State Premium Assistance Policy

Effective for Coverage Beginning January 1, 2026

Section 1. State Premium Assistance Program

The Washington State Legislature created the State Premium Assistance Program (Program) in 2021 (SB 5377). State funding levels for the Program are specified in the most recently enacted state Operating Budget.

RCW 43.71.110 outlines the responsibilities of the Washington Health Benefit Exchange (the Exchange) in administering the Program, which include establishing:

1. Procedural requirements for eligibility and continued participation in any premium assistance program, including participant documentation requirements that are necessary to administer the Program;
2. Procedural requirements for facilitating payments to health insurance issuers;
3. Eligibility criteria, in addition to eligibility requirements established by RCW 43.71.110 and the Operating Budget; and
4. A process for an individual to appeal a premium assistance eligibility determination.

The requirements set forth in this Policy are established pursuant to and consistent with RCW 43.71.110 and the parameters established in the Operating Budget and govern the Exchange's implementation and administration of the Program.

Section 2. Policy Effective Dates

This Policy, governing the administration of the State Premium Assistance Program, is effective for eligibility determinations or redeterminations related to plan year 2026 coverage that is in effect at any point between January 1, 2026, and December 31, 2026. The Exchange may update this policy annually or more frequently as needed.

Section 3. Definitions

The definitions in this section apply throughout this Policy unless the context clearly requires otherwise.

1. "Advance Premium Tax Credit (APTC)" means the premium assistance amount determined in accordance with the federal Patient Protection and Affordable Care Act, P.L. 111-148, as amended by the federal health care and education reconciliation act of 2010, P.L. 111-152, and subsequent legislation, and with federal regulations and guidance issued under the Affordable Care Act. With Cost

Sharing Reductions, these are known as federal subsidies.

2. "Cascade Care Plan" means any standardized Qualified Health Plan (QHP) developed pursuant to RCW 43.71.095, sold on *Washington Healthplanfinder*, and marketed as either a Cascade or Cascade Select plan.
3. "Cost Sharing Reduction (CSR)" means a discount that lowers the amount customers pay for deductibles, coinsurance, copayments and other out-of-pocket expenses. With APTC, these are known as federal subsidies.
4. "Eligible Enrollee" means any individual that meets all State Premium Assistance eligibility requirements established in section 4 of this Policy.
5. "Eligible Household" means a tax-filing household that includes one or more individuals who are eligible enrollees.
6. "Enrollee" means a customer for whom the Exchange has received an effectuation file and, if applicable, who has effectuated coverage by making a payment for the first month of coverage.
7. "Enrollment Group" means a group of individuals enrolled in the same Qualified Health Plan within the same insurance policy.
8. "Exchange" means the Washington Health Benefit Exchange, established in RCW 43.71.020.
9. "Federal Poverty Level" (FPL) means a measure of income issued every year by the Department of Health and Human Services (HHS) as specified in Code section 36B(d)(3)(B) and implementing regulations. Federal poverty levels are used to determine individuals' eligibility for certain programs and benefits.
10. "Grace Period" means a period — either one month or three months — after an enrollee's monthly health insurance payment is due and a binding payment has been made. The grace period for health insurance is three months if an enrollee is subsidized by at least one of the following: 1) advance payments of the premium tax credit; or 2) State Premium Assistance. The grace period for health insurance is one month for enrollees not receiving APTC or State Premium Assistance.
11. "Income" has the same meaning as "household income" as defined in 26 U.S.C. § 36B(d)(2).
12. "Non-subsidized Enrollment" means an enrollment that does not receive APTC or State Premium Assistance.
13. "Operating Budget" means the most recently enacted Operating Budget, as passed by the Washington State Legislature and signed by the Governor.
14. "Policy" means the State Premium Assistance Program requirements and guidance setforth in this document.
15. "Premium Assistance Eligible Plan" means a:
    - Silver or Gold Cascade Care plan; or
    - any QHP in which an American Indian or Alaska Native eligible for a zero-dollar cost-sharing plan under 42 U.S.C. §18071(d)(1) is enrolled; and
    - is offered by a carrier that does not use tobacco rating for plans offered on the Exchange.

The Exchange will monitor plan affordability and quality and analyze the impact of applying minimum affordability and/ or quality standards to Premium Assistance Eligible Plans for future plan years.

16. "Presiding Officer" means an impartial person who is not involved in original eligibility decisions and who is appointed by the Exchange to conduct appeal proceedings for State Premium Assistance.
17. "Qualified Health Plan" or "QHP" means a health plan that is certified by an exchange. To be certified in Washington, a health plan must be approved by OIC, satisfy the certification criteria specified in RCW 43.71.065, satisfy the minimum federal requirements of a QHP as outlined in 45 CFR parts 155 and 156, and be certified by the governing board of the Exchange.
18. "State Premium Assistance Amount" means the amount of State Premium Assistance an eligible individual may have applied to their premium monthly under the State Premium Assistance Program.
19. "State Premium Assistance Program" or "Program" means the premium assistance program established in RCW 43.71.110. This program is branded and known to consumers as Cascade Care Savings.
20. "Subsidized Enrollment" means an enrollment that receives APTC and/or State Premium Assistance.
21. "Tax Filing Household" means a federal tax filing unit regardless of tax filing status.
22. "Washington Apple Health Expansion" means the Health Care Authority's initiative for Apple Health expansion to adults with certain immigration statuses.

Section 4. Eligibility

1. *Program Eligibility.* As required in, or established under the Exchange's authority pursuant to, RCW 43.71.110(4), consistent with the Operating Budget, and subject to Section 11(2) of this Policy, an individual is an eligible enrollee if the individual:
    a. Is a resident of Washington state;
    b. Is QHP eligible;
    c. Has income up to 250% of the Federal Poverty Level;
    d. Enrolls in a Premium Assistance Eligible Plan;
    e. Applies for and accepts all APTC for which the individual's household is eligible;
    f. Is ineligible for minimum essential coverage through a federal or state medical assistance program, including Washington Apple Health (Medicaid), Washington Apple Health Expansion, or the Compact of Free Association (COFA) Islander Premium Assistance Program; and
    g. Is not enrolled in minimum essential coverage (MEC) through Medicare

2. Individuals who are denied federal subsidies only for the following reasons are not

eligible for State Premium Assistance:

a. the customer has other affordable minimum essential coverage;
b. the customer has indicated they do not intend to file taxes, except customers who have an income below the tax filing threshold ; and/or
c. the customer has failed to file or reconcile federal taxes without attestation of having filed or reconciled, except customers who have an income below the tax filing threshold.

3. Eligibility for the State Premium Assistance Program is generally determined on a prospective basis for the next month's coverage.
    a. In the case of a retroactive coverage start date (e.g., in the case of special enrollment due to a birth or loss of Washington Apple Health coverage), where Program eligibility has been established, the State Premium Assistance amount will be determined pursuant to section 5 and will apply retroactively starting with the first full month of coverage.
    b. In the case of partial month of coverage after State Premium Assistance Program eligibility has already been established for that month (e.g., death of enrollee), the State Premium Assistance Amount for that month is the same as if the individual has been covered for the full month, capped at the household's net premium after any prorated premium adjustment for the individual's partial month coverage.

4. *Multiple-Enrollment Eligibility.* For households with multiple enrollment groups, only those eligible individuals within the household enrolled in a Premium Assistance Eligible Plan can have State Premium Assistance applied to their health plan premium.

5. *Insurance Affordability Programs*. To be eligible for State Premium Assistance, individuals must receive an eligibility determination for insurance affordability programs, including for:
    a. Washington Apple Health and related expansion programs,
    b. APTC
    c. Cost-sharing reduction subsidies

6. *Conditional Eligibility Verification.* The Exchange will verify data matching inconsistencies with existing conditional eligibility verification processes. An individual may be requested to attest to and/or provide documents that verify application information not able to be confirmed via available electronic sources for:
    a. Attested citizenship/lawful presence status;
    b. Incarceration;
    c. Eligibility for MEC through Washington Apple Health (including applicable

expansion programs) or the COFA Islanders Premium Assistance Program, enrollment in Medicare;
   d. Income; and
   e. Tribal status.

7. *Periodic Data Matching.* The Exchange may perform periodic data matching during the plan benefit year to determine if an enrollee may be enrolled in Medicare or is deceased. If an enrollee receives a data match for Medicare or death, State Premium Assistance Program eligibility will end according to the following:
   a. If an enrollee does not dispute a notice of a match within 30 days of the data match for Medicare or death, Program eligibility will be terminated at the end of that month of coverage.
   b. A dispute would trigger the Exchange's existing conditional eligibility verification process (45 CFR 155.315(f)).

8. *Duration of Eligibility*. An eligible enrollee will remain eligible for the Program for the remainder of the plan year, until coverage is otherwise terminated, or until an eligible enrollee reports a change that makes the individual no longer eligible for the Program pursuant to the requirements of this section or is determined to be ineligible through the execution of periodic data matching activities described in this section.

9. *Change Reporting*. Eligible enrollees are required to report changes in circumstances to their application, in accordance with federal guidelines (45 CFR §155.330).

10. *Program Disqualification*. Pursuant to RCW 43.71.110(5), an enrollee may be disqualified from the Program (no longer eligible to receive State Premium Assistance through the Program) by the Exchange if the enrollee:
   a. No longer meets the eligibility criteria established in subsection 1 of this section;
   b. Fails, without good cause, to comply with procedural or documentation requirements established by the Exchange, including requirements for timelynotification of changes impacting eligibility;
   c. Voluntarily withdraws from the Program; or
   d. Performs an act, practice, or omission that constitutes fraud, and, as a result, an issuer rescinds the individual's policy for the QHP.

11. *Income.* Income, for purposes of determining eligibility for the State Premium Assistance Program under subsection 1 of this section, shall be determined at the tax-filing household level.

12. *FTI Consent*. A customer that does not have a current authorization in place for the Exchange to electronically verify their tax return information during the annual renewal process will lose eligibility for State Premium Assistance for the upcoming plan year until FTI consent or other authorization to verify tax return information is granted.

13. *American Indian and Alaska Natives*. American Indian and Alaska Natives are not required to select a Gold or Silver Cascade Care plan in order to be eligible for State Premium Assistance.

Section 5. Premium Assistance Amount

1. *Calculation of premium assistance amounts.* Annual State Premium Assistance amounts for eligible households will be calculated as follows, subject to appropriated funding levels and parameters established in the omnibus appropriations act, and pursuant to the following:
    a. Up to 10% of appropriated funding may be held in a reserve to account for enrollment uncertainty but may be released throughout the plan year based on review of current and projected enrollment, premium costs, and current and projected expenditures.
    b. Base fixed-dollar premium assistance amounts will be calculated annually based on the appropriated amount available for the relevant plan year and after the reserve is established, for the federally subsidized population and non-federally subsidized populations, based on an actuarial analysis that includes considerations of uptake assumptions for the projected eligible enrollees in the federally subsidized and non-federally subsidized populations for that plan year, QHP rates, and federal 1332 guardrail requirements (contingent on continued federal ACA section 1332 waiver approval), within the allocation amounts for each population.[1]
    c. A household State Premium Assistance Amount will then be calculated by multiplying the applicable base fixed-dollar assistance amount by the number of eligible enrollees in the eligible household for whom that base fixed-dollar amount applies and then summing those amounts.
    d. An eligible household's State Premium Assistance Amount calculated pursuant to subsection 1(b) and (c) of this section will be reduced so as not to exceed the lesser of:
        i. The household's net premiums after first applying all APTC for which the household is eligible; or

[1] For 2026, there will be separate fixed maximum per member, per month (PMPM) subsidy amounts for the federally subsidized and non-federally subsidized populations. Any funding contingent on continued waiver approval can only be used for the eligible non-federally subsidized population.

ii. The net premium all eligible enrollees in the household would pay if each eligible enrollee in the household were enrolled in the lowest cost Cascade Care Silver plan in the household's county of residence. The net premium that each eligible individual would pay if enrolled in such plan is calculated using all relevant premium rating factors and applying any applicable APTC

e. If there are multiple enrollment groups within an eligible household, the household's full State Premium Assistance Amount will be available to be applied across the enrollment groups' premiums for enrollments in Premium Assistance Eligible Plans.

2. *Coverage of non-Essential Health Benefits.* The household Premium Assistance Amount can be applied to the entire net premium including portions that are not attributable to essential health benefits (e.g., adult vision benefits, voluntary termination of pregnancy).

3. *Application of APTC.* If determined eligible for APTC, any APTC for which an eligible household qualifies must be applied to the household's premiums before application of any State Premium Assistance Amounts.

4. *Opt-out.* Eligible enrollees who are awarded State Premium Assistance pursuant to this section may contact the Exchange Customer Support center to disenroll from the State Premium Assistance Program.

5. *Taxable Income.* Pursuant to Internal Revenue Service guidance[2], State Premium Assistance is not considered federal taxable income because it falls under the general welfare exception (payments under legislatively provided social benefit programs for the promotion of general welfare are not includible in an individual's gross income).

Section 6. Notice and Appeals Rights

1. Individuals apply for State Premium Assistance with the same application form used to apply for Washington Apple Health, QHP coverage, and APTC. Only if an applicant is determined eligible for QHP coverage will there be a decision about eligibility for State Premium Assistance. Applicants may appeal the following State Premium Assistance eligibility decisions made by the Exchange to a Presiding Officer:
    a. Not eligible for State Premium Assistance.
    b. Amount of State Premium Assistance for which an individual is found eligible.

[2] See, e.g., Office of Chief Counsel Internal Revenue Service Memorandum Number 200648027; release date 12/1/2006. https://www.irs.gov/pub/irs-wd/0648027.pdf

2. Appeals of eligibility for State Premium Assistance shall follow the Procedural Rules for Washington Health Benefit Exchange Appeals. The Procedural Rules implement the federal regulations in 45 CFR subpart F that govern appeals of Exchange determinations.

Section 7. Exchange Responsibility as Administrator of State Premium Assistance Program

1. *Data Transmission.* The Exchange will transmit State Premium Assistance amounts to issuers through the Health Insurance Exchange (HIX) 820 format on a monthly basis for the duration of the State Premium Assistance Program.

2. *Payments.* The Exchange will make monthly payments to issuers on behalf of the state, for State Premium Assistance Amounts awarded to eligible households enrolled in QHP coverage with that issuer.
    a. Monthly payments will be made in the aggregate for all State Premium Assistance Amounts awarded to all eligible households receiving State Premium Assistance enrolled in QHP coverage with that issuer.
    b. Monthly payments will include amounts owed to the issuer for the previous month net of any recoupments or discrepancies resulting from over- or under-payments from prior months of the plan year.

Section 8. Issuer Responsibility - Premium Assistance Payments

1. *Data Transmission.* Pursuant to RCW 48.43.795, issuers offering QHPs on the Exchange must accept and process enrollment and payment data transferred by the Exchange aspart of the Program.

2. *Payments.* Pursuant to RCW 48.43.795, issuers offering QHPs on the Exchange must accept payments for enrollee premiums as a condition of certification as a QHP offered on the Exchange.

3. *Plan Confirmation and Effectuation.* Issuers offering QHPs on the Exchange must comply with all requirements in the *2026 Guidance for Participation of Health Plans in the Washington Health Benefit Exchange* for confirming enrollments and effectuating coverage for eligible enrollees, including in the circumstance of an eligible enrollee or household with a zero-dollar monthly enrollee responsibility.

4. *Invoicing*. Pursuant to RCW 48.43.795, issuers must clearly communicate State Premium Assistance Amounts to enrollees as part of the invoicing and payment process by using the Cascade Care Savings name and must coordinate with the Exchange regarding how this information is presented in invoices.

5. *Compliance with Exchange Premium Sponsorship Program Policy*. The Exchange is administering the State Premium Assistance Program on behalf of the State of Washington. Issuers shall comply with all issuer requirements and responsibilities included in the *WAHBE Premium Sponsorship Program Policy*, including requirements related to premium refunds and Medical Loss Ratio (MLR) rebates. For purposes of issuers distributing MLR rebates on behalf of enrollees receiving State Premium Assistance, the pro rata portion of the MLR rebate based on the State Premium Assistance paid towards the enrollee's premium shall be distributed directly to the Exchange, on behalf of the State of Washington. If a customer is eligible for both federal subsidies and state subsidies, federal subsidies will be applied prior to the application of State Premium Assistance Amounts and any remaining net premium may be eligible for premium reduction through sponsorship programs.

6. *Compliance with Enrollee Grace Period Requirements*. Issuers shall apply a grace period of three consecutive months for an enrollee who, when failing to timely pay premiums, is receiving State Premium Assistance. For enrollees receiving APTC, federal grace period rules supersede state grace period rules. For enrollees not receiving APTC, state grace period rules apply and align with federal grace period rules under 45 CFR 156.270, including the requirements for issuers to:
    a. Notify the enrollee that they are delinquent on premium payment.
    b. Pay all appropriate claims for services rendered to the enrollee during the first month of the grace period and may pend claims for services rendered to the enrollee in the second and third months of the grace period.
    c. Continue to collect payments of the State Premium Assistance from the Exchange on behalf of the enrollee during the three-month grace period.
    d. In the event an enrollee exhausts the three-month grace period:
        i. Terminate the enrollee's enrollment through the Exchange on the last day of the first month of the grace period; and
        ii. Return payments of the State Premium Assistance to the Exchange for the second and third months of the grace period.

Section 9. Special Enrollment Period

1. *Special Enrollment Period*. Pursuant to the Exchange's Exceptional Circumstances Special Enrollment Period (SEP) Policy and authority granted to the Exchange under federal regulations (45 CFR § 155.420(d)(9)), individuals with income up to 250% FPL that are not enrolled in a Silver or Gold Cascade Care plan will be eligible for a monthly SEP.
    a. To be granted an SEP under this section, an individual must be a Washington state resident, meet all QHP eligibility requirements, have income up to 250% FPL, and not be currently enrolled in a Cascade Care Silver or Gold plan.
    b. An individual granted this SEP may only use the SEP to enroll in a Cascade Care Silver or Gold plan.
    c. An individual granted an SEP under this section may switch issuers or change plans within the same issuer.
    d. An individual granted an SEP under this section that changes plans and remains enrolled with the same issuer will not lose any cost accumulators accrued while in the previous plan.
    e. The Exchange will verify eligibility for this SEP. The issuer may not separately verify eligibility for this SEP.

2. *Effective date.* For a QHP selection by an individual under a special enrollment period under this section, coverage will be effective the first day of the month after plan selection.

Section 10. Premium Assistance Audit

1. The Exchange will annually contract with an independent Certified Public Accounting firm selected through a competitive procurement process to audit the financial statements of the Program.
2. The Exchange will distribute findings of the Program audit to the Exchange's Audit and Compliance Committee, the Exchange Board, organizations to whom the Exchange is required to submit a copy, and the Washington State Legislature.

Section 11. Contingency for Low Funds

1. *Tracking Available Funds*. Beginning in January 2023 and monthly thereafter, the Exchange will track total expected State Premium Assistance Program expenditures for the plan year. If, the Exchange determines that State Premium Assistance Program expenditures are at risk of exceeding available funds for the current plan year, newly eligible households not already receiving State Premium Assistance may not receive State Premium Assistance for the remainder of the

plan year or until funds are replenished. Eligible households may qualify for State Premium Assistance in the subsequent plan years, subject to available funds.

2. *Impact to Premium Assistance Eligibility.* Individuals and households who would otherwise be eligible for State Premium Assistance pursuant to Section 4 of this policybut for a determination that State Premium Assistance Program expenditures are at risk of exceeding the available funding level may be determined ineligible for State Premium Assistance as determined by the Exchange.
3. *Impact to Premium Assistance Recipients*. If it is determined at any time, based on projected State Premium Assistance distribution through the Program, that State Premium Assistance expenditures would be below available program funds, the monthly amount of State Premium Assistance any eligible household or eligible enrollee is currently receiving through the Program may be adjusted to increase recipients' State Premium Assistance Amounts to best utilize available appropriations subject to parameters established consistent with RCW 43.71.110 and in the Operating Budget.
4. *Impact to Returning Customers when Contingency for Low Funds is Activated*. Individuals and households already enrolled in a State Premium Assistance eligible plan and receiving State Premium Assistance will be auto-renewed during Open Enrollment into their same or a similar plan for the following plan year. These customers will receive a State Premium Assistance amount, subject to continued eligibility and the availability of program funding for the next plan year.