



Public Meeting: Cascade Care Savings Methodology and Amount



Agenda

Time	Topic	Facilitator
4:00	Welcome and Introductions (5 min.)	Christine Gibert, HBE Policy Director
4:05	Cascade Care Savings Introduction (15 min.)	Julia Nestor, Policy Analyst
4:20	Premium Assistance Amount & Methodology (25 min.)	Wakely Consulting Team
4:40	Public Comments & Questions (15 min.)	Public

Today's Discussion

- Cascade Care Savings background, goals, and next steps.
- Cascade Care Savings methodology review.
 - Assumptions
 - Analysis
- Public comment and questions

- Reminder
 - Open public comment period for the 2023 Cascade Care Savings Amount Methodology began August 9 and ends today, September 1, 2022.
 - Please submit any written public comments by the end of the day to cascadecare@wahbexchange.org.
 - Please include "Public Comment" in the subject line of your email.

Cascade Care Aim

Increase the availability of quality, affordable health coverage in the individual market.

- **Address costs** through lower premiums, lower deductibles, and providing access to services before having to pay the deductible. This includes leveraging federal and state-based financial assistance, state purchasing power, and provider reimbursement expectations.
- Encourage more informed consumer choice with **products of better value and like benefits** across all participating carriers.
- **Grow enrollment** by attracting new enrollees and retaining current customers.
- Ensure **continued market stability** through carrier participation, competitive product offerings, and a larger and more diverse risk pool.

Cascade Care Components

2019 and 2021 Legislative Directives

Standard Plans

Requires HBE to design and implement standard QHPs starting in the 2021 plan year.

Public Option

Requires HCA to contract with health carriers to offer state-procured standard QHPs starting in the 2021 plan year that have provider reimbursement rate caps and must include quality and value requirements.

State-based Consumer Subsidies

Subsidy Study

Required HBE to develop and submit a plan for implementing premium subsidies through Exchange for individuals up to 500% FPL (submitted to Legislature in November 2020).

Cascade Care Savings

Requires HBE to implement new partial state premium assistance for Cascade Care, supported by \$50 million in general fund state for plan year 2023.

Focus of Today's
Discussion

The Legislature also directed HBE to implement a coverage solution for people without federally recognized immigration status by plan year 2024.

Cascade Care Savings Goals and Opportunities

- Serve the Exchange's core mission of reducing the uninsured in Washington.
- Advance health equity.
 - BIPOC communities in WA disproportionately experience having lower income and being uninsured. Reducing barriers to affordable health insurance reduces this inequity.
- Maximize impact of state investment into affordable individual market coverage.
- Provide a bridge for individuals in Washington who churn between Medicaid and QHP eligibility.
 - Reduce barriers to continuous coverage for a population vulnerable to being uninsured.
 - Support the group transitioning off Washington Apple Health as part of public health emergency unwinding.
- Positively impact the individual market risk pool.
- Grow enrollment.

Cascade Care Savings Goals and Opportunities

The Value it Will Bring

Modeling estimates:

- Over 90,000 Exchange customers will receive Cascade Care Savings
- Those receiving both federal and state subsidies will have on average a net monthly premium of \$5 or less.

Cascade Care Savings

How State-based Premium Assistance is Different

Unlike a federal subsidy (APTC), the Exchange pays the Cascade Care Savings premium assistance.

- \$50 million Cascade Care Savings budget allocated by State Legislature for plan year 2023. (Specific up-to amount for customers calculated later in 2022.)
- Exchange pays subsidy to carriers on behalf of the customer.
- New processes for Exchange finance and operations teams.

Cascade Care Savings Implementation On Track for Successful Nov. 1, 2022 Launch

- Cascade Care Savings policy finalized spring 2022.
- Cascade Care Savings special enrollment period began July 2022.
 - Customers not enrolled in a Cascade Care Silver or Gold plan, who are at or below 250% FPL, can use monthly SEP to sign up for a Cascade Care Savings-eligible plan.
- Key carrier testing milestones successfully completed.
- Technical build is more than 90% complete.
- Exchange Communications, Training and Outreach teams developing and rolling out Cascade Care Savings materials.
 - Customer marketing will take place through OE and beyond.
- For more information about Cascade Care Savings, review the July stakeholder webinar: <https://www.wahbexchange.org/about-the-exchange/what-is-the-exchange/cascade-care/cascade-care-savings/>

Cascade Care Savings – DRAFT ANALYSIS
**2023 Premium Assistance
Amounts and Methodology**

August 2022

PRESENTED BY
Ksenia Whittal, FSA, MAAA
Michael Cohen, PhD
Alex Jarocki

Background

2023 State Premium Subsidy Program

- Methodology for proposed 2023 Cascade Care Savings premium assistance amounts – Updates from March estimates

Cascade Care Savings PMPM Calculations - Background and Assumptions

- Preliminary Cascade Care Savings PMPM estimate of \$150 PMPM was released in March, based on:
 - January 2022 enrollment (numbers and plan selections)
 - 2023 plan rates would increase over 2022 rates by 2%
 - Assumption that ARPA would be extended, PHE would end in July 2022
- 2023 Cascade Care Savings PMPM methodology has been updated and is subject to public comment through September 1, 2022. Updates include:
 - Updated effectuated enrollment numbers (Apr. 2022)
 - Initial 2023 plan rates (~8% increase)
 - A lower increase in SLCSP benchmark rate than originally modeled, resulting in lower APTC
 - PHE unwind timing (PHE through Dec 2022)
 - Family glitch fix is expected to be implemented by 2023
 - Cascade Care Savings SEP available starting July 1, 2022
- Cascade Care Savings PMPM amount will need to be adjusted after 2023 plans are certified and rates are final (Sept. 15); final PMPM amount will be published by Sept. 30, 2022

Background and Assumptions

- State Premium Assistance Program
 - \$50M state appropriation, with \$5M of that amount held in reserve for modeling purposes to account for enrollment uncertainty
 - Wakely solved for a single PMPM subsidy amount for both (1) enrollees receiving federal and state subsidies, and (2) enrollees receiving only state subsidies
- Based on final policy and criteria
 - Subsidies only available for members in Silver or Gold Cascade and Cascade Select plans
 - Eligibility for enrollees up to 250% FPL
 - Policy includes a contingency for low funds

2023 Premium Subsidy Program

Summary of Results – ARPA Continues in 2023

ARPA Continues			On-Exchange Take-Up				Total Members Receiving State Subsidies
Enrollment Scenario	State Subsidy Estimate, PMPM	Total State Funding (\$ Millions)	On Exchange Enrollment	New Enrollment	Uninsured (QHP Eligible)	Off-Exchange (QHP Eligible)	
Best	\$215	\$43.2	226,600	13,400	12,000	1,400	90,100
Low	\$215	\$34.8	197,300	9,000	8,300	700	74,200
High	\$215	\$51.7	256,700	19,700	17,500	2,200	105,400

- Federal subsidy-eligible and non-federal subsidy eligible members receive same maximum subsidy PMPM
- The Low estimate assumes lower enrollment. It reflects larger premium increases from 2022 and more hesitancy among uninsured to take-up relative to Best estimate
- The High estimate assumes higher enrollment. It reflects smaller premium increases from 2022 and less hesitancy among uninsured to take-up relative to Best estimate

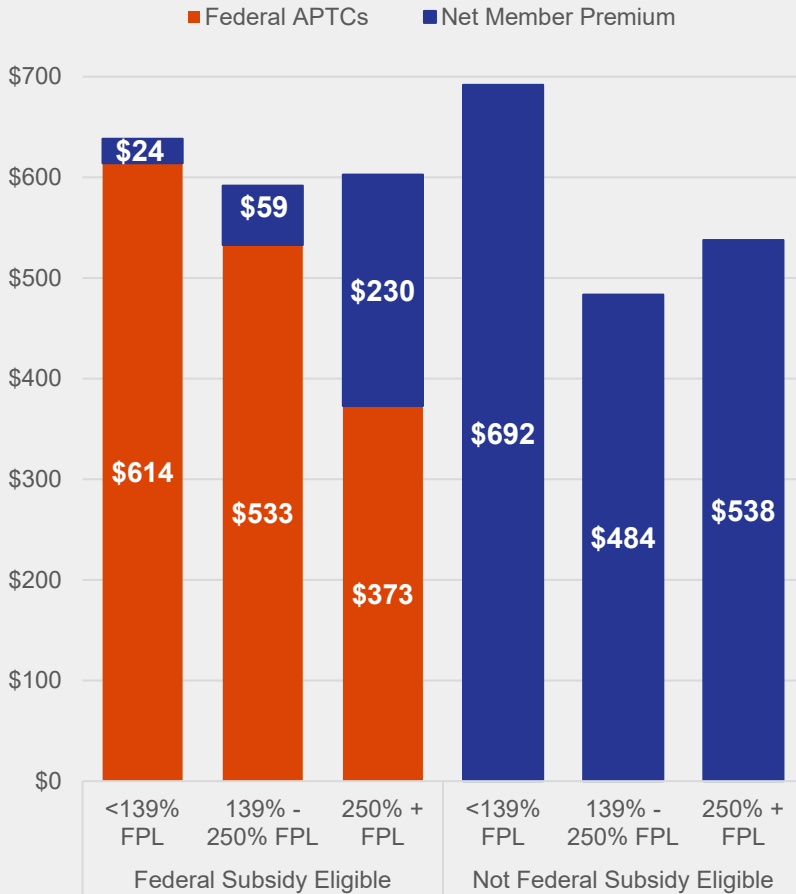
ARPA Continues: Best, Low, High Enrollment

ARP Continues		Total Enrollment			Change			Comments
Year	Adjustment / Source	Low	Best	High	Low	Best	High	
2022	January Starting Data	226,302	226,302	226,302	-	-	-	
2022	Effectuation Adjustment	208,936	208,936	208,936	(17,366)	(17,366)	(17,366)	Adjustment for effectuated enrollment
2023	Medicaid Redetermination	208,936	216,106	221,840	-	7,170	12,904	Adjustment for anticipated Medicaid
2023	Baseline Enrollment Growth	202,938	213,700	228,510	(5,998)	(2,406)	6,670	Assumed organic YoY growth
2022	Other changes	188,249	213,253	236,992	(14,689)	(447)	8,482	SEP, FG, Enrollment Changes due to Premium
2023	With State Subsidy	197,263	226,645	256,693	9,014	13,392	19,701	Addition of off-exchange and uninsured enrollment attracted by subsidies

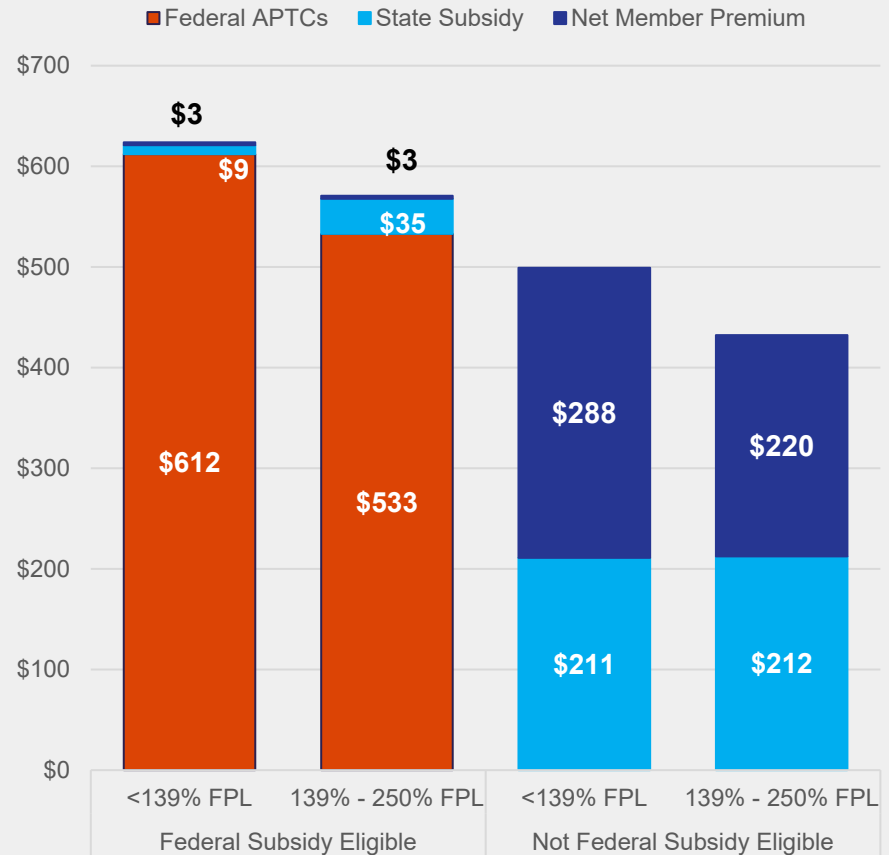
Premium Impact – Best Estimate Scenario w/ ARPA

Members Receiving State Subsidies Only

2023 Premiums - Baseline

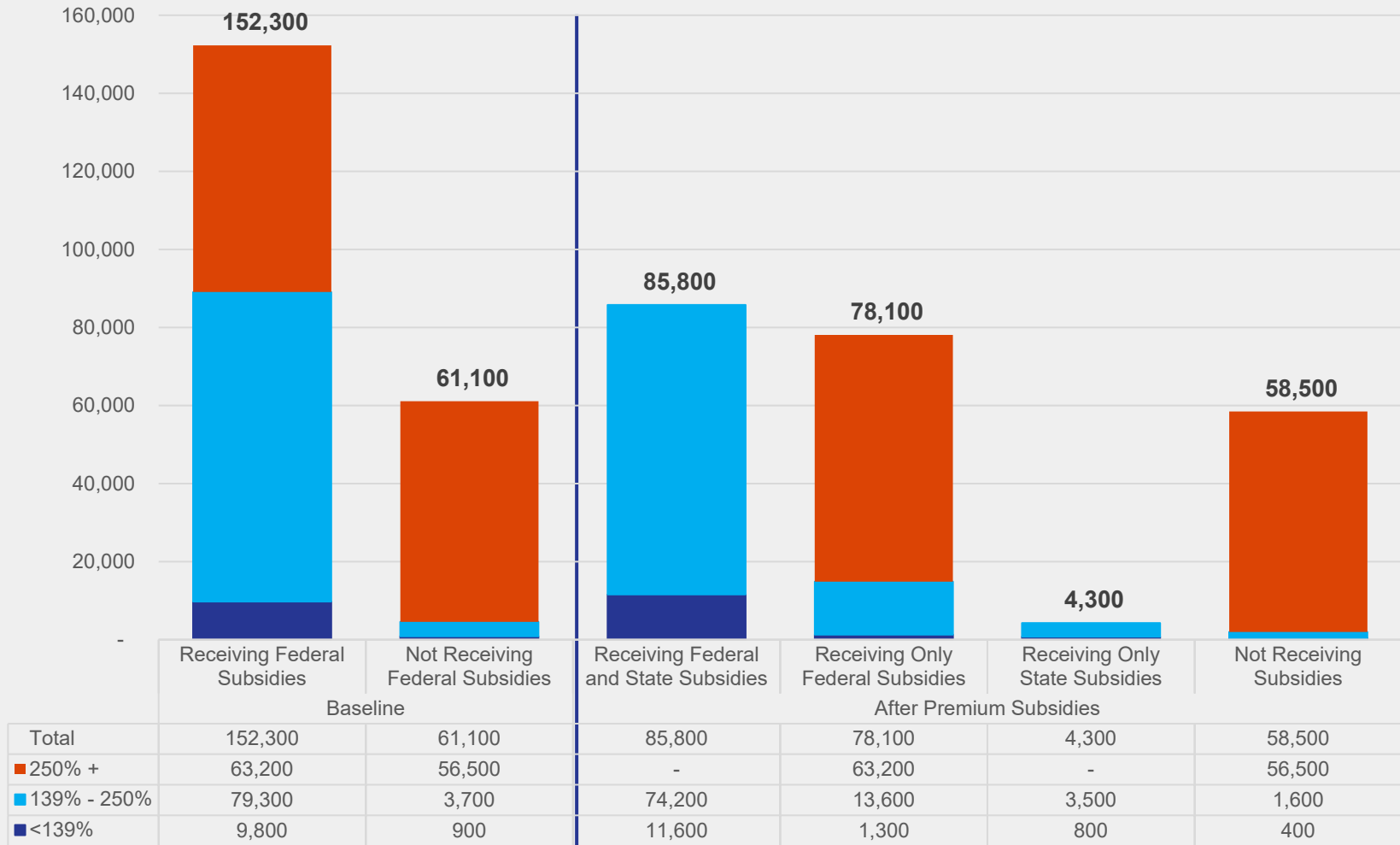


2023 Premiums - After State Subsidy Program



Enrollment Impact – Best Estimate Scenario w/ ARPA (continued)

2023 Enrollment Estimates



Conclusions

- Several factors result in a higher proposed subsidy amount, including updated effectuated enrollment numbers, proposed 2023 premium increases, and extension of PHE
- We understand this higher PMPM amount (with ARPA) based on “best estimate” of enrollment includes assumptions with respect to some pieces that are still unknown – acknowledging this presents some risk
- 2023 subsidy amount will be updated again based on this methodology, to include:
 - Final 2023 plan rates after Plan Certification in September
 - Firmer information about continuation of ARPA subsidies
 - Known impact of cross-mapping for customers who will be auto-enrolled into a new plan

Questions and Discussion

- Do the updated enrollment and premium estimates resonate? What questions do you have about assumptions, methodology, or anticipated outcomes?
- What risks are presented by the methodology and estimates? Do you have suggestions about what Wakely should consider to mitigate these risks?
- The \$215 PMPM state subsidy slightly exceeds appropriation (\$50 million) under high enrollment scenario.
 - What is your reaction to risk associated with possibility of hitting the high-enrollment scenarios?
- Considering the unknowns facing the Exchange and its customers (e.g., PHE unwind, final rates), what goals or principles should be considered to ensure maximization of state premium assistance while balancing risk?

Limitations and Disclosures

Disclosures and Limitations

Responsible Actuary. I, Ksenia Whittal, am the actuary responsible for this communication. I am a Member of the American Academy of Actuaries and a Fellow of the Society of Actuaries. I meet the Qualification Standards of the American Academy of Actuaries to issue this analysis.

Purpose. The purpose of this analysis is to provide updated estimates of the state premium subsidy amounts (flat per member per month) provided under a state-based premium subsidy program starting in 2023, given the preliminary 2023 filed premium increases by the participating issuers and several scenarios (low, best and high enrollment, assuming expiration and continuation of the American Rescue Plan Act (ARP)). The goal for this analysis is to facilitate discussions with stakeholders on potential program structures and review the changes in the subsidy amounts from the prior estimates. The goal of this review is to ensure that the information included in the model provides enough details and the type of information necessary to evaluate the program structures in order make a recommendation as well as ensure that the directionality and magnitude of changes in assumptions or the program structure are in line with expectations.

Intended Users. This information has been prepared for the sole use of the Washington Health Benefits Exchange (WAHBE). It is our understanding that this model will be provided to members of the stakeholder group, including carrier participants, for review. This model cannot be distributed to or relied upon by any other third party without the prior written permission of Wakely. This information is confidential and proprietary.

Risks and Uncertainties. The assumptions and resulting estimates included in this analysis are inherently uncertain, and numerous projection assumptions may be refined before the final report. Users of the results should be qualified to use it and understand the results and the inherent uncertainty. Actual results may vary, potentially materially, from our estimates. Note that since the 2023 premium increases are the initial filing requests, it is likely that the final approved rates could potentially be different from the increases used in this analysis and consequently affecting the results. Wakely does not warrant or guarantee the projected values included in the analysis. It is the responsibility of the organization receiving this output to review the assumptions carefully and notify Wakely of any potential concerns. This is a market level analysis. Actual experience for any issuer could be notably different than the market average.

Conflict of Interest. The responsible actuaries are financially independent and free from conflict concerning all matters related to performing the actuarial services underlying this analysis. In addition, Wakely is organizationally and financially independent to WAHBE.

Data and Reliance. We have relied on others for data and assumptions used in the assignment. We have reviewed the data for reasonableness, but have not performed any independent audit or otherwise verified the accuracy of the data/information. If the underlying information is incomplete or inaccurate, our estimates may be impacted, potentially significantly. For some estimates, there are multiple sources of information, including public sources. In some cases, the different sources produce meaningfully different data/information. For example, the distribution of uninsured by income level as reported by the 2018 ACS data and summary provided by OFM contain different distributions by income level, though the total number of uninsured are similar. In this version of the model, we have reviewed the data for reasonableness, however, we continue to review the various sources of information and subsequent versions may incorporate adjustments to better reflect the market in Washington.

Subsequent Events. There are no known relevant events subsequent to the date of information received that would impact the results of this report.

Contents of Actuarial Report. This document and the supporting exhibits/files constitute the entirety of actuarial report and supersede any previous communications on the project.

Deviations from ASOPS. Wakely completed the analysis using sound actuarial practice. To the best of my knowledge, the report and methods used in the analysis are in compliance with the appropriate Actuarial Standards of Practice (ASOP) with no known deviations.

Reliances

Wakely has utilized data provided by WAHBE as well as public data in the analyses described in this report.

- 2023 premium changes from initial rate filings as well as the change in the second-lowest cost silver (SLCS) plan by county, as provided by the state.
- 2022 enrollment data through January 2022, including county, plan, metal level, premiums (before and after APTC), APTC, household, income, age, race, ethnicity, effectuation status
- 2022 enrollment data through April 2022 including subsidy and effectuation status
- 2021 and 2022 Final Rate data for all carriers by plan, age, and county
- OFM FPL and Immigration Status of the Uninsured: 2018 and 2019
- Information on implementation considerations and requirements for WAHBE to administer the programs discussed in this report
- Emerging open enrollment results for the 2022 benefit year, as of December 3, 2021

In addition to the data described above, Wakely relied on the following public data sources to inform the assumptions used in the analyses:

- Small Area Health Insurance Estimates: 2019
- Medical Loss Ratio Data: Public Use File for 2019
- Summary Report on Permanent Risk Adjustment Transfers for the 2020 Benefit Year
- Congressional Budget Office (CBO) Background Paper “The Price Sensitivity of Demand for Nongroup Health Insurance”
- CBO “How CBO and JCT Analyzed Coverage Effects of New Rules for Association Health Plans and Short-Term Plans”
- Kaiser Family Foundation Distribution of Nonelderly Uninsured Individuals who are Ineligible for Financial Assistance

Caveats

Data Limitations. No updates to the actual member-level enrollment since January 2022 has been made. The overall number of subsidized and unsubsidized members in 2022 data was adjusted to match April 2022 effectuated enrollment, more closely resembling recent member attrition and effectuation rates. Still, there is uncertainty on attrition patterns or other changes through the remainder of 2022 by other member characteristics such as income, plan metal tier, age and county. Changes to base estimates could influence estimates. Secondly, income data was not available for a large portion of the on-Exchange enrollment and for the off-Exchange customers. It is assumed that these customers would not be eligible for state subsidies due to higher incomes. To the extent these customers would be eligible for state subsidies, the cost estimates could be understated. Data on individual market income levels includes a certain level of error and uncertainty. The extent to which incomes of either the currently insured or uninsured differ from the estimates may result in material changes in the estimates.

Political Uncertainty. There is significant policy uncertainty. Future federal actions such as additional unemployment insurance payments or other Federal actions could change the estimates enclosed in this report. Additionally, the timing of the end of the Federal emergency declaration over COVID-19 could affect enrollment. Changes to Federal laws and regulations may also impact the estimates. Finally, policy changes at the state level, such as regulations around standard plan designs or public option.

Enrollment Uncertainty. Additionally, there is enrollment uncertainty. Beyond changes to potential rates and policy, individual member or firm responses to these changes also has uncertainty. There is significant uncertainty of take-up levels among the undocumented individuals as these members have not previously been eligible for enrollment in QHPs.

Premium Uncertainty. Given the potential change in enrollment, metal level enrollment decisions, or other enrollment decisions could influence the average premium in the market.

Economic Uncertainty. There remains considerable uncertainty as to the economic conditions in 2022 and 2023, which could impact the number of uninsured as well those with employer-sponsored insurance coverage, which could impact enrollment and premium levels.

Implementation Uncertainty. There is significant uncertainty as to how the program above would be implemented. How the program is ultimately implemented could have material impact on enrollment and costs. For example, the method and potential reconciliation of income data. For purposes of this analysis, Wakely assumed reported income would be used for determination of subsidy eligibility. The extent to which verification of income or after the benefit year reconciliation is different from those assumptions could impact the estimates contained in this report. Similarly, Wakely did not account for any interactions with the current Health Reimbursement Arrangements (HRA) requirements. Eligibility for the program based on employer offers could influence the number of firms that shift employees into the individual market and therefore impact the estimates. Finally, Wakely did not include any costs associated with implementation or assume that those costs (or other costs) would impact the available of funds for the programs analyzed.

Public Comments & Questions

- Questions?
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