

# **Impact of the federal Inflation Reduction Act (IRA)**

Joint Select Committee on Health Care Oversight  
October 26, 2022



# Exchange Background

The Exchange operates Washington Healthplanfinder (<https://www.wahbexchange.org/>) the state's official, online health-insurance marketplace.

Over 2 million people – 1 out of every 4 – Washingtonians use [www.wahealthplanfinder.org](http://www.wahealthplanfinder.org) to get health insurance.

- 1.8M Apple Health (Medicaid) customers
- 212k Qualified Health Plan (QHP) customers

Federal and state subsidies that lower customer costs are available exclusively through Washington Healthplanfinder.



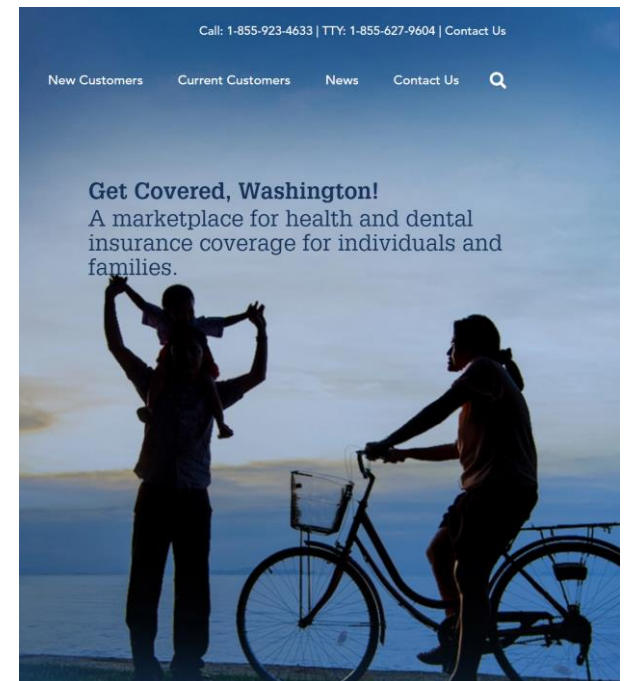
# Today's Topics

- I. **2022 Results:** Enrollment impacts from making temporary enhanced federal premium subsidies available during the pandemic
  
- II. **Looking Ahead to 2023:** Launch of Cascade Care Savings -- how enhanced federal premium subsidies (expire after 2025) in combination with new state premium subsidy program (currently funded through 2024) will help mitigate premium increases in 2023.

# Federal Premium Subsidies

*Federal premium subsidies (known as advanced premium tax credits or "APTC")*

- *Established under the Affordable Care Act (ACA)*
- *Enhanced under American Rescue Plan Act (ARPA) through 2022*
  - Increased help for currently eligible under 400% FPL (~\$50k annually for single person)
  - Extended help to those over 400% FPL (eliminating "cliff")
- *Enhancements temporarily continued under the Inflation Reduction Act (IRA) through 2025*



# Results of ARPA Expansion

- Washington's Exchange was among the first marketplaces in the country to fully implement – had an immediate impact.
- **Nearly 60,000 new customers** gained coverage post-ARPA was implementation.
  - More than 23,000 customers over 400% FPL newly received subsidies post-ARPA
  - New customers more likely to be Black, Hispanic, and younger (<35 y/o)
  - New customers more likely to select higher levels of coverage; over 40% of new customers selected a Cascade Care plan
- **A record 240,000 Washingtonians signed up for 2022 coverage**



# Results of ARPA Expansion, Continued

- 75% of Exchange customers now receive federal subsidies (up from 62% last year).
- Average subsidy increase of ~\$100/mo. (up to ~\$1,200/mo for older residents)
- More detailed information available at: <https://www.wahbexchange.org/content/dam/wahbe/2021/02/ARPA%200815%20Final.pdf>

American Rescue Plan Act (ARPA): Additional Premium Savings for Washington Health Benefit Exchange Customers by County (as of 8/15/2021)						
	Overall QHP Customers	QHP Customers, New/Increased Savings Post ARPA				
County	Number	Number	Percent of County Customers	Average Net Premium (per person)	Average Monthly Subsidy Increase (per person)	Highest Monthly ARPA Subsidy (per person)
ADAMS	321	270	84%	\$88	\$88	\$968
ASOTIN	420	357	85%	\$113	\$93	\$887
BENTON	3,739	2,802	75%	\$120	\$94	\$1,172
CHELAN	2,558	2,007	78%	\$108	\$108	\$1,241
CLALLAM	2,717	2,104	77%	\$95	\$104	\$1,144
CLARK	14,467	11,906	82%	\$103	\$89	\$1,124
COLUMBIA	87	64	74%	\$119	\$95	\$874
COWLITZ	2,497	2,131	85%	\$83	\$86	\$1,147
DOUGLAS	998	764	77%	\$118	\$100	\$983
FERRY	180	135	75%	\$105	\$95	\$995
FRANKLIN	1,223	975	80%	\$112	\$92	\$899
GARFIELD	57	42	74%	\$154	\$87	\$813
GRANT	1,696	1,299	77%	\$98	\$93	\$983
GRAYS HARBO	1,837	1,514	82%	\$77	\$88	\$1,202
ISLAND	2,791	2,203	79%	\$94	\$99	\$1,120
JEFFERSON	1,577	1,120	71%	\$143	\$115	\$859
KING	84,522	53,638	63%	\$113	\$95	\$1,266
KITSAP	7,040	4,763	68%	\$157	\$100	\$1,189
KITTITAS	1,224	906	74%	\$124	\$94	\$854
KLICKITAT	956	754	79%	\$100	\$102	\$1,078
LEWIS	1,504	1,222	81%	\$143	\$99	\$1,032
LINCOLN	346	251	73%	\$135	\$99	\$806
MASON	1,484	1,219	82%	\$104	\$98	\$1,008
OKANOGAN	1,285	1,015	79%	\$91	\$92	\$983
PACIFIC	755	631	84%	\$68	\$89	\$1,200
PEND OREILLE	411	336	82%	\$96	\$99	\$806
PIERCE	20,108	14,915	74%	\$104	\$95	\$1,037
SAN JUAN	1,720	1,186	69%	\$89	\$108	\$1,065
SKAGIT	3,680	2,982	81%	\$86	\$94	\$1,062
SKAMANIA	418	325	78%	\$105	\$99	\$959
SNOHOMISH	22,513	16,247	72%	\$107	\$95	\$991
SPOKANE	13,347	9,880	74%	\$111	\$95	\$963
STEVENS	1,227	950	77%	\$118	\$96	\$806
THURSTON	6,926	5,101	74%	\$110	\$94	\$1,269
WAHIAKUM	109	94	86%	\$65	\$71	\$1,182
WALLA WALLA	1,231	954	77%	\$116	\$92	\$888
WHATCOM	9,697	7,712	80%	\$81	\$90	\$1,120
WHITMAN	912	698	77%	\$124	\$87	\$888
YAKIMA	3,252	2,643	81%	\$96	\$87	\$1,055
<b>Grand Total</b>	<b>221,832</b>	<b>158,115</b>	<b>71%</b>	<b>\$108</b>	<b>\$95</b>	<b>\$1,269</b>



## Are you eligible for Cascade Care Savings?

Household income up to 250% of the federal poverty level ✓

Apply for and accept all available federal tax credits ✓

Not eligible for minimum essential coverage through federal or state programs, like Medicare or Washington Apple Health ✓

Enrolled in a high-quality Cascade Care Silver or Gold plan through *Washington Healthplanfinder* ✓

Qualified health plan (QHP)-eligible resident of Washington state ✓

*American Indian/Alaska Native (AI/AN) individuals may enroll in any plan that allows them to take advantage of their \$0 cost-sharing reduction benefit.*

## Looking Ahead to 2023

- New state premium subsidies (Cascade Care Savings) will work in tandem with enhanced federal subsidies to help shield low-income Exchange consumers from increased premiums.
- Wrap around available federal premium tax credits (if applicable).
- Available exclusively through *Washington Healthplanfinder*, with eligibility determined by *Washington Healthplanfinder*.
- Exchange facilitates payments of state funds to carriers (annual appropriation of \$50M in 2023)

# Cascade Care Savings Launching Nov. 1 for 2023

- Customers up to 250% FPL are:
  - ~40% of total Exchange customers
  - Individuals making up to \$32,000 per year (~\$17/hr for 40-hour week).
  - More likely to be younger: 30% are 18-34 years old compared to 20% of enrollees reporting >250% FPL.
  - More likely to be non-white: 35% compared to 24% of enrollees reporting >250% FPL.
- The exact amount of savings received is based on where the person lives, their age and their income.
  - In 2023, Cascade Care Savings can reduce premiums by up to \$155 per member per month.
  - Most customers eligible for both federal and state savings will pay less than \$10 a month





# Switching to Benefit from Cascade Care Savings

## The Value of Cascade Care Savings

Maria, 40, is a non-smoker in Federal Way whose annual income is \$30,578.



If Maria auto-enrolls into the same plan next year, which is not eligible for Cascade Care Savings, she'll pay nearly \$60 more every month than she did in 2022.



If she switches to a Cascade Care plan but wants to stay with her same carrier, she could save nearly half on her monthly premium.



By switching to the lowest-cost Cascade Care Silver plan in her area, she pays no monthly premium for the same high-quality benefits.

Plan Type	Non-Cascade Silver carrier		Cascade Silver current carrier	Cascade Silver switch to lowest-cost carrier
Plan Year	2022	2023	2023	2023
Premium	\$387	\$437	\$433	\$358
APTC	\$297	\$290	\$290	\$290
Cascade Care Savings	N/A	Not eligible for Cascade Care Savings	\$68	\$68
<b>NET PREMIUM</b>	<b>\$90</b>	<b>\$147</b>	<b>\$75</b>	<b>\$0</b>

Calculate your income at: [wahbexchange.org/current-customers/your-1095-a-statement/affordability-exemption/federal-poverty-level/](http://wahbexchange.org/current-customers/your-1095-a-statement/affordability-exemption/federal-poverty-level/)

A significant number of Exchange customers could benefit – most will need to switch plans to take advantage of the new savings.

- All carriers offer Cascade Care Savings qualifying plans.


This chart illustrates how Maria in Federal Way will benefit by switching from a non-Cascade plan in 2022 to a Cascade Care plan in 2023.

By shopping and switching to a lower-cost Cascade Care plan in her area, Maria can receive the **same level of coverage** with **lower cost sharing** for a **significantly reduced premium**—including options for as low as \$0 a month.

# Cascade Care Savings Display

- Cascade Care Savings qualifying plans will have a Cascade Care logo next to them and have Silver or Gold in the plan name.
- The Cascade Care Savings amount for eligible customers will be displayed on screen and included in customer notifications (similar to federal premium tax credits).
- Exchange is conducting outreach, leveraging in-person assisters, and maximizing auto-renewal process to help people take advantage of new savings.

Plan available 11/01/2022

**KAISER PERMANENTE** | 

[Kaiser Permanente Cascade Silver](#)

<b>Provider and facility</b> ⓘ <a href="#">Edit</a>	<b>Prescriptions</b> ⓘ <a href="#">Edit</a>	<b>Primary care visit</b> ⓘ You pay \$30
<b>Quality rating</b> ⓘ ★★★★☆	<b>Plan metal level</b> ⓘ Silver	<b>Generic drugs</b> ⓘ You pay \$20
		<b>Out-of-pocket max</b> ⓘ \$7,250 Individual / \$14,500 Family

<b>Estimated premium with savings</b> ⓘ <b>\$28.02 /month</b> <a href="#">Savings details</a> ^	<b>Annual deductible</b> ⓘ \$2,500 Individual / \$5,000 Family	<b>Estimated total yearly cost</b> ⓘ <a href="#">Edit</a>
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<b>Tax credits</b> ⓘ	<b>\$265.00 /month</b>
<b>Cascade Care Savings</b> ⓘ	<b>\$155.00 /month</b>
<b>Cost-sharing reductions</b> ⓘ	<b>Yes</b>

[Cascade Care](#) [Tax Credits](#) [CSR](#)

[Compare](#) [Remind Me](#)

# 2023 Legislative Session

*Cascade Care is the Exchange's primary affordability initiative, and aims to increase the availability of quality, affordable health coverage on the individual market.*

Jan. '21

- Cascade Care Plans  
[Senate Bill 5526](#) (2019)

Jan. '23

- Cascade Care Savings Program  
[Senate Bill 5377](#) (2021)

Jan. '24

- Expand populations who can shop and buy coverage via Section 1332 Waiver  
[Senate Bill 5092](#) (2021)

Included in the Exchange 2023-2025 budget requests:

- Maintain funding Cascade Care Savings benefits through 2025

More information at:  
<https://www.wahbexchange.org/about-the-exchange/what-is-the-exchange/budget-finance/>

# Questions



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Washington Healthplanfinder



[waplanfinder](#)



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# Appendix



# Exchange Mission

Washington Health Benefit Exchange seeks to redefine people's experience with health care. Our mission is to radically improve how Washington residents secure health insurance through innovative and practical solutions, an easy-to-use customer experience, our values of integrity, respect, equity and transparency, and by providing undeniable value to the health care community.

## Our Objectives:

- Increase access to affordable health plans
- Organize a transparent and accountable insurance market to facilitate consumer choice
- Provide an efficient, accurate, and customer-friendly eligibility determination process
- Enhance health plan competition on value: price, access, quality, service, and innovation



# Exchange Equity Statement

Equity is a fundamental pillar to the society we seek to build. The process of advancing toward equity will be disruptive and demands vigilance, dismantling deeply entrenched systems of privilege and oppression. We must focus our efforts on people and places where needs are greatest, especially communities of color, and go beyond remedying a particular inequity to address all determinants of health.

Our goal is that all Washingtonians have full and equal access to opportunities, power and resources to achieve their full potential.



# Exchange Strategic Plan

<https://www.wahbexchange.org/about-the-exchange/reports-data/presentations-reports/>

## Priority Areas

- **Improve health coverage, affordability, care and outcomes**
  - Maximize Cascade Care tools — standard plans (Cascade), public option (Cascade Select), and state premium assistance (Cascade Care Savings) — to deliver on our promise that all customers will have access to an affordable, high-quality plan in the individual market.
  - Develop strategies to reduce the uninsurance rate in Washington to less than 3% and further assist populations facing access barriers.
  - Align with statewide initiatives to address quality and the underlying cost of care to ensure that products offered on the Exchange offer customers high-quality, meaningful choice.
- **Advance diversity, equity and inclusion (DEI) to narrow health disparities, especially in communities of color**
- **Leverage the success of HPF technology platform to strategically expand offered services**
- **Expand innovative approaches to drive health system excellence**

# Exchange 2023-2025 Budget Requests

<https://www.wahbexchange.org/about-the-exchange/what-is-the-exchange/budget-finance/>

- **Improving affordability**
  - Continue Cascade Care Savings Program beyond FY 2024
- **Improving health coverage & advancing DEI**
  - 1332 Waiver Implementation
  - Advancing Health Equity
- **Leveraging HPF technology and drive health system excellence**
  - Modernizing *Healthplanfinder* (Phase 2)
  - Continued Improvements to Consumer Experience
  - Expanding Organizational Capacity

# Cascade Care is the Exchange's Primary Affordability Initiative

- **Cascade Care plans** (standard and public option) add value statewide.
  - Nearly one-third of Exchange customers are enrolled in Cascade Care plans.
  - Lowest-premium Silver plans in 30 counties in 2023.
  - Cover more health care services at lower costs through first-dollar services and low co-pays.
  - Provide deductibles an average of \$1,000 less than non-Cascade plans.

Cascade Care plan 2023 deductibles by metal level compared to non-Cascade plans

	2023 CASCADE CARE PLAN	2023 MEDIAN NON-CASCADE	RANGE NON-CASCADE
<b>GOLD</b>	\$600	\$1,650	\$0-\$2,000
<b>SILVER</b>	\$2,500	\$2,875	\$750-\$7,550
<b>BRONZE</b>	\$6,000	\$7,525	\$3,800-\$8,900

- **Cascade Care Savings** creates an opportunity for low-income and minimum-wage Washingtonians to get covered.
  - New state premium assistance for eligible customers up to 250% FPL enrolled in Cascade Care Silver and Gold plans.
  - On track for successful launch Nov. 1, 2022, for 2023 plan year.
  - Currently funded through 2024, including \$50 million for plan year 2023.

# What Are Cascade Care Plans?

2023 Health Plans Offered on <i>Washington Healthplanfinder</i>					
		Non-Cascade plans	Cascade Care Plans		
			Cascade (standard) plans	Cascade Select (public option) plans	
Meets all QHP requirements	Requirements for all QHPs in 2023: <ul style="list-style-type: none"> <li>All plans must meet all requirements under RCW 43.71.065.</li> <li>Carriers must offer Cascade Care Silver and Gold health plans to participate in <i>Washington Healthplanfinder</i>.</li> <li>Carriers offering a non-Cascade bronze plan on <i>Washington Healthplanfinder</i> must also offer one bronze Cascade Care health plan on <i>Washington Healthplanfinder</i> in any county where it offers a Bronze plan.</li> <li>Carriers offering Cascade Care health plans may offer up to two non-Cascade Gold plans, two non-Cascade Bronze plans, one non-Cascade Silver health plan, one non-Cascade Platinum health plan, and one non-Cascade Catastrophic health plan in each county where the carrier offers a qualified health plan.</li> </ul>	X	X	X	
Eligible for tax credits		X	X	X	
Eligible for Cascade Care Savings state premium subsidy for residents earning up to 250% FPL				X	X
Includes standard health plan benefit design set by the Exchange				X	X
Includes quality, value, and provider reimbursement requirements set by the Legislature and Health Care Authority					X
Hospital participation requirements set by the Legislature					X
Procured through the Health Care Authority					X

# Eligibility for Federal Premium Tax Credits

- In order to receive the premium tax credit for coverage starting in 2022, a marketplace enrollee must meet the following criteria:
  - Have a household income at least equal to the Federal Poverty Level (FPL), which for the 2022 benefit year will be determined based on 2021 poverty guidelines: (Table 1, next slide)
  - Not have access to affordable coverage through an employer (including a family member's employer)
  - Not be eligible for coverage through Medicare, Medicaid, the Children's Health Insurance Program (CHIP), or other forms of public assistance
  - Have U.S. citizenship or proof of legal residency (Lawfully present immigrants whose household income is below 100% FPL can also be eligible for tax subsidies through the Marketplace if they meet all other eligibility requirements.)
  - If married, must file taxes jointly in order to qualify

<https://www.kff.org/health-reform/issue-brief/explaining-health-care-reform-questions-about-health-insurance-subsidies/>



# Federal Poverty Guidelines

- For the purposes of the premium tax credit, household income is defined as the Modified Adjusted Gross Income (MAGI) of the taxpayer, spouse, and dependents.
- Federal Poverty Guidelines are established by the federal government and updated every year.

Table 1: Federal Poverty Guidelines for 2022 Coverage Year							
Number in Household	100% FPL	138% FPL	150% FPL	200% FPL	250% FPL	300% FPL	400% FPL
1	\$12,880	\$17,774	\$19,320	\$25,760	\$32,200	\$38,640	\$51,520
2	\$17,420	\$24,039	\$26,130	\$34,840	\$43,550	\$52,260	\$69,680
3	\$21,960	\$30,304	\$32,940	\$43,920	\$54,900	\$65,880	\$87,840
4	\$26,500	\$36,570	\$39,750	\$53,000	\$66,250	\$79,500	\$106,000
5	\$31,040	\$42,835	\$46,560	\$62,080	\$77,600	\$93,120	\$124,160

NOTE: Tax credit eligibility for the 2022 coverage year is based on 2021 federal poverty guidelines. For households with more than 5 people, add \$4,540 for each additional person. Somewhat higher guidelines are established for Alaska and Hawaii.

SOURCE: For more information see ASPE's "Poverty Guidelines" [webpage](#).

<https://www.kff.org/health-reform/issue-brief/explaining-health-care-reform-questions-about-health-insurance-subsidies/>

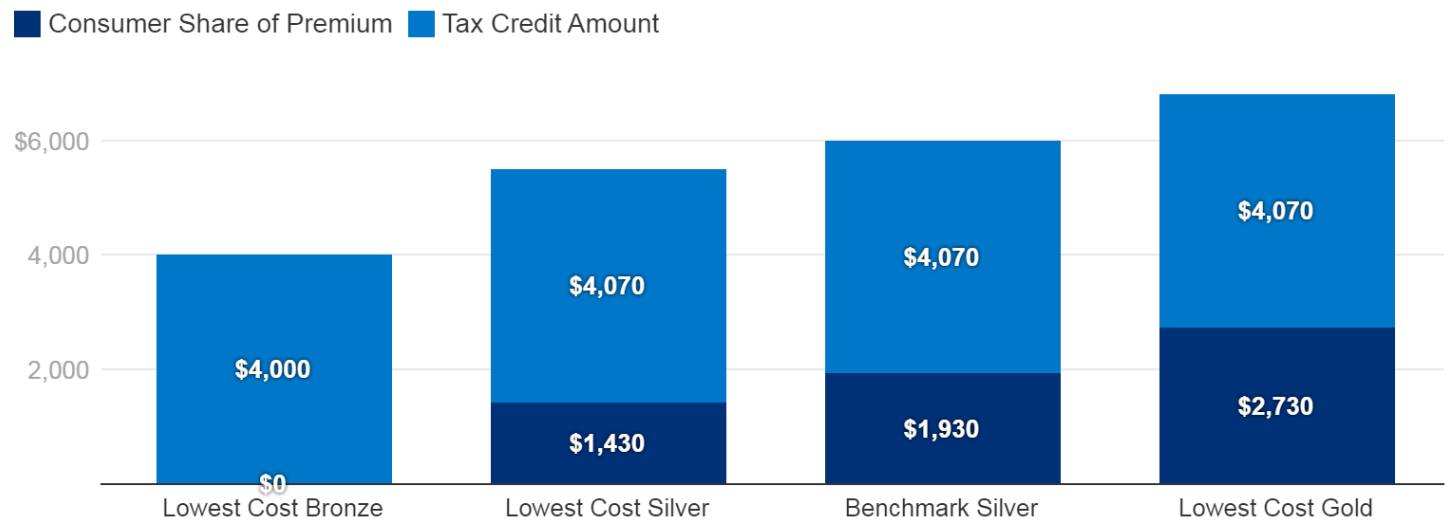
# Calculating Federal Tax Credits

- The amount of tax credit is calculated by subtracting the individual's required contribution from the actual cost of the "benchmark" (second-lowest-cost silver) plan.
- The amount of tax credit will vary based on the price of the "benchmark" plan in each county and other household circumstances that influence plan price like age and smoking status.

Figure 1

## How Premium Tax Credit Reduces a Consumer's Share of Premium for Different Plans for a Single person at 250% FPL in 2022

For a consumer with an income of \$25,760 (250% FPL), premium tax credit = cost of benchmark plan minus required individual contribution (4% of household income), or \$4,070. Unsubsidized premium for each plan is illustrative.



SOURCE: KFF Health Insurance Marketplace Calculator • [Get the data](#) • PNG

KFF

<https://www.kff.org/health-reform/issue-brief/explaining-health-care-reform-questions-about-health-insurance-subsidies/>

# ARPA/IRA Impact – Individual Contribution

Under ARPA and IRA – the federal government:

- Increased the amount of federal premium tax credits available for eligible consumers <400% FPL
  - Reduced the amount consumers are expected to pay as a share of their income toward a benchmark silver plan—the so-called “applicable percentages.”
- Extended federal premium tax credits above >400% FPL for the first time
  - Applied an applicable percentage of 8.5 percent—compared to no cap pre-ARPA

Table 1. Premium Tax Credit Applicable Percentages under the ARP and Prior Law

Income Range (% of FPL)	Range of Applicable Percentages for 2021 under Prior Law	Range of Applicable Percentages for 2021 and 2022 under the ARP
100% – 133%	2.07%	0%
133% – 150%	3.10% – 4.14%	0%
150% – 200%	4.14% – 6.52%	0% – 2%
200% – 250%	6.53% – 8.33%	2.0% – 4.0%
250% – 300%	8.33% – 9.83%	4.0% – 6.0%
300% – 400%	9.83%	6% – 8.5%
400% and higher	N/A	8.5%

The applicable percentage is the share of a consumer’s income they must generally pay towards a benchmark (second-lowest-cost silver) plan with the PTC. Within the ranges shown the applicable percentage increases linearly.

<https://www.brookings.edu/blog/usc-brookings-schaeffer-on-health-policy/2021/04/19/what-does-the-american-rescue-plans-premium-tax-credit-expansion-and-the-uncertainty-around-it-mean-for-state-health-policy/>

# Common Policy Approach – Targeted State Subsidies That Wrap-Around Federal Subsidies

- Several states have enacted state-level subsidies that supplement or “wrap around” federal premium tax credits.
- Four states (Massachusetts, Vermont, California, and New Jersey) currently have these premiums subsidies.
- Washington is among several states implementing state subsidy programs for 2023 – including New Mexico, and Colorado.

<https://www.brookings.edu/blog/usc-brookings-schaeffer-on-health-policy/2021/04/19/what-does-the-american-rescue-plans-premium-tax-credit-expansion-and-the-uncertainty-around-it-mean-for-state-health-policy/>



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