%	5.6%	19.7%	54.7%	68.2%	68.9%	66.5%	71.1%	80.0%	89.1%

2023 Cascade Care Reports Summary:
Three Legislative Directives

REPORT #1: Analyzes the customer impacts of offering only standard plans through the Exchange. Two-thirds of Exchange customers are currently enrolled in standard plans. These high-quality, low-cost plans, first offered in 2021, offer easily comparable benefits that help customers maximize available federal and state savings. Since introduction of standard plans in Washington, additional states and the federal marketplace have taken steps to pursue this approach.

- **Main findings:** Moving toward a standardized market could provide better customer experience with minimal market disruption.
    - Because standard plans are easily comparable and offer lower out-of-pocket costs, offering these plans exclusively could improve the customer experience of obtaining insurance coverage. Limiting the number of non-standard plans would build on previous legislative efforts and make it easier for customers to compare costs and choose a plan that will best meet their family's needs. Acumen-supported analysis found that eliminating non-standard plans, and supplementing current Cascade Care plan offerings, would create minimal market disruption.

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Timing: Per direction from the Legislature, the report analyzed the impacts of eliminating all non-standard plans in 2025. A phased implementation approach – that provides three years for the Exchange, Office of the Insurance Commissioner, and carriers to thoughtfully update plan offerings – is illustrated below.

REPORT #2: Analyzes the impact of current public option requirements on hospital financial sustainability. More than 23,000 Exchange customers enrolled in public option plans in 2023.

- **Main findings:** Leveraging the public option to increase affordability and enrollment does not materially impact hospitals.
    - Current public option reimbursement rate requirements (160% of Medicare aggregate reimbursement cap plus reimbursement floors for rural and primary care providers) do not have material impact on hospital operating margins—and will not as public option enrollment increases. The size of the Exchange market does not impact hospital financial performance, and the amount Exchange public option plans contract to pay hospitals are commercial rates.
    - **RAND data from Exchange-specific health care claims show that hospitals are paid 97% more than Medicare on average for Exchange customers**. This is about 65% more than what hospitals need to financially break even (see chart below).

Relative Prices: What Medicare would pay for the same services at the same facilities Hospitals contract for different prices from different payers. The following illustrates what a hospital service might cost depending on the contract.		
Payment from:	**Average relative price, as a percent of Medicare:**	**Hospital is paid:**
Washington Health Benefit Exchange plans	**197%**	**$1,970**
Washington state commercial plans	182%	$1,820
Median commercial “break even”	129%	$1,290
Medicare	100%	$1,000

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Report #3: Analyzes how the state's 1332 Waiver could be amended to generate federal pass-through funding to support affordability programs. Approved 1332 Waiver innovations that result in reduced federal spending on premium tax credits creates funds that can be recaptured by the state (or "passed-through" from the federal government to the state).

- **Main findings:** Introducing new public option requirements to lower public option premiums by 10% could generate ***$60 million to $90 million annually in federal pass-through funding*** to support Exchange affordability programs.
    - Strengthening public option requirements to lower public option plan premiums 10% could generate about $60 million to $90 million annually to support Exchange affordability programs and promote more equitable access. Milliman study findings indicate a range of outcomes from statutory changes focused on provider reimbursement, carrier premiums, or both.
    - **Timing:** It typically takes two years to submit and receive federal approval for a waiver, as well as secure and implement state statutory and regulatory changes that are contingent on federal waiver approval. (See illustrative implementation timeline below.)

All three Exchange reports to the Legislature can be viewed in their entirety at wahbexchange.org/about-the-exchange/reports-data/presentations-reports/**.**

The Legislature also directed the Health Care Cost Transparency Board to analyze the customer impact of public option plans. The report findings, available here, complement the Exchange report findings and further illustrate how public option plans benefit Exchange customers.

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