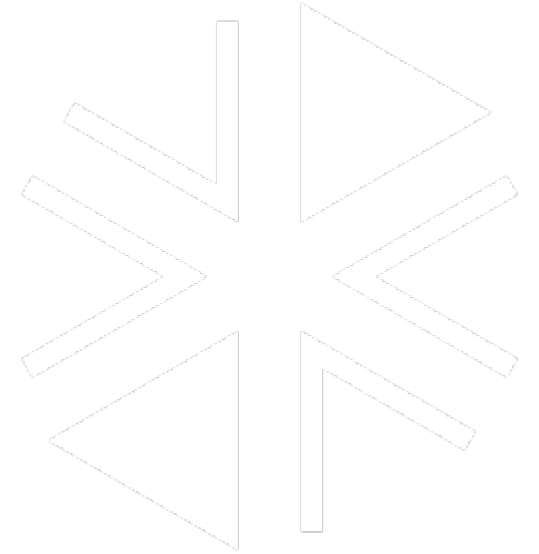




# Cascade Care Workgroup

July 16, 2024



# Cascade Care Workgroup - Agenda

Time	Topic	Facilitator
1:00	<b>Welcome and Introductions</b>	Laura Kate Zaichkin, Director of Market Competition & Affordability (she/her)
1:05	<b>Market Affordability Approaches</b> <ul style="list-style-type: none"><li>Affordability landscape:<ul style="list-style-type: none"><li>Preview of 2025 Exchange market &amp; rates</li><li>State priorities</li></ul></li><li>Your input requested: Given the state landscape and range of options to address health costs, where should the Exchange focus Cascade Care levers to move the needle on affordability?</li></ul>	Kristin Villas, Senior Policy Analyst (she/her) Laura Kate Zaichkin
2:05	<b>2026 Cascade Care Plan Design Updates</b>	Kristin Villas
2:25	<b>Next Steps</b>	Laura Kate Zaichkin

# Affordability Approaches

Landscape & Workgroup Discussion

# Cascade Care

Cascade Care makes health insurance accessible and affordable for every *Washington Healthplanfinder* customer.



- 
-  **Lower premiums**
  -  **Higher quality benefits**
  -  **Lower copays**
  -  **Easier plan shopping**
  -  **Available in all counties**
  -  **Extra savings for those who qualify**

# Today's Discussion

- ▶ Affordability landscape review
  - ▶ 2025 proposed Exchange rates
  - ▶ State priorities and focus areas
- ▶ Your guidance requested:
  - ▶ Given the state landscape and range of options to address health costs, where should the Exchange focus its Cascade Care levers to move the needle on affordability?

# 2025 Proposed Rates

Impacts on Affordability in Cascade Care Plans

# Third Consecutive Year of Rate Increases Over 9%

*11% Market Wide Average Rate Increase*

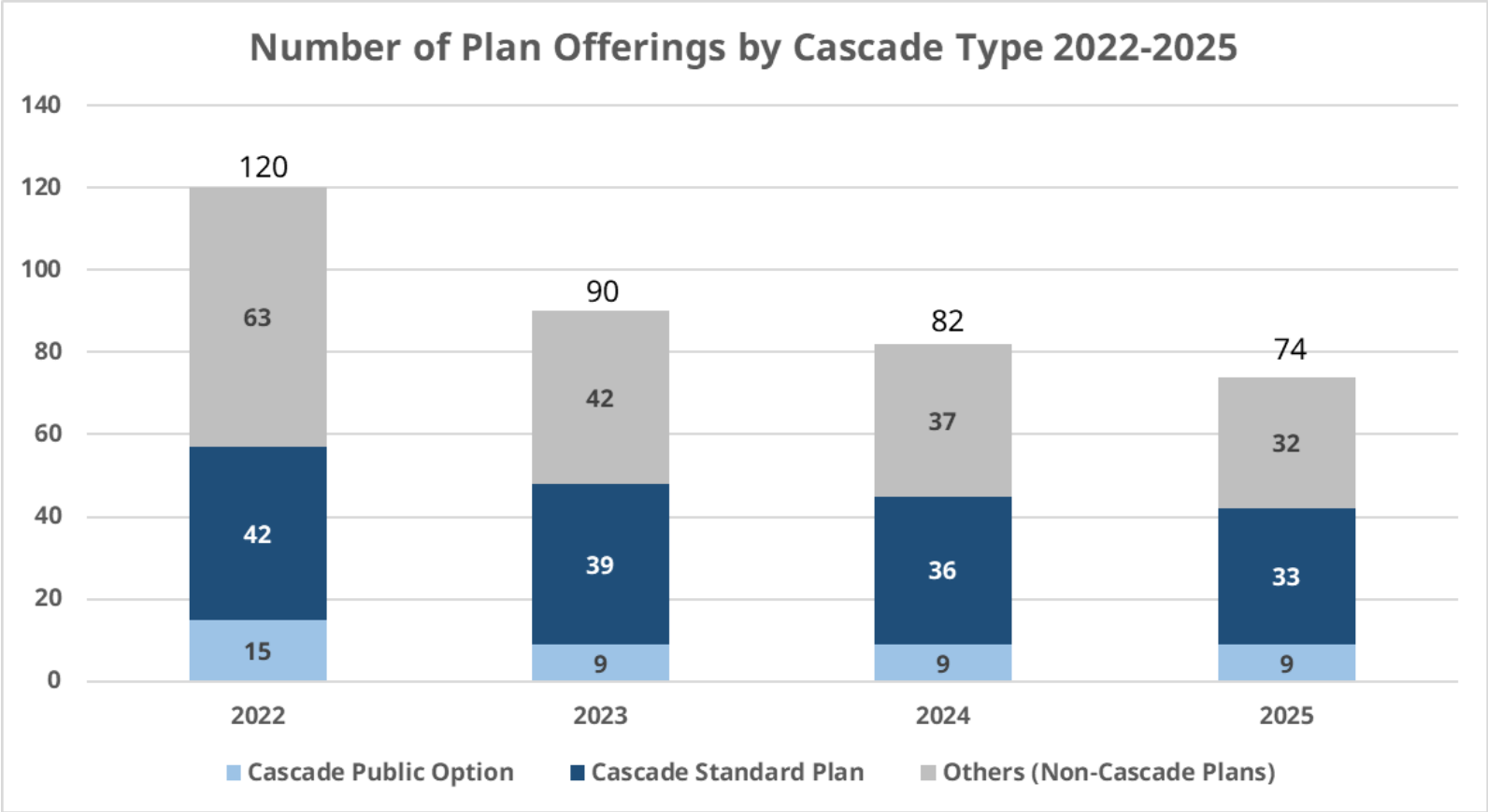
Carrier	Proposed Average % Increase*
UnitedHealthCare OR	24%
Regence WA	23%
BridgeSpan	20%
Premera	15%
Regence OR	15%
Coordinated Care	12%
Molina	8%
Kaiser WA	7%
LifeWise	8%
Kaiser NW	6%
CHPW	5%
<b>Market Average</b>	<b>11%</b>

- Nearly half of customers in renewing plans have proposed rate increases over 10%
- 2025 WA State Cost Growth target is 3%

\*Weighted for Enrollment

# Number of Proposed Plan Offerings Largely Unchanged

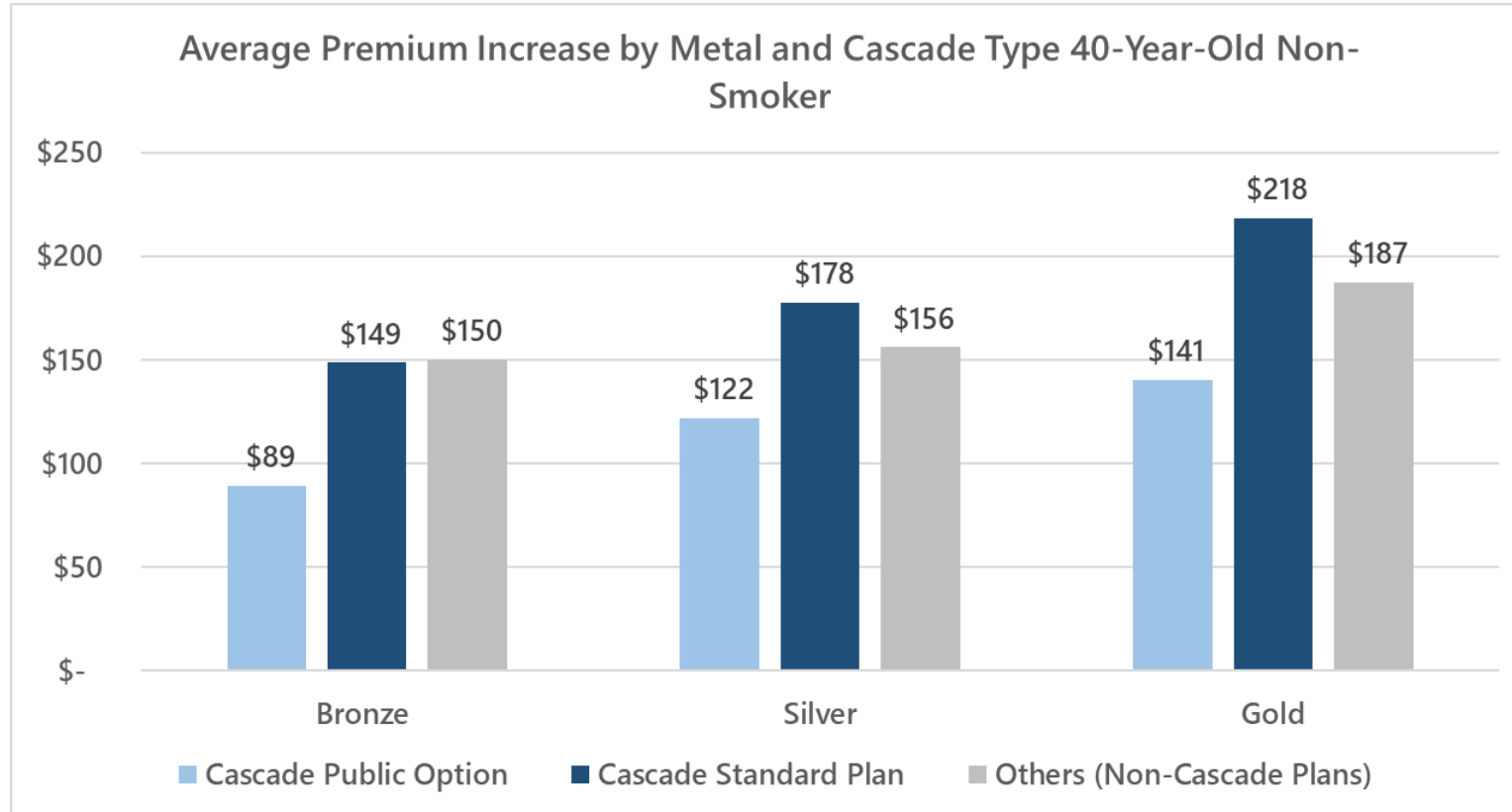
*Exception is Exit of PacificSource*



- Statewide coverage with 2-9 carriers in each county
  - 38 of 39 counties have three or more carriers
- Carriers responding to growing enrollment in standard plans
  - Consistency in number of non-standards
- Most non-standard plans at bronze level

# All Plan Types and Metals Have Significant Proposed Rate Increases

*Public Option Plans Have Lowest Average Rate Increases*

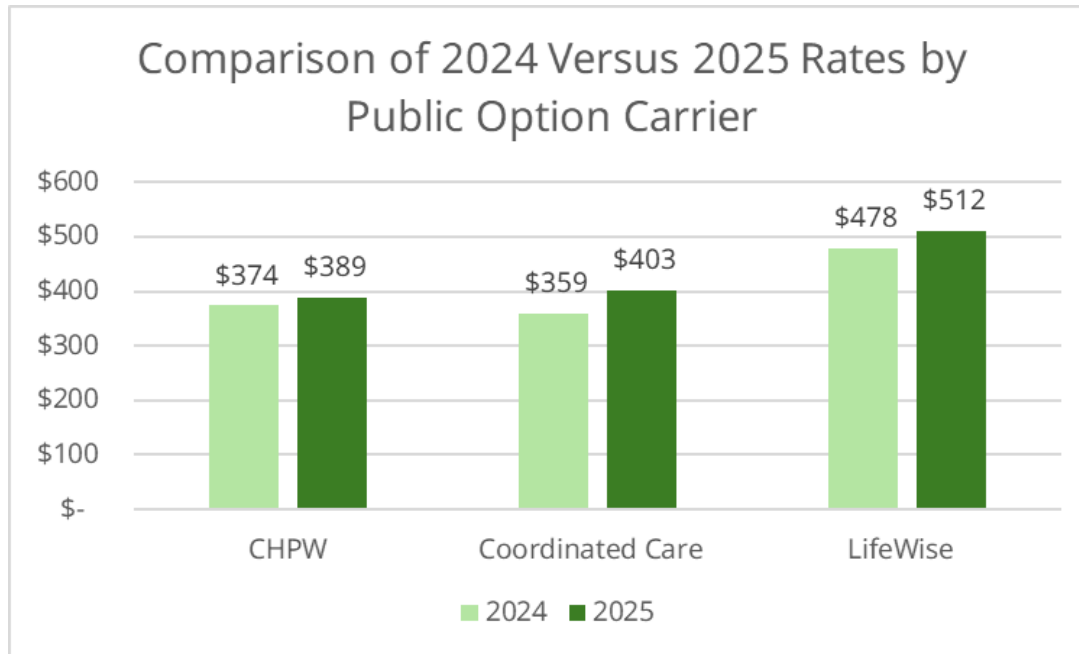


Plan Type	Rate Increase %
Cascade Public Option	7.6%
Cascade Standard Plan	12.6%
Others (non-Cascade)	12.6%

\*Proposed rates are for 40-year-old non-smoker not weighted for enrollment, without subsidies

# Public Option Proposed in all 39 Counties

*Not All Expansions Serve Customer Affordability*



- ▶ Coordinated Care proposes expanding to Grays Harbor; CHPW proposes expanding to Lincoln
  - ▶ Lowest-cost silver plans, but does represent premium increases over 2024
- ▶ LifeWise proposes expanding to Grays Harbor and Lincoln
  - ▶ \$125 more than lowest-cost silver in Grays Harbor; \$75 more than lowest-cost silver in Lincoln

# Value Proposition of Proposed Public Option Plans Varies



Public Option Issuer	Proposed Rate Increase (%)	Key Facts
CHPW	4%	Lowest-cost silver plan in 14 counties; meaningfully lower premium (10% lower) in 8 counties
Coordinated Care	12%	Lowest-cost silver plan in 17 counties; 30% rate increase in 2 counties
LifeWise	7%	In 21 counties (only proposed public option in 6); not proposing lowest-cost silver premium in any county

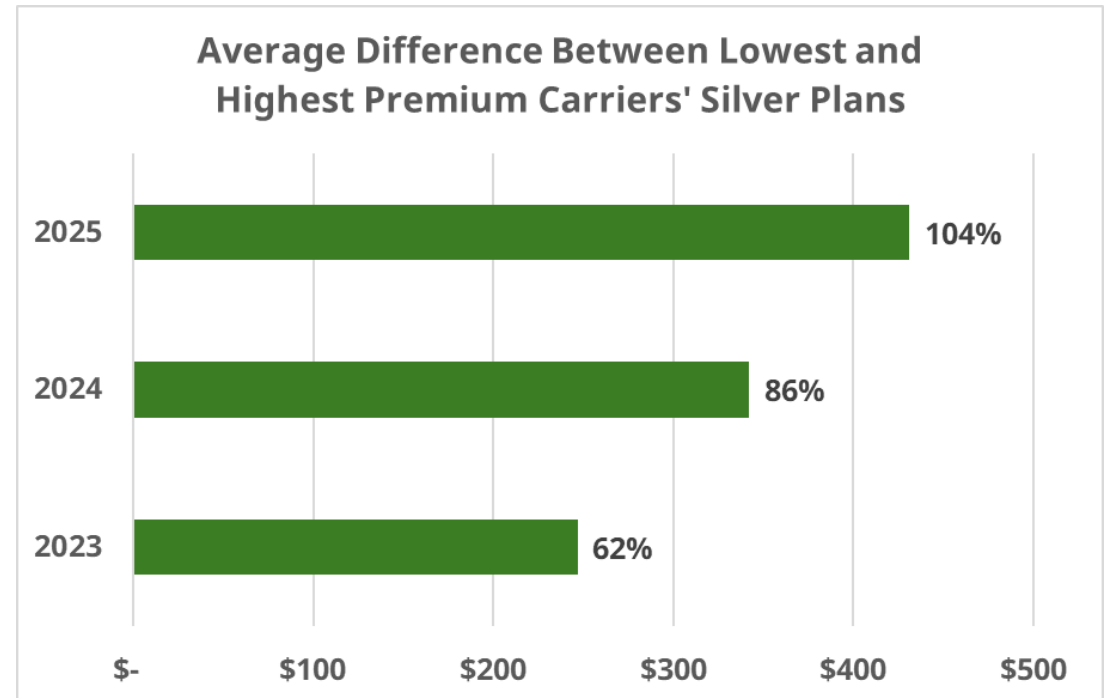
\*Rates are for 40-year-old Non-Smoker not weighted for enrollment

# Gap Widening Between Lowest and Highest Cost Plans

*Tax credits not keeping up with many carrier premium increases*

- Three plans setting tax credit across 39 counties
  - Premium of benchmark plan up ~\$25/month
- Most expensive plan over 100% more than least expensive on average in proposed 2025 rates
- APTC and Cascade Care Savings cannot close the gap for enrollees in high-premium plans

More Information: About how federal tax credits are calculated in the [appendix](#)

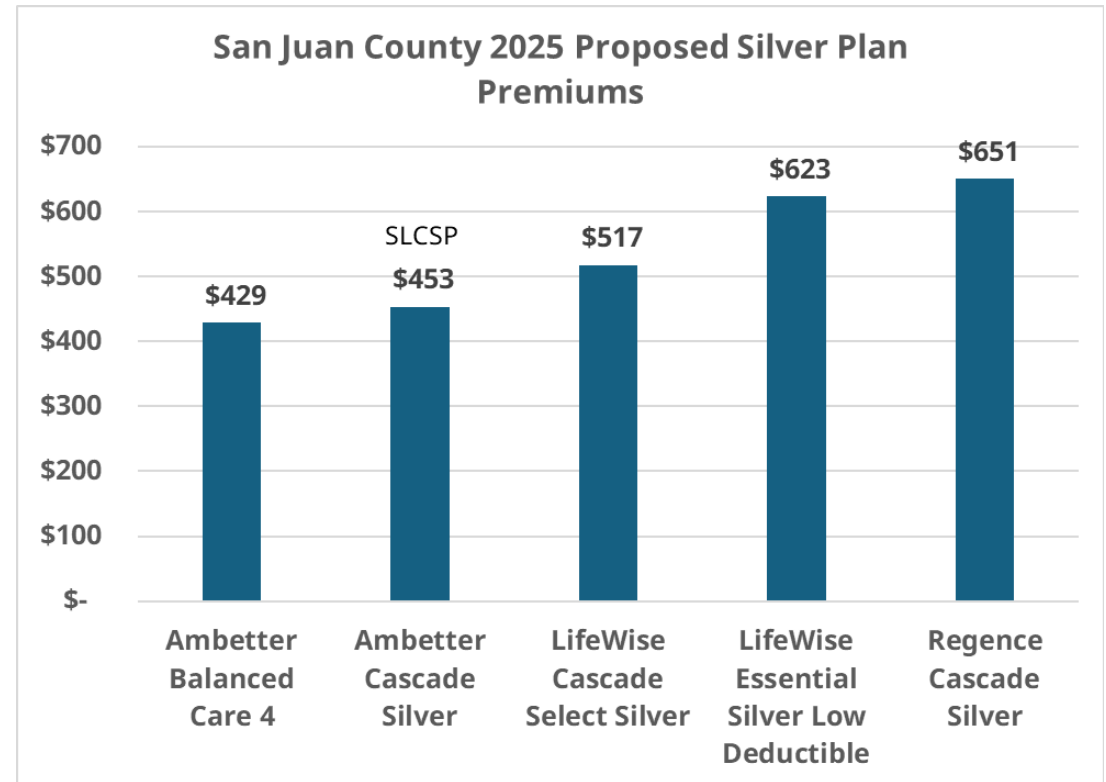


\*Average rates are for 40-year-old non-smoker not weighted for enrollment

# Impacts of Coordinated Care Proposed Statewide Expansion

## *Competitive Premiums Driving Subsidy Benchmarks*

- ▶ Positions Coordinated Care plans as the most affordable options in many counties
  - ▶ Sets benchmark for Cascade Care Savings in 23 counties
  - ▶ Sets benchmark for federal tax credit in 29 counties, dramatic decrease (\$80-\$110) in some counties
- ▶ More competitive premiums than public option in counties where Coordinated Care expands but does not offer public option



\*Proposed rates are for a 40-year-old Non-Smoker, without subsidies

# Affordability Landscape

Statewide Activities

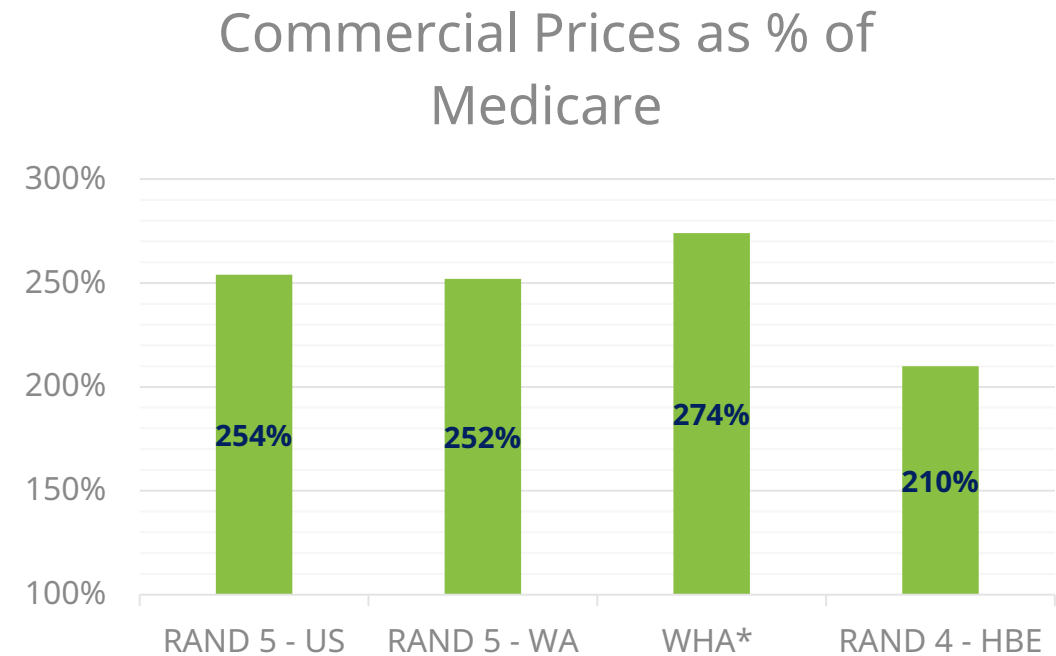
# Exchange Affordability Action Plan

- ▶ Partner on **price transparency & value**
- ▶ Maintain & maximize state and federal **subsidies**
- ▶ **Cascade Care** – a primary affordability initiative
- ▶ Leverage Exchange **authority**



# Partner on Price Transparency & Value

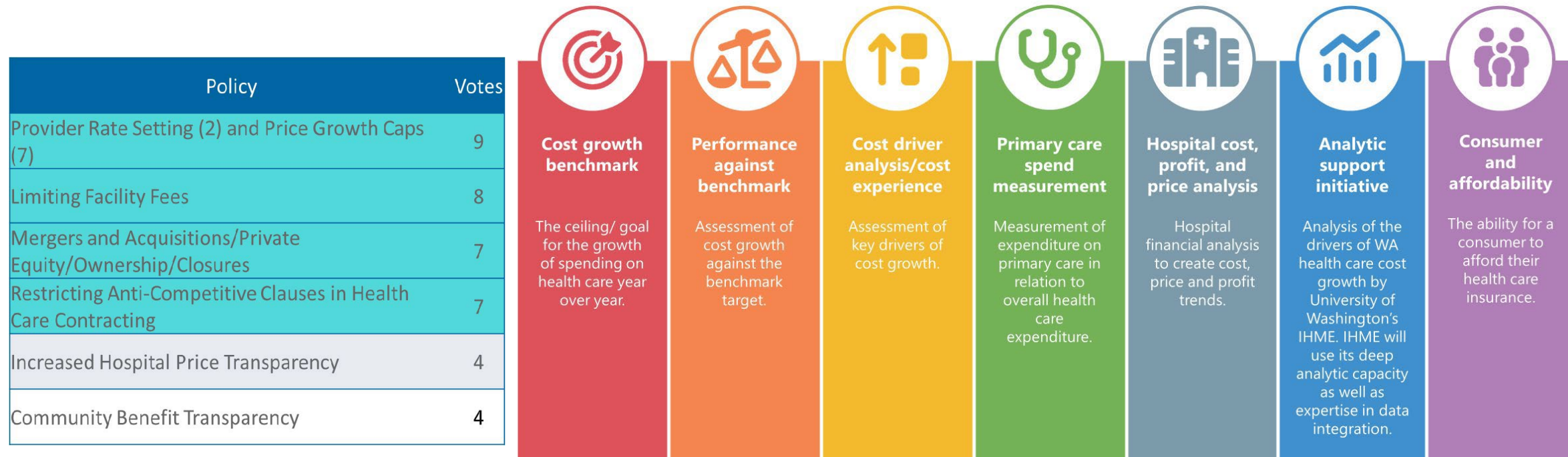
- ▶ Hospital price transparency reports released
- ▶ Washington's commercially insured consumers pay hospitals over two and a half times what Medicare pays
  - ▶ Washington Health Alliance
  - ▶ RAND 5.0 hospital price report



Source: Washington Health Alliance "[Statewide Hospital Price Level Variation](#) Acute and Critical Hospital Rate  
Source: RAND [Hospital Price Transparency Study Round 5](#) | RAND

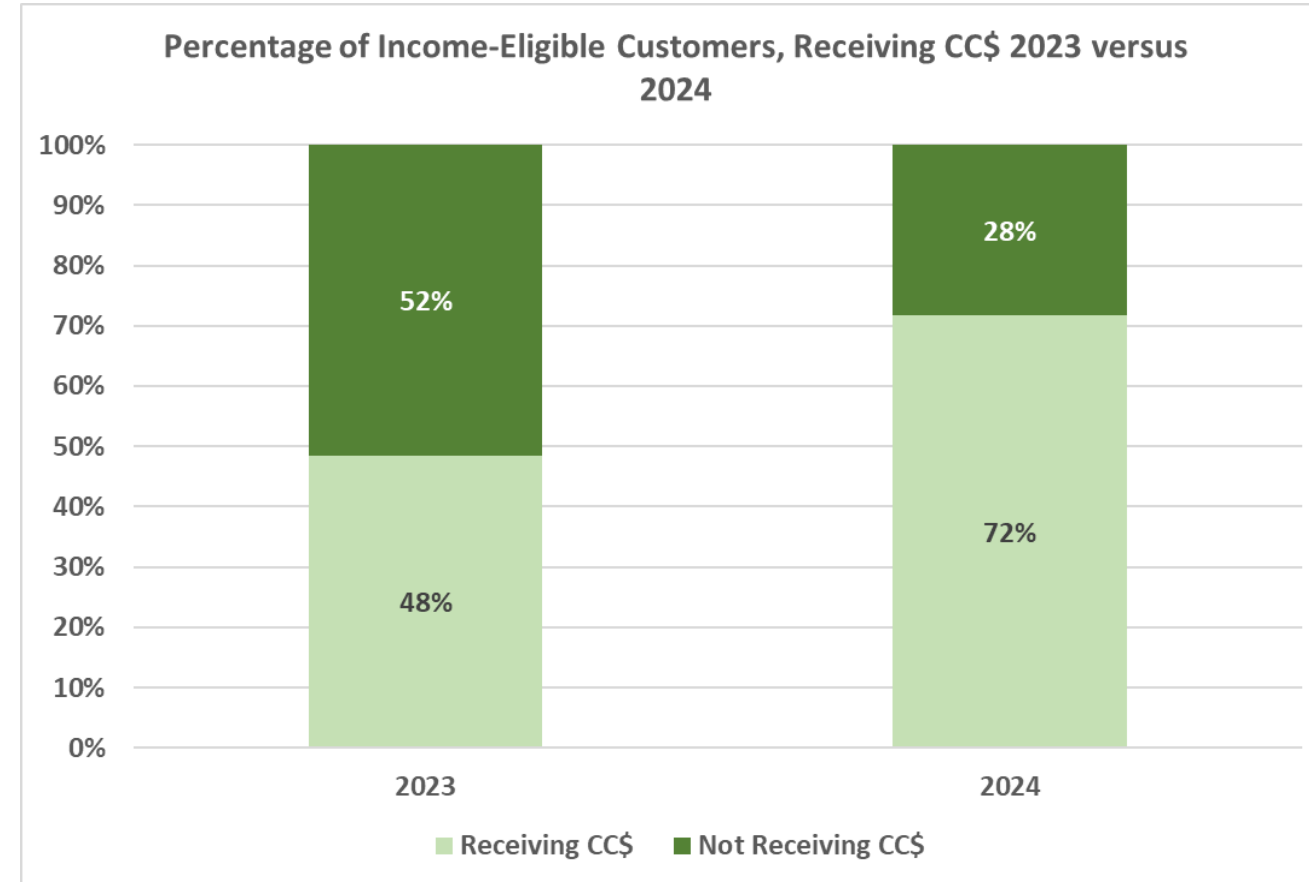
# Partner on Price Transparency & Value

## ► State Cost Board Priorities



# Maintain & Maximize State & Federal Subsidies

- ▶ Cascade Care Savings helping nearly 90,000 Exchange customers lower their monthly premiums.
  - ▶ More than 37,000 customers pay \$10 or less in monthly premium
- ▶ Legislature allocates funding to the state healthcare affordability account for state premium subsidies
  - ▶ \$55M annually for 2023-2025 plan years
  - ▶ Exchange must request new funding appropriation for 2026-2027



# Maintain & Maximize State & Federal Subsidies

## Summing it Up: Loss of ARPA Enhanced Subsidies

~55K

Projected enrollment decrease

~\$250M

Projected decrease in APTC

Impact will be different by:



Age



Income



Location

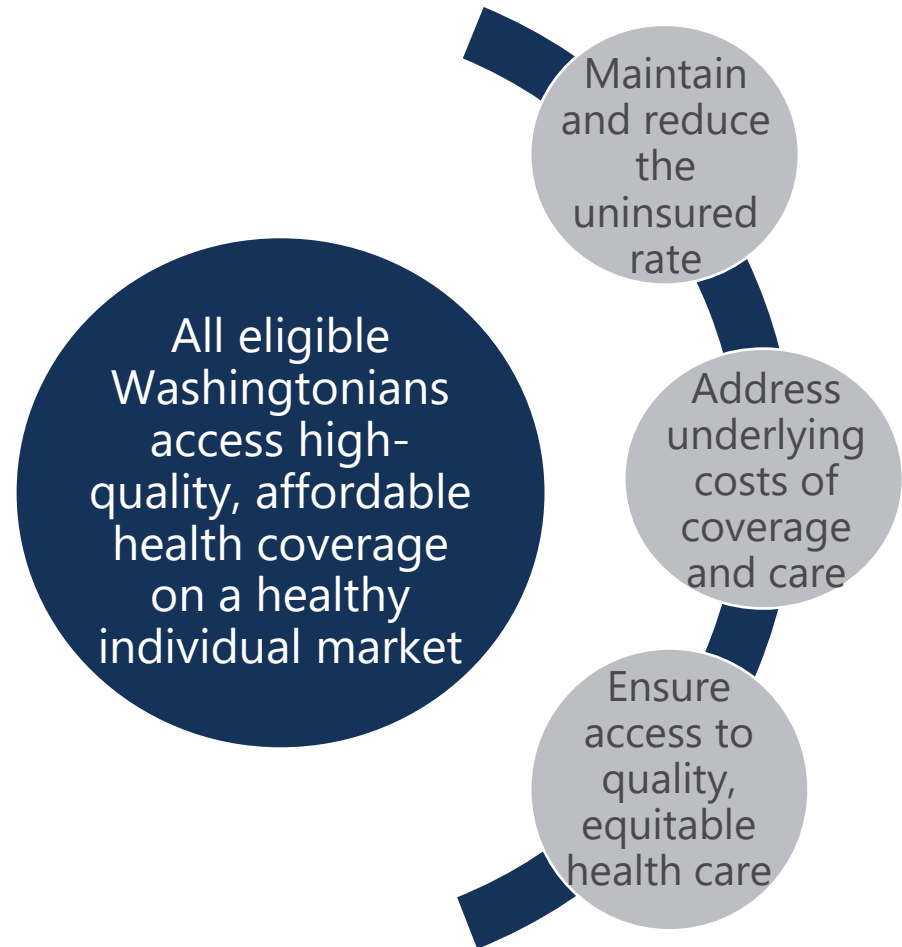


Race/  
Ethnicity

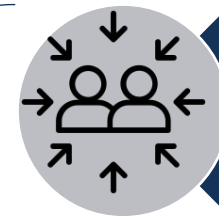
- ▶ Exploring policy options to mitigate the impact
  - ▶ Cascade Care Savings policy changes
  - ▶ Marketplace innovations that generate federal 1332 waiver pass-through savings
  - ▶ Alternatives to current silver loading
  - ▶ Enrollment retention solutions

# Cascade Care: Primary Exchange Affordability Effort

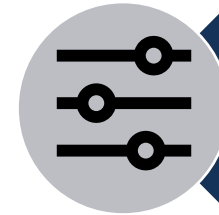
## 2027 Vision & Strategies



## 2023-2027 Core Action Opportunities



Strengthen Exchange participation requirements



Require that plans are meaningfully different to minimize choice overload



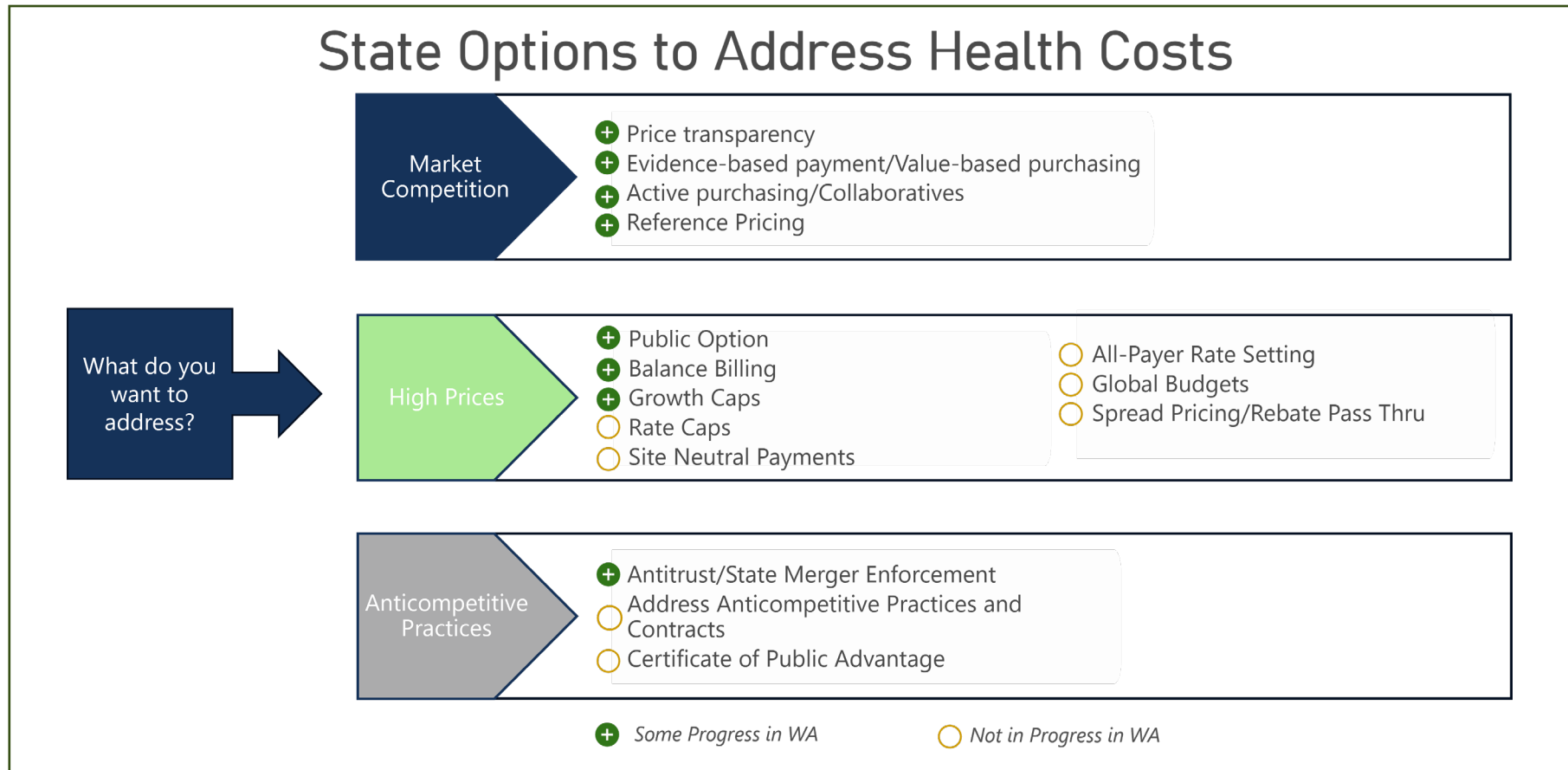
Cascade Care plans have higher requirements to deliver value



Address underlying costs through public option

# Workgroup Discussion

Where should the Exchange Board focus its influence and authority to move the needle on affordability? How could this be advanced through Cascade Care?



Alignment with Cascade Care:

1. Standardizing the market
2. State subsidy approach & policy
3. Marketplace innovations to lower premiums

# Questions, Discussion, Next Steps

Positioning Cascade  
Care priorities for 2025  
and beyond



# 2026 Cascade Care Plans

Plan Design Updates

# Today's Discussion

- ▶ Recap: Cascade Care plan design background and prior discussions
- ▶ Review updates and next steps



# Cascade Care Plan Design Background

## Exchange Standard Plan Program

- ▶ Have designed five years of standard plans
- ▶ Essential, high value services at co-pay before deductible in all metal levels (primary care, mental/behavioral health, urgent care, generic Rx)

## Standard Plan Guiding Principles

- ▶ Lower deductibles and access to services before the deductible.
- ▶ Prioritize copays where possible to provide predictability for consumers when seeking services.
- ▶ Limit premium impacts.
- ▶ Maximize tax credits with silver plan design.

# Environment for 2026 Standard Plan Design

- ▶ Benefit changes
  - ▶ New state cost-sharing limits (e.g., inhalers)
  - ▶ New state Essential Health Benefits (EHB)
- ▶ Customer affordability challenges
  - ▶ Expiration of enhanced federal subsidies in 2026
  - ▶ Uncertainty regarding state subsidy funding
  - ▶ Changes in authorizing and regulatory environments
- ▶ AV calculator timing and limitations
  - ▶ AV requires benefit tradeoffs
  - ▶ We must estimate 2026 AV when developing plans

# Recap of 2026 Plan Design Discussions

- ▶ April: revisited foundational standard plan decisions
- ▶ May: focused on the market environment in which standard plans exist (e.g., pricing and shopping display order and tools)
- ▶ June: discussed priorities of approaches to model and research
  - ▶ Minimal Changes
  - ▶ More Value-Based Insurance Design Features
  - ▶ Standardizing New Essential Health Benefits
  - ▶ Formulary Standardization
  - ▶ Plan and Benefit Template Standardization
  - ▶ Address Facility Fees

# Workgroup Feedback on Focus Areas for 2026 Standard Plans

Direction of PY 2026 plan design based on feedback to date

- ▶ Understanding facility fee trends and exploring strategies to limit their impact on customers a top priority
- ▶ Carrier desire for standardization of new WA Essential Health Benefits, especially hearing aids
- ▶ Alignment that standardizing the Plan and Benefit Templates (PBT) would help eliminate confusion and promote consistency

# Workgroup Feedback on Focus Areas for 2026 Standard Plans (continued)

- ▶ Each option to research formulary differences is valuable to understanding possibilities for standardization
  - ▶ Should start with analyzing the public formulary template
- ▶ Recommend modeling a lower overall primary care copay for VBID expansion and aligning with state and national efforts (e.g., HCA, CMS)

# Approach 1: Make Minimal Changes

- ▶ Issue: More uncertainty in authorizing environment that will impact affordability in 2026

## Updates:

- ▶ Preliminary data suggests MOOP increases will allow other cost shares to remain stable
- ▶ Modeling based on estimated 2026 AVC available for August workgroup

Shaded Items are not Subject to Deductible.

\* Per day copay, maximum of five copays per stay

\*\* Per day copay

\*\*\* Eligible for two visits at \$1 copay, after which stated cost-sharing applies.

Benefits	2025 Standard Gold	2025 Standard Silver	2025 Standard Bronze
<b>Deductible and Out-of-Pocket Maximum</b>			
Medical/Pharmacy Integrated Deductible	Yes	Yes	Yes
Medical (or Integrated, if Applicable)/Pharmacy Deductibles (\$)	\$600	\$2,500	\$6,000
Medical/Pharmacy Integrated MOOP	Yes	Yes	Yes
Medical/Pharmacy Integrated MOOP (\$)	\$7,000	\$9,200	\$9,200
<b>Office Visits</b>			
Preventive Care/Screening/Immunization	\$0	\$0	\$0
Primary Care Visit to Treat an Injury or Illness (exc. Preventive, and X-rays)	\$15	\$30***	\$50***
Specialist Visit	\$40	\$65	\$100
Mental/Behavioral Health and Substance Use Disorder Outpatient Services-Office	\$15	\$30***	\$50***
<b>Emergency/Urgent Care Services</b>			
Emergency Care Services	\$450	\$800	40%
Urgent Care	\$35	\$65	\$100
Ambulance	\$375	\$375	40%
<b>Outpatient Services</b>			
Outpatient Facility Fee (e.g., Ambulatory Surgery Center)	\$350	\$600	40%
Outpatient Surgery Physician/Surgical Services	\$75	\$200	40%
Mental/Behavioral Health and Substance Use Disorder Outpatient Services - Other	\$15	\$30	40%
<b>Outpatient Diagnostic Tests</b>			
Laboratory Outpatient and Professional Services	\$20	\$40	40%
X-rays and Diagnostic Imaging	\$30	\$65	40%
Advanced Imaging (CT/PET Scans, MRIs)	\$300	30%	40%
<b>Inpatient Services</b>			
All Inpatient Hospital Services (inc. MH/SUD, Maternity)	\$525*	\$800*	40%
Skilled Nursing Facility	\$350**	\$800**	40%
<b>Pharmacy</b>			
Generics	\$10	\$25	\$32
Preferred Brand Drugs	\$60	\$75	40%
Non-Preferred Brand Drugs	\$100	\$250	40%
Specialty Drugs (i.e. high-cost)	\$100	\$250	40%
<b>All Other Benefits</b>			
Speech Therapy	\$25	\$40	40%
Occupational and Physical Therapy	\$25	\$40	40%
Durable Medical Equipment (DME)	20%	30%	40%
Home Health	\$15**	\$30**	\$50**
Hospice	\$15**	\$30**	\$50**
All Other Benefits	20%	30%	40%
Final 2025 AV	81.39%	70.75%	63.64%

# Approach 2: Additional Value-Based Insurance Design Features

- ▶ Issue: Customers still struggle to pay for core services like primary care, mental health, and prescription drugs
- ▶ Updates: Options to reduce primary care copays:
  - ▶ Likely can reduce copays in most metal levels for 2026 designs given expected allowable increases in MOOP
  - ▶ Lowering bronze (from \$50 to \$40), silver (from \$30 to \$20), and gold (from \$15 to \$10) will likely require increasing MOOP by \$100-\$300 (in addition to increases needed to account for trend moving to 2026 plan year)
- ▶ August workgroup: Acumen to model lowering copayments with and without keeping \$1 upfront visits

# Approach 3: Standardizing New WA Essential Health Benefits (EHBs)

- ▶ Issue: Decide if we should standardize cost sharing for new EHBs and what categories benefits fall under

Updates:

- ▶ Artificial insemination likely under infertility benefit
  - ▶ Should we standardize this cost share?
- ▶ Likely insufficient claims to model donor milk
- ▶ August workgroup: Acumen to model hearing aids as DME cost share (e.g., coinsurance)



# Approach 4: Formulary Standardization

- ▶ Issue: Variation in customer cost sharing for drugs as carrier decides tier placement
  - ▶ Generic drugs not always placed in generic drug tier

## Updates:

- ▶ Longer term analyses planned to understand differences in carrier formularies and enrollee impact
  - ▶ Summary statistics on:
    - ▶ Overall formulary coverage and the share of all covered drugs classified into each tier
    - ▶ Formulary coverage and tier for common drugs and/or drugs associated with the treatment of specific conditions
  - ▶ Expected out-of-pocket costs for typical treatment for specific conditions

# Option 5: Plan and Benefit Template (PBT) Standardization

- ▶ Issue: Carriers map benefits differently to cost sharing categories resulting in different charges for same service
- ▶ Prenatal and Postnatal Care Example
  - ▶ Carriers filed either benefit as no charge, primary office visit copay, or inpatient hospital fee in 2024
  - ▶ Per OIC instruction, carriers all filed as no charge
  - ▶ Primary difference Acumen found using CMS Plan and Benefits comparison tool
- ▶ August workgroup: Acumen to use different approach to identify PBT differences
  - ▶ Ask workgroup which identified differences to prioritize for standardization

# Approach 6: Facility Fees

- ▶ Issue: Customers anticipate only paying cost sharing for the service (e.g., office visit) and receive a second bill for facility fee
- ▶ Examples of services where Exchange customers were charged a facility fee
  - ▶ Injections (e.g., allergy shots), physical therapy, x-rays, labs
- ▶ August workgroup: Acumen will use EDGE 2021 data to identify
  - ▶ Frequency and cost for facility fees
  - ▶ Types of services to which they typically apply
  - ▶ Will model options where facility fee has either lower copay or set at coinsurance

# 2026 Cascade Care Plan Design Next Steps

- ▶ August workgroup will include modeling draft 2026 designs including:
  - ▶ Lowering primary care and mental health copays
  - ▶ Hearing aids at DME cost share
  - ▶ Facility fee cost sharing
  - ▶ PBT comparison findings



# Cascade Care Next Steps

## Summary and Look Forward

- **Cascade Care Plan Design**
  - Workgroup will review draft 2026 plan design options at August meeting
  - Fall public comment period on draft 2026 plan designs
  - Exchange Board approves 2026 plan designs in December
- **Public Option**
  - HCA conducting plan year 2025 renewal with current carriers; expectations focused on statewide availability and competitive premiums.
- **Cascade Care Savings**
  - Methodology and approach informing maximum subsidy amounts available to customers in plan year 2025 will be released for public comment this month; discussed with Workgroup at August meeting.

Next meeting: 1 p.m. August 13

# Appendix

- Cascade Care Workgroup Roster
- Additional 2025 initial rates analysis
- Affordability backgrounder

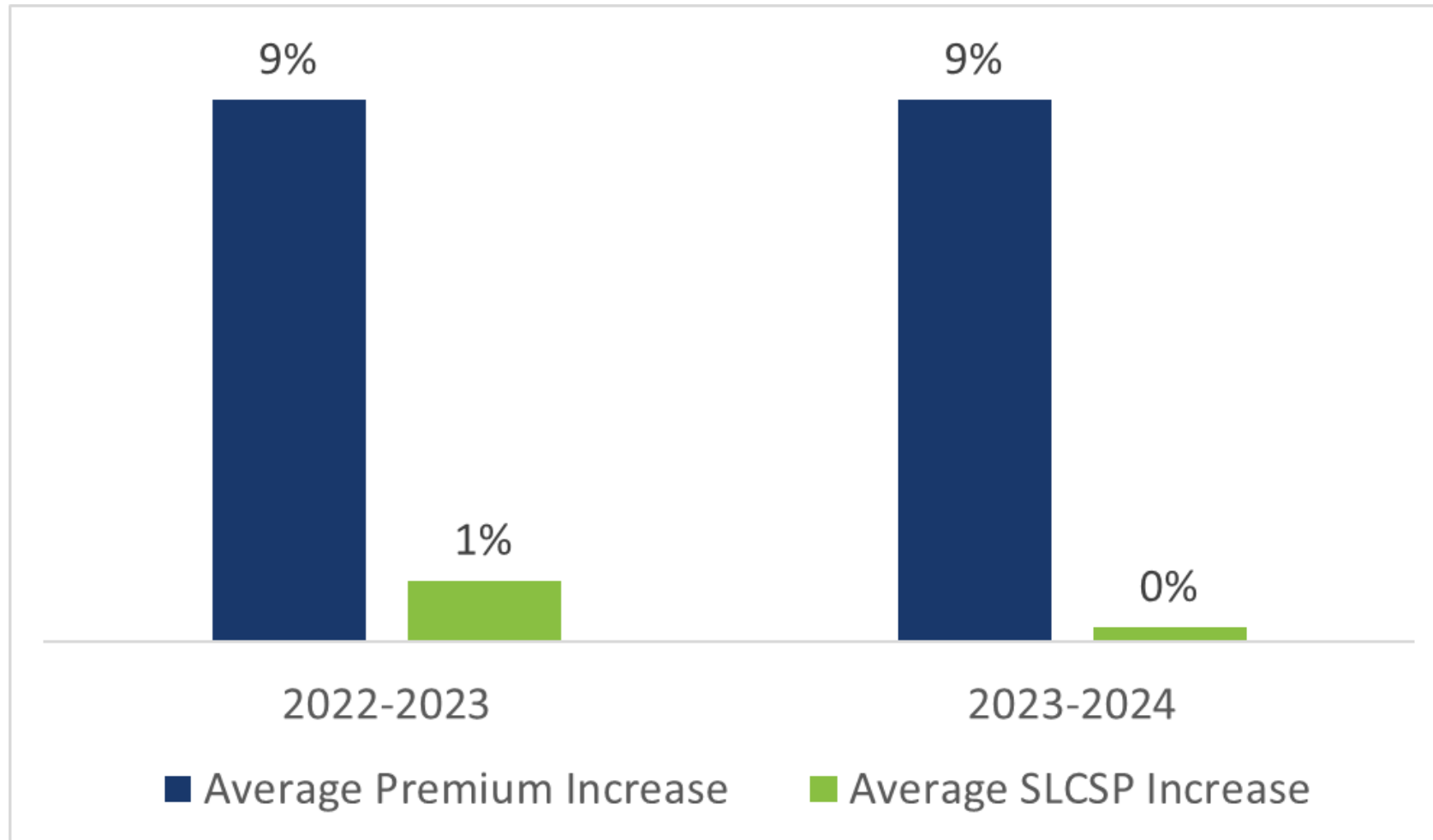


# Cascade Care Workgroup Members

- Jane Beyer / Ned Gaines, Office of the Insurance Commissioner
- Jennifer Brackeen, Summit Pacific Medical Center
- Emily Brice, Northwest Health Law Advocates
- John-Pierre Cardenas, Kaiser Permanente
- Dekker Dirksen, Community Health Plan of Washington
- Jim Freeburg, Patient Coalition of Washington
- Stu Freed, Confluence Health retired
- Carrie Glover, Dziejczic Public Affairs
- Sean Graham, Washington State Medical Association
- Rhonda Hauff, Yakima Neighborhood Health Services
- Kristin Meadows, Premera/Lifewise
- Daphne Pie, Public Health-Seattle & King County
- Caitlin Safford, Washington State Hospital Association
- Susanne Towill, Coordinated Care
- Mandy Weeks-Green, Health Care Authority

# Don't Subsidies Protect Customers From Premium Increases?

The federal subsidy or premium "coupon" has not been keeping pace in many regions



## Federal APTC Calculation

Cost of "second-lowest cost silver plan" for your age, family size, & county

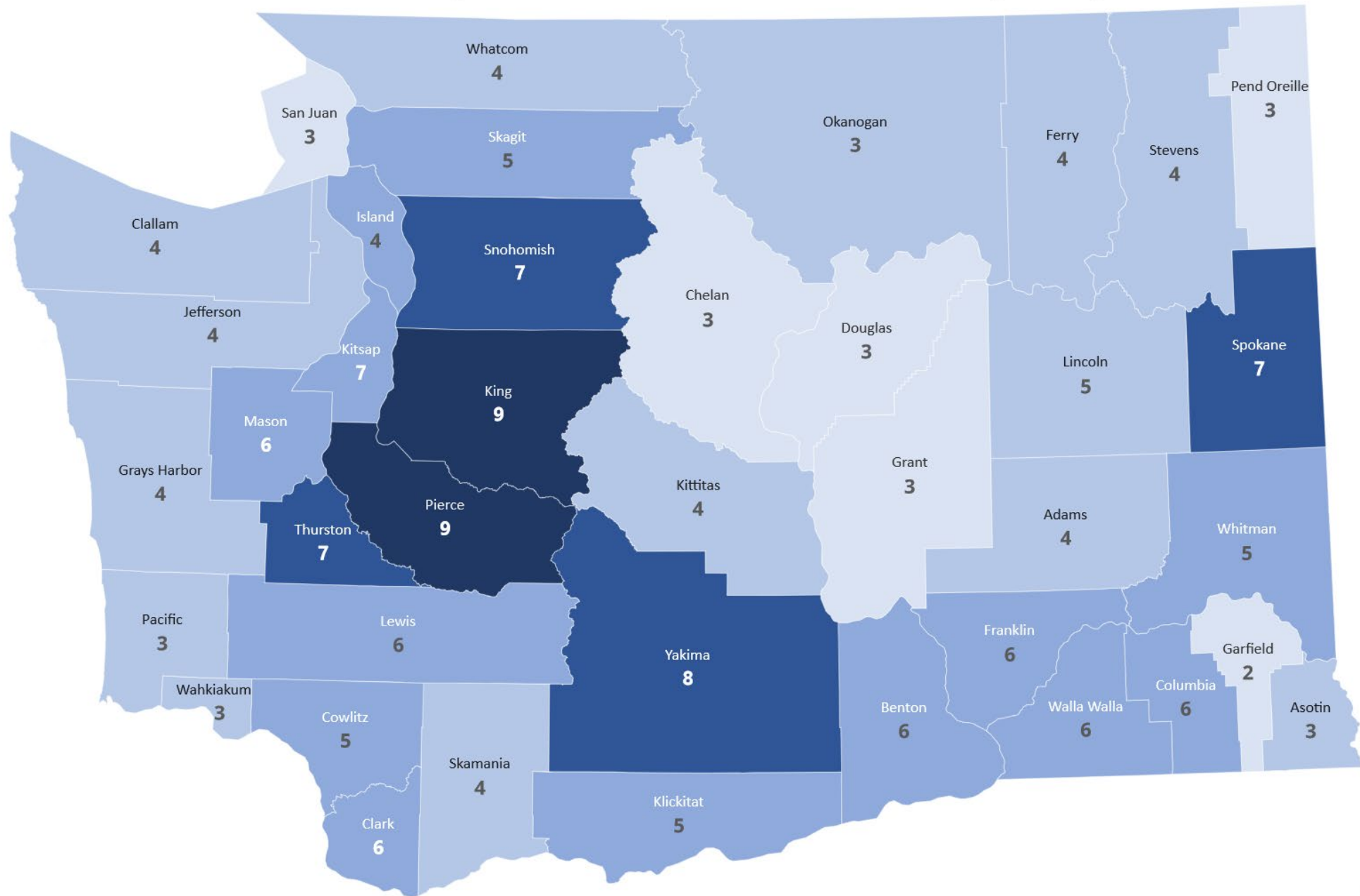
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Your maximum monthly contribution

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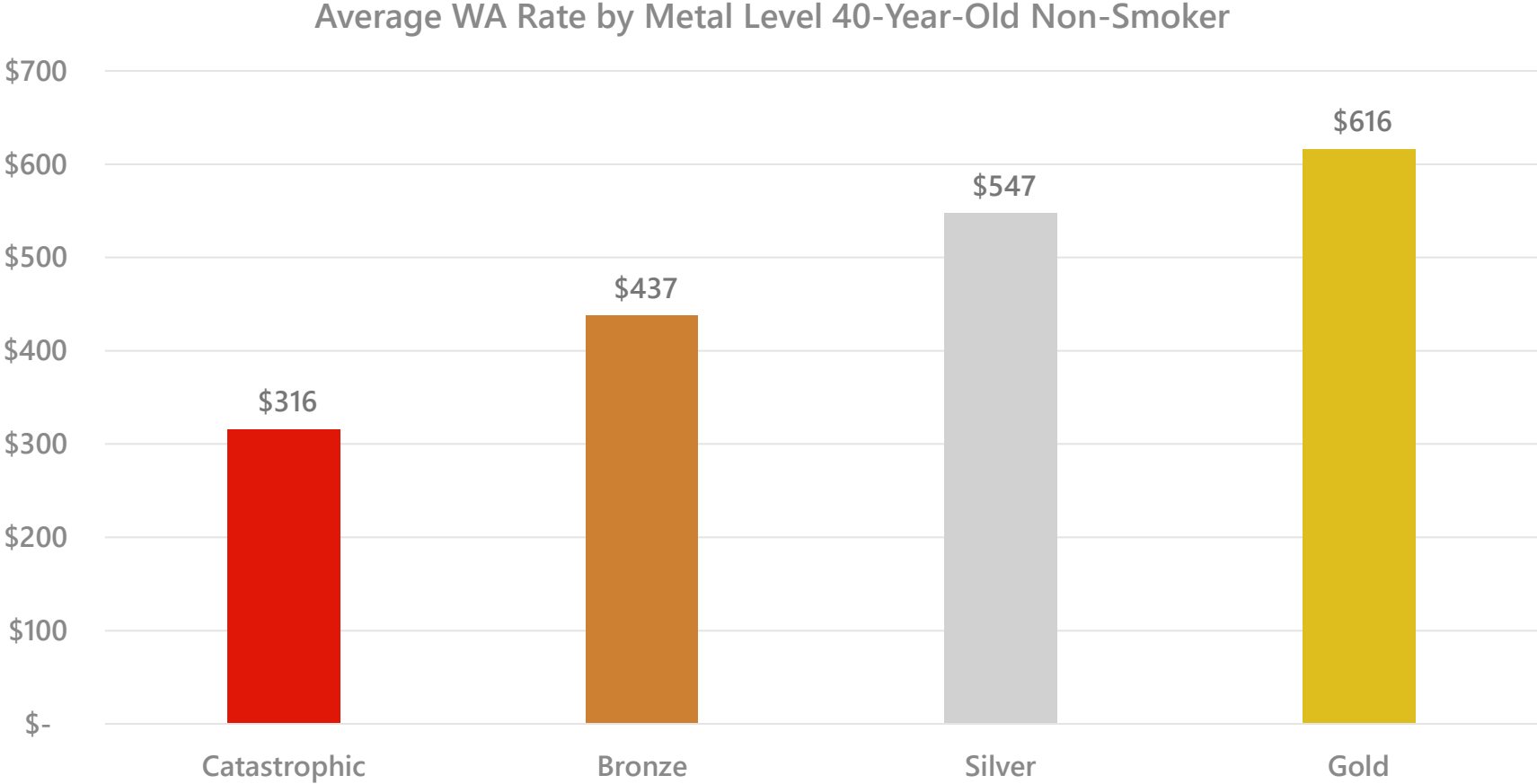
APTC

# Number of Proposed 2025 Carriers (#) and Plans (Color) by County



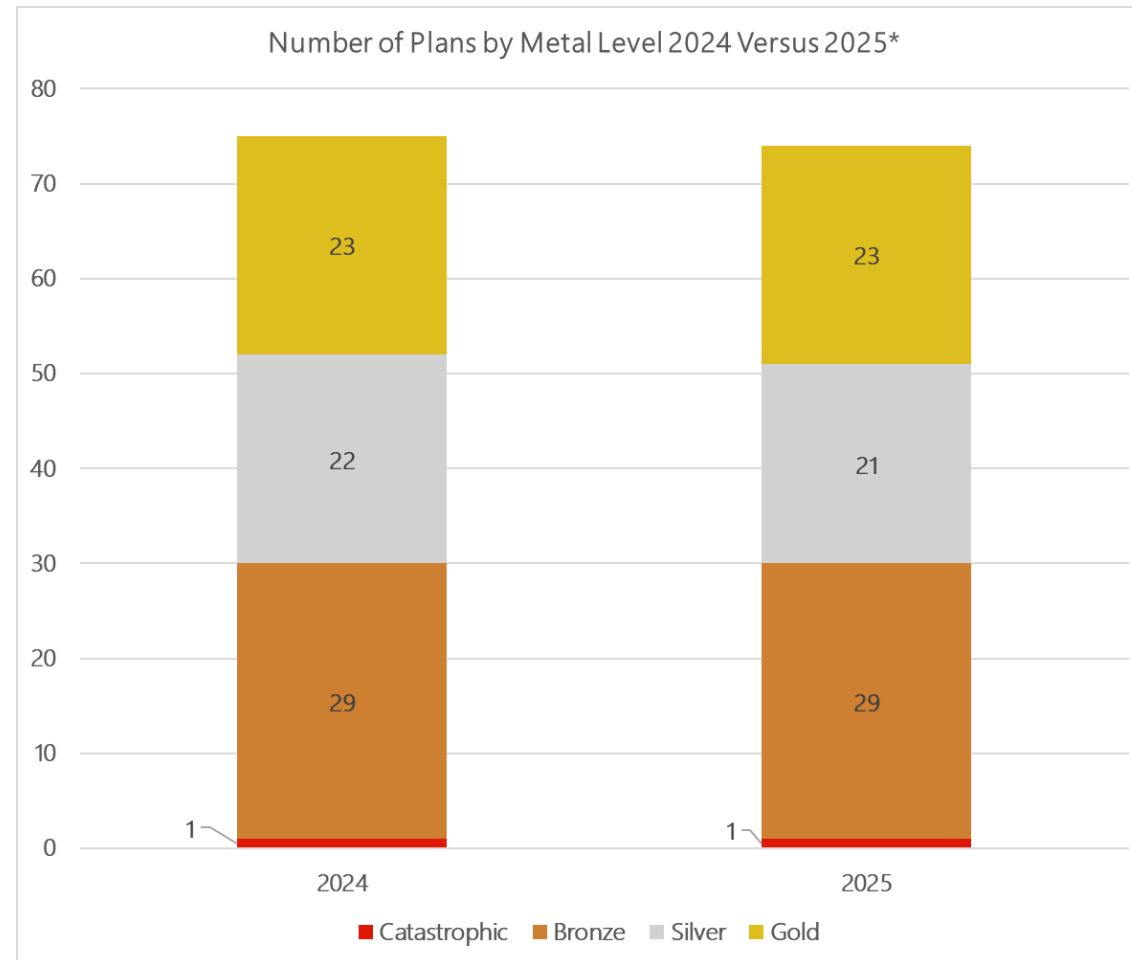
Legend: ■ <20 ■ 20-30 ■ 31-40 ■ 41-50 ■ 51+

# Average Proposed Rates by Metal



# Reductions in Plans for 2025

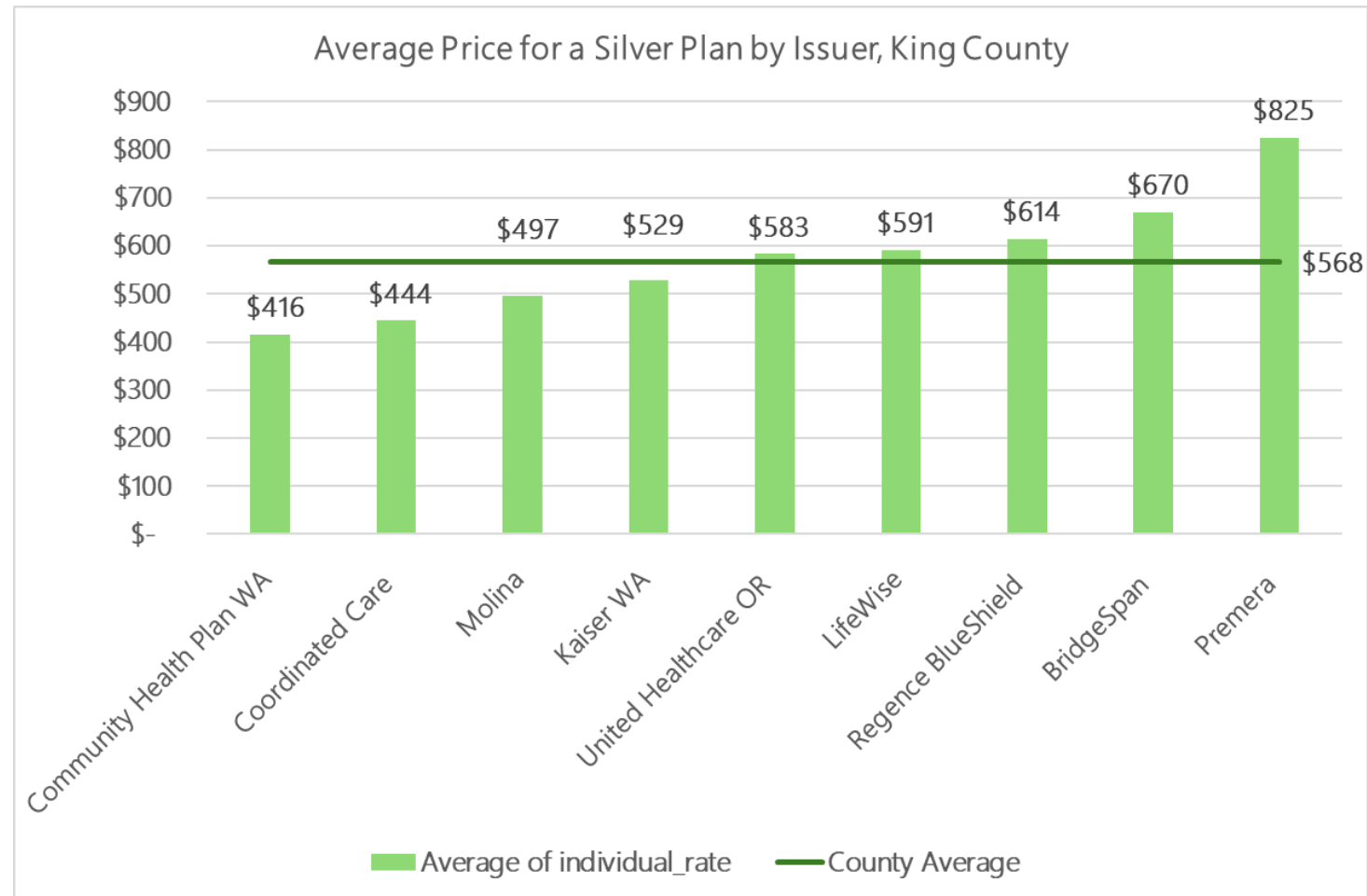
## Bronze still most numerous plans on Exchange



\*PacificSource excluded in 2024 to show changes among current 2025 issuers

# Wide Variation in Proposed Silver Plan Rates in a Single County

*Leaving Only a Few Affordable Plans*



Rates are for a 40-year-old Non-Smoker

# Reasons for Proposed Rate Increases

Carrier	Explanation
BridgeSpan	Medical Trend/Utilization (11%), Financial Experience (7%), Admin Costs (1.4%), Product Design (-0.2%)
CHPW	Medical/Pharmacy inflation (2.8%)
Coordinated Care	Unit Cost (8%), Utilization (5.4%), Benefit design changes (-3.2%-6.4%), Admin costs (-8.3%)
Kaiser NW	Medical claims (4%), Admin costs (2%)
Kaiser WA	Claims (11.2%), Admin costs (1.4%), Risk adjustment and exchange fees (-3.6%)
LifeWise	Medical/Pharmacy services (5.37%), utilization (2.39%)
Molina	Medical/Pharmacy Utilization (6.2%) and unit cost (3.8%); Admin costs (0.4%), Taxes and fees (0.5%)

# Reasons for Proposed Rate Increases

Carrier	Explanation
Premera	Medical/Pharmacy services (6.88%), utilization (3.36%)
Regence OR	Medical trend (11%), Higher than expected claims (9%), Network Arrangements (-5%), Other (2%)
Regence WA	Medical trend (11%), Higher than expected claims (11%), Other (2%)
United OR	Experience and Trend (22.4%), Changes in benefits (1%)

## Cascade Care Workgroup: Affordability Discussion Backgrounder

Affordability as measured by high premiums and high cost-sharing remain the primary barriers to more Washingtonians being insured and getting access to care. The Cascade Care Workgroup will consider the many activities statewide focused on affordability and cost containment, including Cascade Care, and provide input on the role of the Exchange to move the needle on customer affordability.

### [WA OIC Preliminary Report on Health Care Affordability](#)

- Provides landscape of Washington state's increasingly consolidated health care market and policy options to address affordability. Phase 2 of OIC's report will be released in August and model select policy options.

### [2023 Cascade Care Legislative Reports Summary](#)

- The Exchange was directed by the Legislature to examine key components of Cascade Care, a program to help make health insurance accessible and affordable for Exchange customers. The reports found:
  - Moving toward a standardized market could provide a better customer experience with minimal market disruptions. (updated analysis expected this summer)
  - Leveraging public option to increase Exchange affordability and enrollment does not materially impact hospitals.
  - Introducing new public option requirements to lower public option premiums by 10% could generate millions of dollars in federal pass-through funding to support Exchange affordability programs.

The Legislature also directed the Health Care Cost Transparency Board to analyze the customer impact of public option plans. [The report illustrates](#) how public option plans show promise in advancing lower premiums and more affordable health care access for Exchange customers.

### [Federal Funding Options for Exchange Affordability](#) (report summary)

- Section 1332 of the Affordable Care Act allows states to waive certain provisions of the law to design and implement innovative state programs to provide residents with access to affordable, quality health care. Approved 1332 waiver innovations that result in reduced federal spending on premium tax credits create funds that can be recaptured by the state ("pass-through" funding from the federal government to the state).

### [2024 Market Health & Customer Experiences](#)

- Plans with more affordable premiums are driving Exchange market shifts.

### [Enhanced Federal Subsidy: Expiration Planning](#)

- Enhanced federal subsidies (providing eligible Exchange customers under 400% FPL with a larger amount of premium tax credits and eligible customers over 400% FPL with premium tax credits for the first time) are set to expire December 2025 under current law. The loss of enhanced federal subsidies would have a significant impact on Exchange customers' ability to access affordable health insurance coverage.



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