

Policy Level

Agency:

107 Health Care Authority on Behalf of the Health Benefit Exchange

Decision Package Code/Title:

PL-MA HBE Cascade Care Savings

Agency RecSum:

Costly health insurance premiums are a primary barrier to more Washingtonians being insured and accessing health care. The Washington Health Benefit Exchange (Exchange) requests continued funding for the state premium assistance program (Cascade Care Savings) for individuals up to 250% of the federal poverty level enrolling in health insurance through *Washington Healthplanfinder*. The state-funded premium assistance program, established by the Legislature in 2021 and launched in 2023, helps over 100,000 low-income Washingtonians lower their monthly premiums and access health insurance through the Exchange.

Fiscal detail:

Operating Expenditures	FY 2026	FY 2027	FY 2028	FY 2029
25M-1 Health Care Affordability Account	\$25,000,000	\$70,000,000	\$70,000,000	\$70,000,000
Total Expenditures	\$25,000,000	\$70,000,000	\$70,000,000	\$70,000,000
Biennial Totals	\$95,000,000		\$140,000,000	
Staffing	FY 2026	FY 2027	FY 2028	FY 2029
FTEs	0	0	0	0
Average Annual	0		0	
Object of Expenditure	FY 2026	FY 2027	FY 2028	FY 2029
Obj. C	\$25,000,000	\$70,000,000	\$70,000,000	\$70,000,000
Revenue	FY 2026	FY 2027	FY 2028	FY 2029
001-0393 GF-Federal	\$0	\$0	\$0	\$0
Total Revenue	\$0	\$0	\$0	\$0
Biennial Totals	\$0		\$0	

Package Description

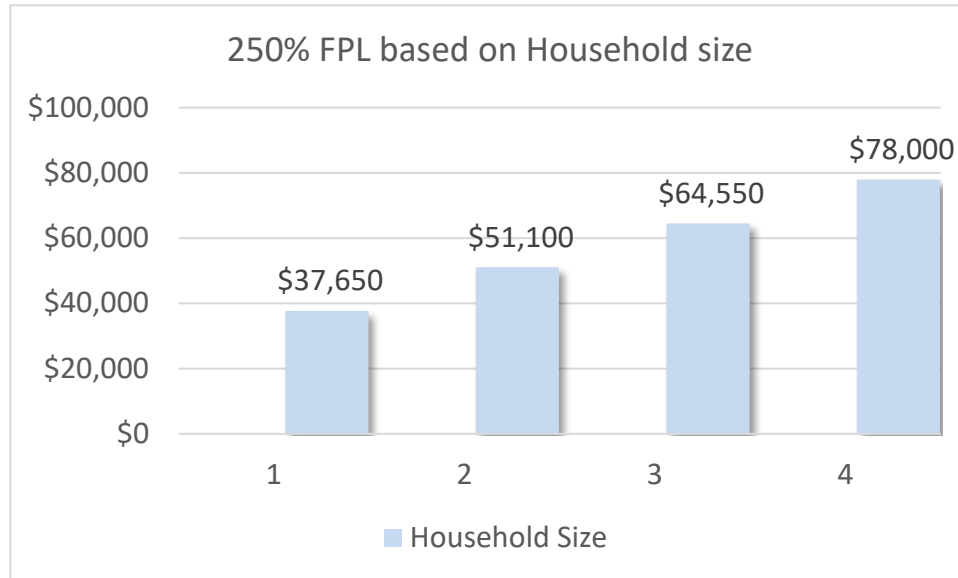
What is the problem, opportunity or priority you are addressing with the request?

In the 2021 session, the Legislature passed Senate Bill 5377, authorizing the Exchange to administer a state subsidized premium assistance program. This program, Cascade Care Savings (CCS), was designed by the Legislature to help the Exchange's lowest-income customers - those making up to 250% FPL who are not eligible for Washington Apple Health or Medicare, and who enroll in a silver

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or gold Cascade Care plan on the Exchange. The program maximally leverages available federal subsidies by requiring customers to apply for and take all available federal subsidies before state subsidies are provided.



While the Exchange was implementing Cascade Care Savings, the federal government temporarily expanded federal relief on premiums through the American Rescue Plan Act (ARPA). The Exchange was among the first in the country to make all the new premium savings under ARPA available to Exchange customers. The Exchange automatically applied the new ARPA savings to eligible current customers – so they could receive lower premiums without needing to take additional action. However, under current federal law, this ARPA premium assistance funding is set to expire in December 2025.

Exchange customer health insurance premiums have increased an average of 10% every year since 2022, making it challenging for the state premium subsidies to keep pace with health insurance costs. The affordability challenge is compounded for many in Washington who will lose federal ARPA savings combined with Cascade Care Savings reduction in ongoing funding beginning in fiscal year 2026. This additional pressure on Washington families will lead to an increase in uninsured Washington state.

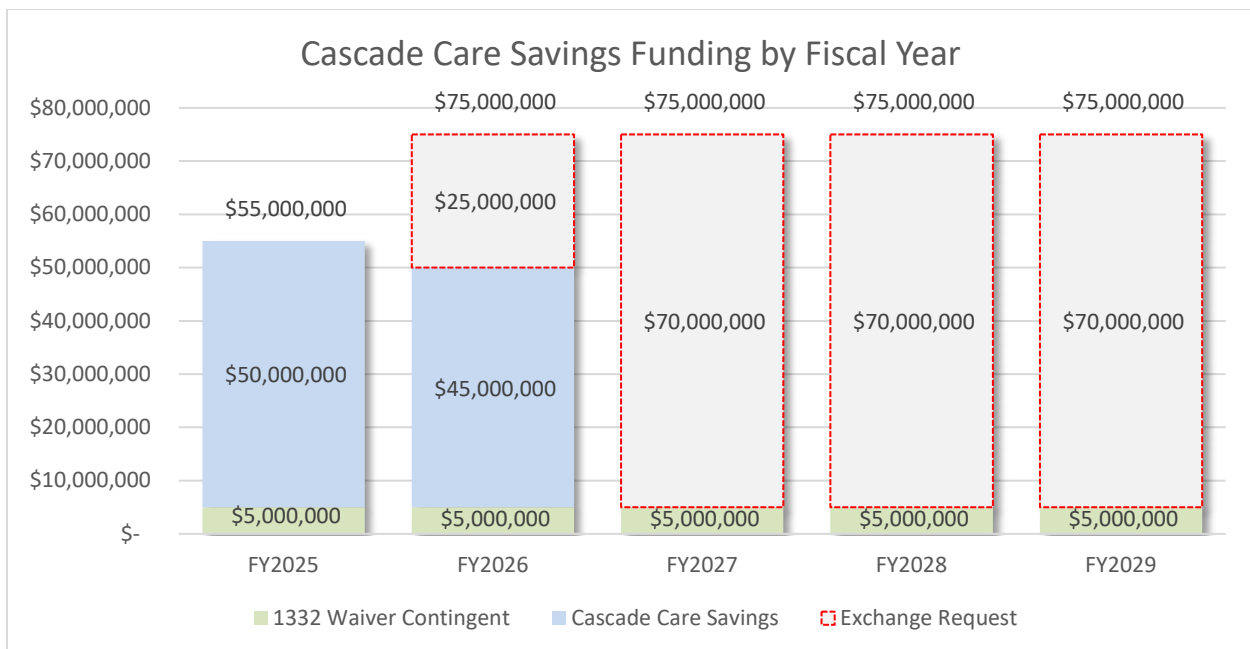
The state Health Care Affordability Account, from which premium assistance appropriations are made, has sufficient funding to sustain Cascade Care Savings through the 2025 calendar year. In order to continue to offer this benefit to low-income customers and create a predictable environment to most positively impact carrier plan design and pricing, appropriations above the carry forward level budget will be required in the 2025-27 biennium.

If state funding for Cascade Care Savings were allowed to expire, the state risks compounding the reduction in federal premium assistance, resulting in an increase in the uninsured population and a more volatile health insurance market, potentially negating many of the gains the state has made over the past few years.

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What is your proposal?

An increase in Cascade Care Savings will enable eligible customers to access more affordable health insurance. To help mitigate the end of the federal ARPA savings at the end of plan year 2025 and recognize the increase in premiums Washington families have experienced year over year, the Exchange proposes an increase in appropriation beginning in fiscal year 2026 to \$75 million per year. An increased appropriation and ongoing funding for the state premium assistance program lowers monthly premiums for Exchange customers who need premium assistance to obtain health insurance and stay covered.



Anticipated premium increases and reductions in federal premium tax credits highlight the importance of investing in the state premium assistance. Cascade Care Savings funding will prevent low-income consumers from dropping coverage when premiums become more expensive.

What are you purchasing and how does it solve the problem?

The Cascade Care Savings program significantly lowers prices for low-income Exchange customers. This allows individuals who would not otherwise be able to afford health insurance coverage to do so. A \$75 million annual appropriation is estimated to lower premiums for between 82,000 and 100,000 Exchange customers with incomes up to 250% FPL. More affordable premiums on the Exchange will help eligible Washingtonians obtain health insurance and get the care they need to stay healthy and well.

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State premium assistance is available to supplement customers who are eligible for federal premium tax credits as well as those who are not eligible for federal premium tax credits. Without state premium assistance, these customers must pay full premium amounts, which cost an average of over \$606.00 per member per month in fiscal year 2025. Bolstering the state premium assistance program is critical for all low-income customers on the Exchange and is key to advancing health equity in Washington state.

What alternatives did you explore and why was this option chosen?

An increased appropriation and ongoing funding for the state premium assistance program lowers monthly premiums for Exchange customers who need premium assistance to get health insurance and access care. Washingtonians who are insured are less likely to access hospital charity care and are more likely to maintain the levels of health necessary for employment.

The Exchange considered the following alternatives:

- Not funding the proposal.
 - Significant reduction or elimination of available subsidies in 2026, resulting in an immediate reduction in customers who access subsidies and reduced insurance enrollment which would increase the uninsured rate in Washington.
 - Elimination of state premium assistance program in 2027, once the current carry forward level is not sufficient to support the program.

- The state subsidy is a scalable program: a proposal that more substantially mitigates the expected reduction in federal premium tax credits.
 - Starting 2026, the state is expected to see a reduction of about \$250M annually in federal tax credits that currently reduce eligible Exchange customer premiums.
 - Assuming it is not feasible for Washington state to backfill this loss of federal funding, the Exchange considered an appropriation request of \$100M annually for the state premium assistance program. While Exchange enrollment losses would still be realized, the state premium assistance could support customers in lowering their net monthly premiums to more affordable rates. As with the \$75 million request, additional funding could further support stabilized health coverage for individuals and families churning on and off Apple Health and/or begin to extend some state assistance to those with slightly higher incomes.

- A proposal that maintains the \$55 million appropriation for state premium assistance from FY23-25 into the 2025-27 biennium.
 - An appropriation of \$55M annually would continue state assistance, but not keep pace with annual issuer premium increases and hasten loss of insurance enrollment over time for Washington consumers between 138 and 250% of the federal poverty level.

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What resources does the agency already have that are dedicated to this purpose?

Cascade Care Savings launched in plan year 2023, and has continued to be funded at \$55 million per year as below.

Carry Forward Level Appropriation by Proviso	2021-23 Biennium		2023-25 Biennium		2025-27 Biennium	
	FY2022	FY2023	FY2024	FY2025	FY2026 CFL	FY2027 CFL
Cascade Care Savings	\$ -	\$ 20,000,000	\$ 50,000,000	\$ 50,000,000	\$ 45,000,000	\$ -
1332 Waiver Contingent	\$ -	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000
Total	\$ -	\$ 25,000,000	\$ 55,000,000	\$ 55,000,000	\$ 50,000,000	\$ 5,000,000

How is your proposal impacting equity in the state?

Please describe in detail how this proposal is likely to benefit communities and populations who have historically been excluded by governmental decisions. Include both demographic and geographic information about communities.

The Cascade Care Savings program is a critical component of addressing income-related barriers that lead to disparities in health coverage. Recent experience implementing expanded federal subsidies during the pandemic demonstrated that making Exchange plans more affordable disproportionately helps Washington residents who are low-income, younger, and members of BIPOC communities.

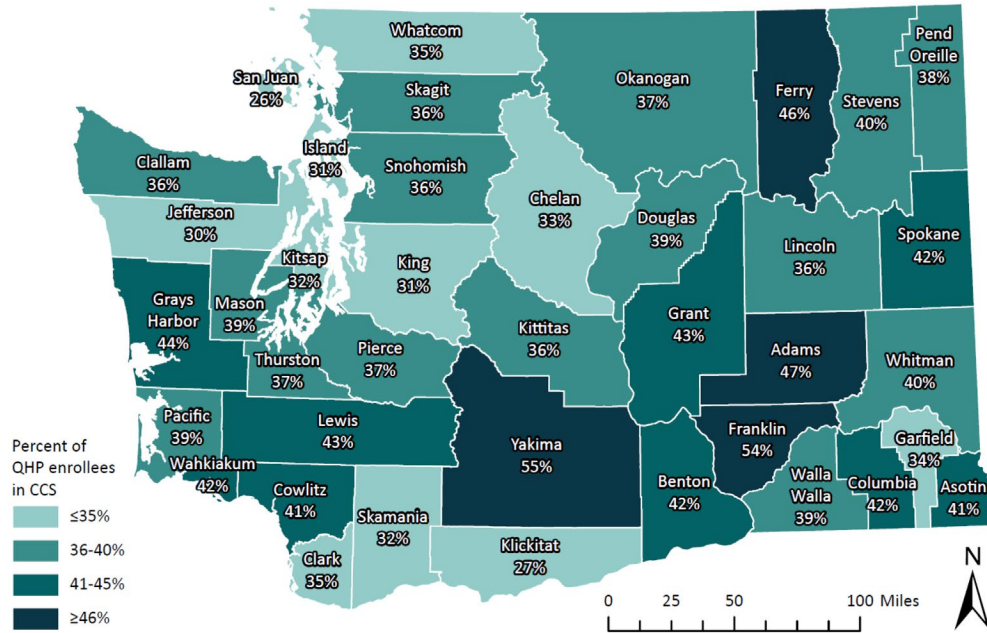
The Cascade Care Savings program is designed to benefit the lowest-income Exchange customers in the individual market. State subsidies are available only to those at or below 250% of the federal poverty level (FPL).

The state subsidy program plays a central role in making coverage affordable and accessible for individuals and families churning off Apple Health/Medicaid coverage. Low-income individuals who have previously benefited from no-cost Apple Health coverage struggle to transition to private health coverage. CCS enables them to access low or no-cost plans, greatly increasing the likelihood that they will stay covered.

This program is also a core component of making coverage more affordable for the customers eligible to purchase Exchange coverage under the approved federal Section 1332 waiver (the state subsidy is the only financial assistance the waiver population is eligible to receive). Without state premium assistance, customers who are not eligible for federal premium tax credits must pay full premium amounts, which cost an average of over \$606 per member per month in fiscal year 2025.

The figure below displays the percentage of Cascade Care Savings recipients by county compared to the total number of individuals enrolled in a Qualified health Plan in that county.

Percent of QHP enrollees who are Cascade Care Savings recipients



Describe how your agency engaged with communities and populations, particularly those who have been historically excluded and marginalized by governmental decisions?

The Exchange engages with underrepresented communities through a variety of ways. Advisory committees gather information from community members who are directly impacted by these programs. The Exchange uses this feedback to inform our programs and services to the community. Moreover, the Exchange conducts surveys and interviews with customers to better understand their experience accessing healthcare plans through Healthplanfinder. This engagement with the community helps us understand the importance of continuing programs such as Cascade Care Savings that subsidize healthcare plans for some of the most marginalized communities in our state. The Exchange continues to engage our community to assess the effectiveness of these programs through a Cascade Care Stakeholder Workgroup.

The Cascade Care Stakeholder Workgroup represents a broad spectrum of perspectives for development and implementation of a state premium subsidy program and standard health plans, required as part of Cascade Care in the Exchange. The workgroup discusses concerns and questions, policy considerations, and provides feedback on the development and implementation of the program. This group advised the Exchange during 2019 and 2020 on development and implementation of standard plans for 2021, and provided feedback incorporated into a subsidy study that was reported to the Washington State Legislature in November 2020. The workgroup provides ongoing help to further inform implementation of a state subsidy program.

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What input did your agency receive and how was it incorporated into your proposal?

Throughout the Exchange’s continued engagement with the community, we have learned the importance of providing subsidies for health insurance plans. These subsidies have helped close to 100,000 Washingtonians access healthcare as they help with cost reduction for the individuals and families that qualify.

Explain why and how these equity impacts will be addressed, i.e., consider communities or populations excluded or disproportionately impacted by the proposal

Launched in 2023, Cascade Care Savings, the state-funded premium subsidy, currently helps over 100,000 low-income Exchange customers lower their premiums and access coverage through the Exchange. With state premium subsidies, customers who also receive federal tax credits pay an average monthly net premium of about \$50. Customers who are not eligible for federal tax credits and are only eligible for state premium assistance pay an average monthly net premium of about \$200.

Individual market customers are Washingtonians who are not eligible for Medicaid and Medicare and do not receive health insurance through their employer.

Assumptions and Calculations

Expansion or alteration of a current program or service

This request expands annual funding from \$55 million per year to \$75 million per year.

As we approach the 2025-27 biennium, the Exchange’s carry forward level budget for Cascade Care Savings is \$50 million in fiscal year 2026, with ongoing funding of \$5 million beginning in fiscal year 2027.

Detailed assumptions and calculations

The Exchange requests \$95 million in the 2025-27 biennium with ongoing additional funding of \$140 million beginning in the 2027-29 biennium to support the state’s premium assistance program, Cascade Care Savings.

Objects		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
A	Salaries & Wages	-	-	-	-	-	-
B	Employee Benefits	-	-	-	-	-	-
C	Personal Serv Contr	25,000,000	70,000,000	70,000,000	70,000,000	70,000,000	70,000,000
E	Goods and Services	-	-	-	-	-	-
G	Travel	-	-	-	-	-	-
Total		25,000,000	70,000,000	70,000,000	70,000,000	70,000,000	70,000,000

Assumptions:

- \$75M annual appropriation
- Expiration of federal ARPA savings January 1, 2026

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- Annual rate increases relative to 2025 initial rates filed with OIC
- Available for customers up to 250% FPL

	PY 2026 (FY26-27)	PY 2027 (FY27-28)
Projected customers <250% FPL enrolled on Exchange	128,213	126,842
Customers utilizing state premium assistance		
Customers eligible for federal premium tax credits	75,268	75,251
Customers not eligible for federal premium tax credits	7,808	6,922
Total	83,076	82,173
Average monthly net premiums:		
Customers eligible for federal premium tax credits	\$176	\$182
Customers not-eligible for federal premium tax credits	\$184	\$230

Historical Funding

Cascade Care Savings launched in plan year 2023, and has continued to be funded at \$55 million per year as below.

Carry Forward Level Appropriation by Proviso	2021-23 Biennium		2023-25 Biennium		2025-27 Biennium	
	FY2022	FY2023	FY2024	FY2025	FY2026 CFL	FY2027 CFL
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1332 Waiver Contingent	\$ -	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000
Total	\$ -	\$ 25,000,000	\$ 55,000,000	\$ 55,000,000	\$ 50,000,000	\$ 5,000,000

FY2026

- FTE = 0
- Total Funds = \$50 million
- Near General Fund = \$50 million
- Other Funds = \$0

FY2027

- FTE = 0
- Total Funds = \$5 million
- Near General Fund = \$5 million
- Other Funds = \$0

Workforce assumptions

No new staffing needs are associated with this request.

Strategic and Performance Outcomes

Strategic framework

This request aligns with the mission of the Exchange, and current state efforts to reduce the

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uninsured rate and make affordable, high-quality coverage available to all Washingtonians.

This proposal directly relates to Results Washington’s Healthy and Safe Communities goal, notably by increasing access to affordable health care and decreasing the rate of uninsured in Washington. The funding requested in this package will address this goal by connecting residents who would otherwise face an affordability barrier to insurance coverage.

This request also supports Goal 4 (Healthy and safe communities) of the Governor’s Results Washington initiative as it strives to “foster the health of Washingtonians from a healthy start to safe and supported future.”

Performance outcomes

Continue to provide individuals with incomes up to 250% FPL to obtain more affordable premiums on the Exchange. Currently over 104,000 individuals receive premium assistance.

Other supporting materials

Copies of the APD have been previously provided to HCA, OFM, the House and Senate.

Other Collateral Connections

Intergovernmental

Not applicable with this request.

Legal or administrative mandates

Not applicable with this request.

Changes from current law

Not applicable with this request.

State workforce impacts

Not applicable with this request.

State facilities impacts

Not applicable with this request.

Puget Sound recovery

Not applicable with this request.

Other supporting materials

Copies of the APD have been provided to HCA, OFM, the House and Senate.

Information technology (IT)

ABS will pose the question below for *each* DP. If the answer is yes, you will be prompted to attach an IT addendum. (See Chapter 10 of the budget instructions for additional requirements.)

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Information Technology

Does this DP include funding for any IT-related costs, including hardware, software (including cloud-based services), contracts or IT staff?

No

Yes

Please download the [IT-addendum](#) and follow the directions on the bottom of the addendum to meet requirements for OCIO review. After completing the IT addendum, please upload the document to continue.