

Policy Level

Agency:

107 Health Care Authority on Behalf of the Health Benefit Exchange

Decision Package Code/Title:

PL-H0 HBE Cascade Care Savings

Agency RecSum:

The Washington Health Benefit Exchange (Exchange) requests increased 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*.

Fiscal detail:

Operating Expenditures	FY 2026	FY 2027	FY 2028	FY 2029
25M-1 Health Care Affordability Account	\$0	\$65,000,000	\$130,000,000	\$130,000,000
Total Expenditures	\$0	\$65,000,000	\$130,000,000	\$130,000,000
Biennial Totals	\$65,000,000		\$260,000,000	
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	\$0	\$65,000,000	\$130,000,000	\$130,000,000
Revenue	FY 2026	FY 2027	FY 2028	FY 2029
001-C GF-Federal	\$0	\$0	\$0	\$0
Total Revenue	\$0	\$0	\$0	\$0
Biennial Totals	\$0		\$0	

Package Description

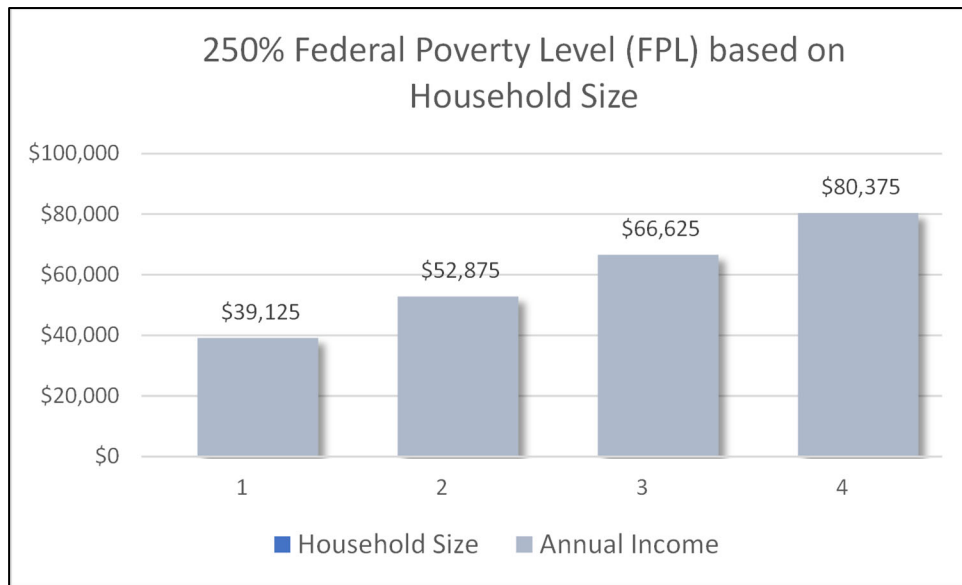
What is the problem, opportunity or priority you are addressing with the request?

The state-funded premium assistance program, Cascade Care Savings, established by the Legislature in 2021 and launched in 2023, helps nearly 100,000 low-income Washingtonians lower their monthly premiums and access health insurance through the Exchange today. It is an important program for mitigating Exchange enrollment loss amid federal changes. The Cascade Care Savings program, however, is funded only through December 31, 2025.

For additional information contact:

Nicholas Aaseby, Associate Director of Strategic Budget Planning
360-688-1574 nicholas.aaseby@wahbexchange.org

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 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.



[detailed-guidelines-2025.pdf](#)

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 enhanced premium tax credits to eligible current customers – so they could receive lower premiums without needing to take additional action. However, under current federal law, enhanced premium tax credits are set to expire in December 2025.

Starting in 2026 and expanding in 2027, federal laws will make it harder for Medicaid and Exchange enrollees to get and stay enrolled amid increasing premiums and health care costs. A large number of customers who currently receive insurance subsidies to access coverage will no longer be eligible for federal savings. In 2027, this includes about 25,000 lawfully present immigrants currently enrolled in Exchange no longer eligible for APTC, lawfully present immigrants no longer eligible for Medicaid who are eligible for Exchange coverage without APTC, and Medicaid expansion adults no longer eligible for Medicaid because of work requirements who are eligible for Exchange coverage without APTC.

The state Health Care Affordability Account, from which premium assistance appropriations are made, has funding to sustain Cascade Care Savings through the 2026 calendar year. In order to

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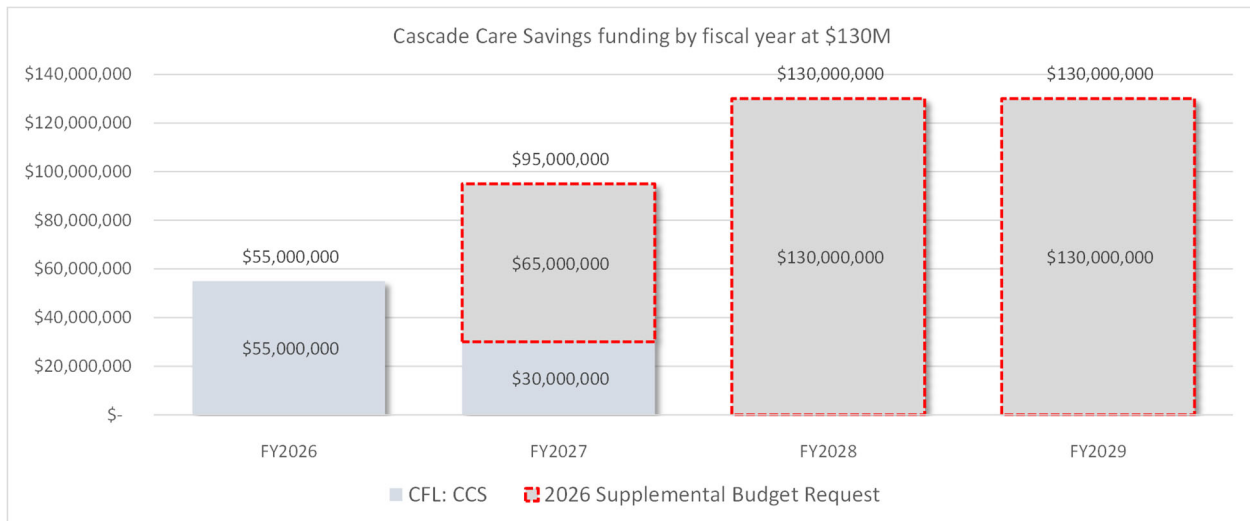
continue to offer this benefit to low-income customers and create some affordable pathways to insurance coverage amid federal changes, appropriations will be required in the 2027 fiscal year and beyond.

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.

What is your proposal?

An increase in Cascade Care Savings will enable eligible customers to access more affordable health insurance. The Exchange proposes an increase in appropriation beginning in plan year 2027 to \$130 million per year to help stabilize customer net premiums for those who are losing federal tax credits and are in need assistance to obtain health insurance and remain covered. The proposal mitigates the impact of federal changes including expiration of extended premium tax credits, as well as impacts from HR1 and Marketplace Integrity Rule.

Federal changes highlight the increasing importance and impact of investing in state premium assistance. Cascade Care Savings funding at this level will prevent an estimated ~18,000 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 lowers prices for low-income Exchange customers. This allows individuals who would not otherwise be able to afford health insurance coverage to do so. More affordable premiums on the Exchange will help some eligible Washingtonians maintain health insurance and get the care they need to stay healthy and well.

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

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 360-688-1574 nicholas.aaseby@wahbexchange.org

premium assistance, these customers must pay full premium amounts, which cost an average of about \$600 per member per month (pmpm) in 2025. These premiums are increasing for 2026 and are likely to do so again in 2027 and beyond. 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?

With significant enrollment losses estimated as a result of federal changes, state premium assistance is an important mitigation to help low-income and non-federally subsidized Exchange enrollees stay covered. As federal premium subsidies are less available to Exchange customers and as carriers increase premiums, state premium assistance cannot stretch as far. A large driver of change to the Exchange and the state premium assistance program in 2027 is the significant increase in eligible non-federally subsidized Exchange customers due to federal policy changes to subsidized insurance coverage. The proposed option helps mitigate federal policy changes, and support customers who need premium assistance to overcome otherwise insurmountable affordability barriers.

In plan year 2025, the average net premium for federally subsidized customers is ~\$65 pmpm and the average net premium for non-federally subsidized customers is ~\$282 pmpm.

For 2026, the Exchange looked at multiple scenarios to support the continued demand for Cascade Care Savings, resulting in three proposed options for requesting funding:

1. Maintain current CCS level of funding:

- Maintain funding for the state premium assistance program to provide some support for customers despite significant premium increases.
 - Annual Cost: remains \$55 million per plan year
 - average net premium for federally subsidized customers increases to ~\$162 pmpm
 - average net premium for non-federally subsidized customers increases to ~\$366 pmpm

2. Keep Pace with Inflation:

- Fund the state premium assistance program at a level that keeps pace with historical annual average premium increases.
 - Annual Cost: \$95 million per plan year
 - average net premium for federally subsidized customers increases to ~\$118 pmpm
 - average net premium for non-federally subsidized customers is ~\$177 pmpm This reflects a substantial increase for those customers currently eligible for federal tax credits who will no longer be eligible under federal policy changes.

3. WAHBE Requested Funding:

- Further mitigate impact of federal changes to reduce net premiums and affordability for those most at risk of losing coverage.
 - Annual Cost: \$130 million per year

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- Average net premium for federally subsidized customers is ~\$112 per pmpm
- Average net premium for non-federally subsidized customers is ~\$110 pmpm This reflects a lesser, but still significant increase for those customers currently eligible for federal tax credits who will no longer be eligible under federal policy changes.

	\$55M	\$95M	\$130M
<i>Alternatives Explored</i>	<p>Maintenance Funding</p> <p>Maintain funding for the state premium assistance program to provide some support for customers despite significant premium increases.</p>	<p>Keep Pace with Inflation</p> <p>Fund the state premium assistance program at a level that keeps pace with historical annual average premium increases.</p>	<p>WAHBE Requested Funding : Keep Customers Stable</p> <p>To mitigate federal changes, use state premium assistance to help stabilize customer net premiums for those who need assistance to obtain health insurance and stay covered.</p>
<i>Average Net Premium – Federally Subsidized Customers</i>	\$162	\$118	\$112
<i>Average Net Premium – Non-Federally Subsidized Customers</i>	\$366	\$177	\$110
<i>Total Exchange Enrollment</i>	212,363	220,527	230,371

To fully offset the premium impacts of federal changes with state premium assistance is estimated to cost more than \$220 million per plan year.

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 through plan year 2026, for a biennial appropriation of \$\$85 million in the 2025-27 biennium.

6 month Break Down	Cascade Care Savings	1332 Waiver	By Fiscal Year	
July - Dec 2022	\$ -	\$ 5,000,000	FY2023	\$ 25,000,000
Jan - June 2023	\$ 20,000,000			
July - Dec 2023	\$ 25,000,000	\$ 5,000,000	FY2024	\$ 55,000,000
Jan - June 2024	\$ 25,000,000			
July - Dec 2024	\$ 25,000,000	\$ 5,000,000	FY2025	\$ 70,000,000
Jan - June 2025	\$ 40,000,000			
July - Dec 2025	\$ 25,000,000	\$ 5,000,000	FY2026	\$ 55,000,000
Jan - June 2026	\$ 25,000,000			
July - Dec 2026	\$ 25,000,000	\$ 5,000,000	FY2027	\$ 30,000,000
Jan - June 2027	\$ -			
July - Dec 2027	\$ -	\$ -	FY2028	\$ -
Jan - June 2028	\$ -			
July - Dec 2028	\$ -	\$ -	FY2029	\$ -
Jan - June 2029	\$ -			

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).

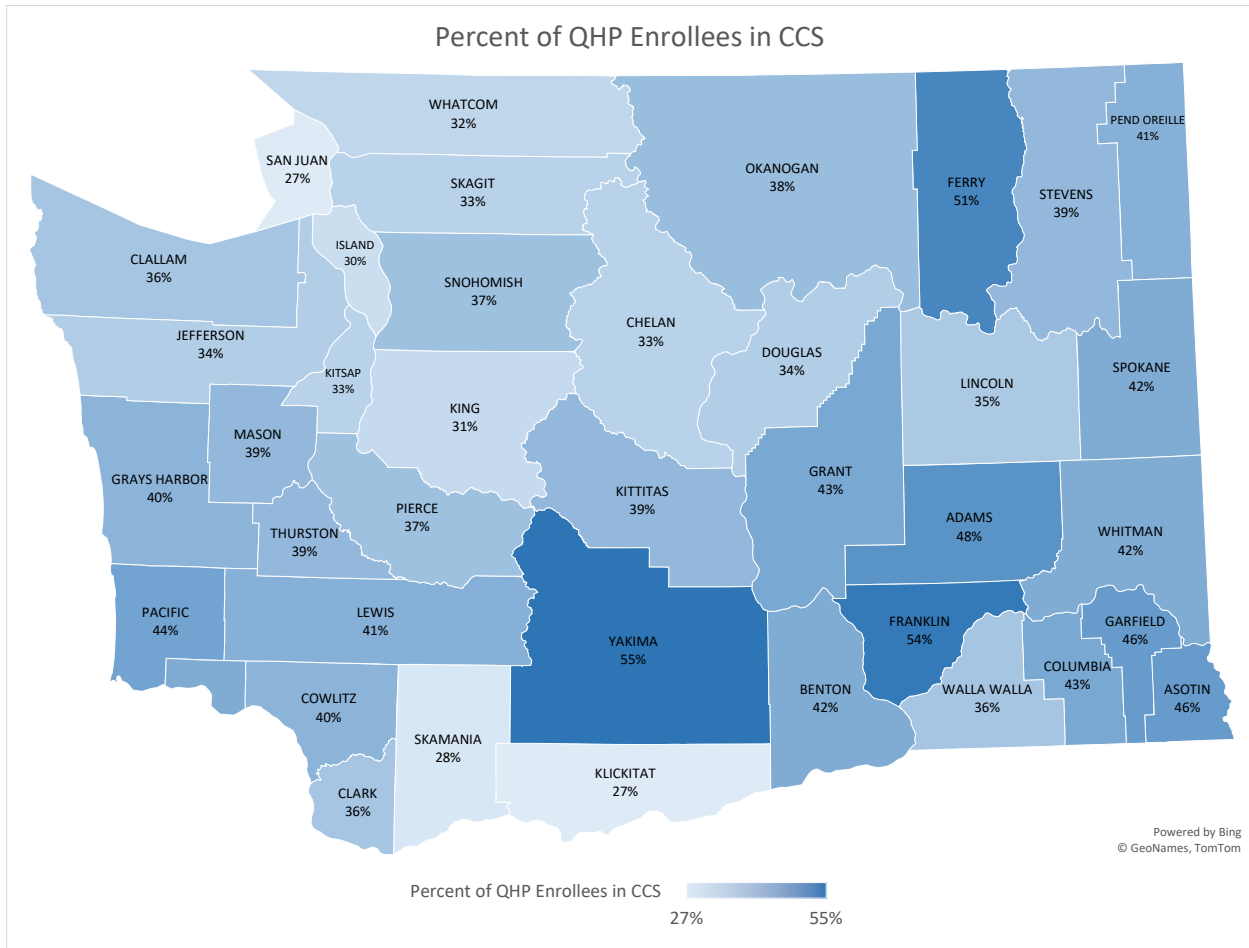
The state subsidy program plays a central role in making coverage affordable and accessible for individuals and families churning off Apple Health/Medicaid coverage. Low-income individuals who have previously benefited from no-cost Apple Health coverage struggle to transition to private health coverage. 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 who are not eligible for federal tax credits, including immigrant populations who are not lawfully present currently covered under the approved federal Section 1332 waiver and lawfully present immigrant populations losing federal subsidies starting PY 2026 and increasingly into PY 2027. Without state premium assistance, customers who are not eligible for federal premium tax credits must pay full premium amounts.

For additional information contact:

Nicholas Aaseby, Associate Director of Strategic Budget Planning
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The figure below displays the percentage of Cascade Care Savings recipients by county as a proportion of the total number of individuals enrolled in a Qualified health Plan in that county. Cascade Care Savings saw strong growth in 2025, with continued heavy enrollment in eastern Washington. On average, 39% of enrollees received Cascade Care Savings. The four counties with the highest percent of enrollees in Cascade Care Savings are all east of the Cascades — Yakima, Franklin, Ferry and Adams.



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.

For additional information contact:
 Nicholas Aaseby, Associate Director of Strategic Budget Planning
 360-688-1574 nicholas.aaseby@wahbexchange.org

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.

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 nearly 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 \$65. 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 \$280.

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 for the Health Benefit Exchange's premium assistance program known as Cascade Care Savings from \$55 million per year to \$130 million per year.

Detailed assumptions and calculations

The Exchange requests \$65 million in the 2025-27 biennium with ongoing biennial funding of \$230 million beginning in the 2027-29 biennium to support the state's premium assistance program, Cascade Care Savings.

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Objects		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
A	Salaries & Wages	-	-	-	-	-	-
B	Employee Benefits	-	-	-	-	-	-
C	Personal Serv Contr	-	65,000,000	130,000,000	130,000,000	130,000,000	130,000,000
E	Goods and Services	-	-	-	-	-	-
G	Travel	-	-	-	-	-	-
Total		-	65,000,000	130,000,000	130,000,000	130,000,000	130,000,000

Assumptions:

- \$130M annual appropriation
- Expiration of federal enhanced premium tax credits January 1, 2026
- OIC rule directing carriers to apply a uniform silver load
- H.R. 1 and Marketplace Integrity Rule as finalized
- Annual rate increases relative to 2026 initial rates filed with OIC
- Available for customers up to 250% FPL

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	2021-23 Biennium		2023-25 Biennium		2025-27 Biennium		2027-29 Biennium	
	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029
Cascade Care Savings	\$ -	\$20,000,000	\$50,000,000	\$65,000,000	\$50,000,000	\$25,000,000	\$ -	\$ -
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	\$70,000,000	\$55,000,000	\$30,000,000	\$ -	\$ -

FY2026

- FTE = 0
- Total Funds = \$55million
- Near General Fund = \$55 million
- Other Funds = \$0

FY2027

- FTE = 0
- Total Funds = \$30 million
- Near General Fund = \$30 million
- Other Funds = \$0

Workforce assumptions

No new staffing needs are associated with this request.

Strategic and Performance Outcomes

Strategic framework

For additional information contact:

Nicholas Aaseby, Associate Director of Strategic Budget Planning
360-688-1574 nicholas.aaseby@wahbexchange.org

This request aligns with the mission of the Exchange, and current state efforts to reduce the 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 nearly 100,000 individuals receive premium assistance.

Other supporting materials

None.

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

Not applicable with this request.

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.)

For additional information contact:

Nicholas Aaseby, Associate Director of Strategic Budget Planning
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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.