

Cascade Care Workgroup

Sept. 25, 2024



Cascade Care Workgroup agenda

Time	Topic	Facilitator
10:00	Welcome and introductions	Laura Kate Zaichkin, HBE Director of Market Competition & Affordability (she/her)
10:10	Affordability landscape <ul style="list-style-type: none">• Consumer experiences• The business of health care & addressing underlying costs	Kristin Villas, HBE Senior Policy Analyst (she/her) Jane Beyer, OIC Senior Health Policy Advisor (she/her)
10:45	Sharpening Cascade Care tools <ul style="list-style-type: none">• Options & proposals review• Small group discussions	Laura Kate Zaichkin
11:50	Next steps & adjourn	Laura Kate Zaichkin

Today's meeting is hybrid [online](#) and in-person at the [Washington Health Benefit Exchange](#). Please email Tanya DeVore at tanya.devore@wahbexchange.org by Sept. 23 if you plan to attend in person.



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

Progress:

- 75% of Exchange customers enrolled in standard plans.
- Public option plans statewide in 2025.
- More than 100,000 customers lower their monthly premiums with state subsidy.

Today's Focus:

Opportunities to sharpen Cascade Care tools

WHAT WE KNOW

Affordability landscape



Factors shaping state affordability landscape

- ▶ The rising cost of health care is a concern for Washingtonians
- ▶ Health care costs drive affordability and access challenges
- ▶ Premiums continue to increase
- ▶ There are opportunities to address underlying drivers of health care costs in the state's increasingly consolidated market

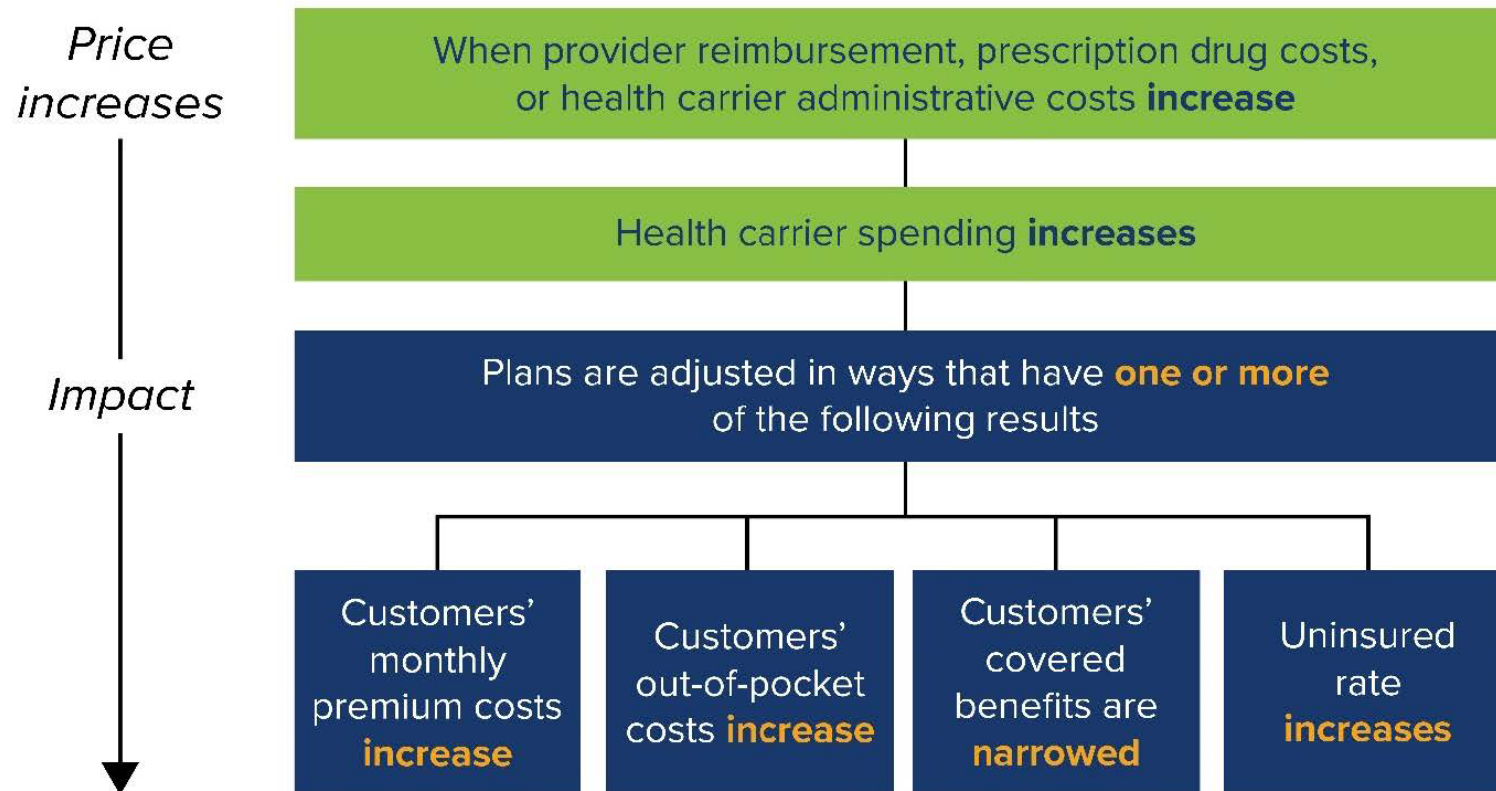
The rising cost of health care is a concern

- ▶ Despite high rates of health insurance, three out of four Washingtonians surveyed in June 2024 said they face challenges related to insurance affordability, understandability, usability, and provider access.

Figure 1. Health Insurance Difficulties

Percentage of households experiencing difficulty in past two years	Total	Household Owns Small Business	Has a Disability	Rural
TOTAL EXPERIENCING ANY DIFFICULTY (Affording, Understanding, Using, Accessing)	75%	90%	81%	70%
AFFORDING	52%	63%	55%	49%
Out-of-pocket costs for prescription medications are too high	34%	39%	40%	34%
Out-of-pocket costs for medical services are too high	34%	41%	37%	33%
Monthly premium costs are too high	29%	44%	32%	30%

Health care costs drive affordability and access challenges



- ▶ Hospitals treating commercially insured consumers are paid 2.5 times what Medicare pays.
 - ▶ Average Washington hospital commercial price: 252% of Medicare
 - ▶ Washington commercial break even: 153% of Medicare
- ▶ Most insurers in Washington are near, at, or above 88% MLR.

Premiums keep increasing

Third year of ~10% Exchange premium increase

Carrier	2025 Rate Increase	Cumulative Rate Increase 2022-2025
BridgeSpan Health Company	15%	53%
Premera Blue Cross	15%	48%
Regence BlueShield WA	22%	43%
UnitedHealthcare of Oregon, Inc.	24%	41%
Kaiser Washington	8%	37%
LifeWise Health Plan of Washington	8%	35%
Molina Healthcare of Washington	6%	24%
Kaiser Northwest	10%	23%
Regence BlueCross BlueShield of Oregon	15%	20%
Community Health Plan of Washington	9%	11%
Coordinated Care Corporation	9%	10%
Average Rate Change, All Carriers	10%	31%

Average rate changes are weighted for Exchange enrollment

There are opportunities to address costs in state's consolidated market

- ▶ Legislature directed OIC to report on:
 - ▶ Health care market consolidation in WA and;
 - ▶ Policy options that could impact affordability.
- ▶ [Final report](#) delivered last month.



OFFICE of the INSURANCE COMMISSIONER
WASHINGTON STATE

Final report on health care affordability

Office of the Insurance Commissioner | August 2024 | [Link to full report](#)

Key takeaways:

- We studied **how five policy options could improve health care affordability** for Washingtonians:
 1. Creating a **reinsurance program**;
 2. Increasing health **insurer minimum medical loss ratio requirements**;
 3. **Using reference based pricing** for health care facility and provider payments;
 4. Using **hospital global budgeting**; and
 5. Meeting the Health Care Cost Transparency Board's **cost growth benchmarks**.
- Our analysis shows that **these policy options can meaningfully improve health care affordability**, benefiting individuals, families, employers and state revenues. It is designed to inform policymakers as they consider approaches to improve affordability.

How the policies we studied could improve health care affordability

	Reinsurance	Medical loss ratio	Reference based pricing	Hospital global budgeting
Health care cost savings	10% premium reduction	0.9% to 2.5% premium reduction	3% to 19% annual reduction in health care spending	0% to 7.1% reduction in hospital care spending
Washingtonians affected	292,000 to 344,700	1.5 to 1.6 million	Up to 4.3 million	Entire state
Cost to state	\$42 to \$84 million (individual market); \$147 to \$294 million (small group market)	No direct costs; minimal operational costs	No direct costs; substantial operational costs	No direct costs; substantial operational costs
Advantages	Lowers premiums for some consumers	Low operational cost	Lowers underlying price of health care for consumers and employers	Lowers hospital cost growth for entire state
Disadvantages	Significant state funding needed	Small reduction in premiums	Complex to implement & operate	Significant implementation costs

Jane Beyer | jane.beyer@oic.wa.gov | [full report](#)

Why we did this study

Rising health care costs are a persistent and growing challenge for Washingtonians and businesses. In response, the Washington state Legislature directed the Office of the Insurance Commissioner (OIC) and the Office of the Attorney General (AGO) to analyze policy approaches to improve health care affordability.

Our [preliminary report](#) described the current state of Washington's health care system, provided an overview of policy options, and presented an economic model to evaluate those policies. We found that Washington's health care landscape has changed significantly due to horizontal consolidation and vertical integration across health care providers, facilities, pharmacy benefit managers, and insurers. The [AGO's report](#) gave a detailed analysis of antitrust law and policy options on the oversight of health care mergers and acquisitions. This [final report](#) provides Washington-specific information and analysis not previously available and is intended to provide options on how to improve health care affordability.

How we did the study

After we published the preliminary report, we consulted with state legislators and other key organizations to identify which policies to study in more detail. The options we selected could impact different parts of the health care system and health insurance markets.

We used actuarial analysis to estimate these policies' potential impact on health care spending in Washington, either through reductions in health insurance premiums or in the prices paid for health care services. We used economic analysis to show how those health care savings could translate into increased employment, wages, or other effects on the economy. We used Washington-specific health care claims and spending data to do this analysis. The full report describes the data, methodology, and assumptions used. OIC contracted with Health Management Associates to develop the preliminary and final report and conduct the analysis.

About the policy approaches we studied

- **Reinsurance** helps reduce uncertainty for insurers by paying some or all high-cost claims, based upon either specific costly health conditions or individual or total claim costs.
- **Medical loss ratios** require health insurers in certain insurance markets to spend a minimum amount of the premium dollars they collect on medical care or quality improvement activities.
- **Reference-based pricing** ties the prices for a set of health care services, such as hospital care, to defined pricing levels, such as a percentage of Medicare reimbursement rates. Reference-based pricing directly affects the prices paid for health care services.
- **Hospital global budgeting** gives hospitals a prospectively determined, fixed amount for all inpatient and outpatient services provided to a patient population each year.
- **Health Care Cost Transparency Board cost growth benchmarks** involve voluntary measures taken by health insurers, health care providers and facilities to reduce the growth in health care costs to meet the benchmarks. This report examines policies that could increase the likelihood that the benchmarks will be met.

Considerations for policymakers

This report discusses important considerations for policymakers related to these policy options – including new laws and regulations that would be needed, costs to the state, the complexity of operating new programs, the importance of monitoring and enforcement, and the advantages and disadvantages of each option.

**The figures in this analysis are estimates based on actuarial and economic analysis.*

Jane Beyer | jane.beyer@oic.wa.gov | [full report](#)

DISCUSSION & FEEDBACK

Sharpening Cascade Care tools



Sharpening Cascade Care tools



State subsidy



Standard plans



Public option

On the surface: The front door of three silver plans



**Molina
Non-Standard
Premium: \$490**

- \$0 Medical/\$900 Drug Deductible
- \$30 PCP Visit
- \$27 Generic drugs

**Standard Silver
Premium*:
\$505/\$453***

- \$2,500 Deductible
- First two PCP visits \$1, then \$30
- \$25 Generic Drugs

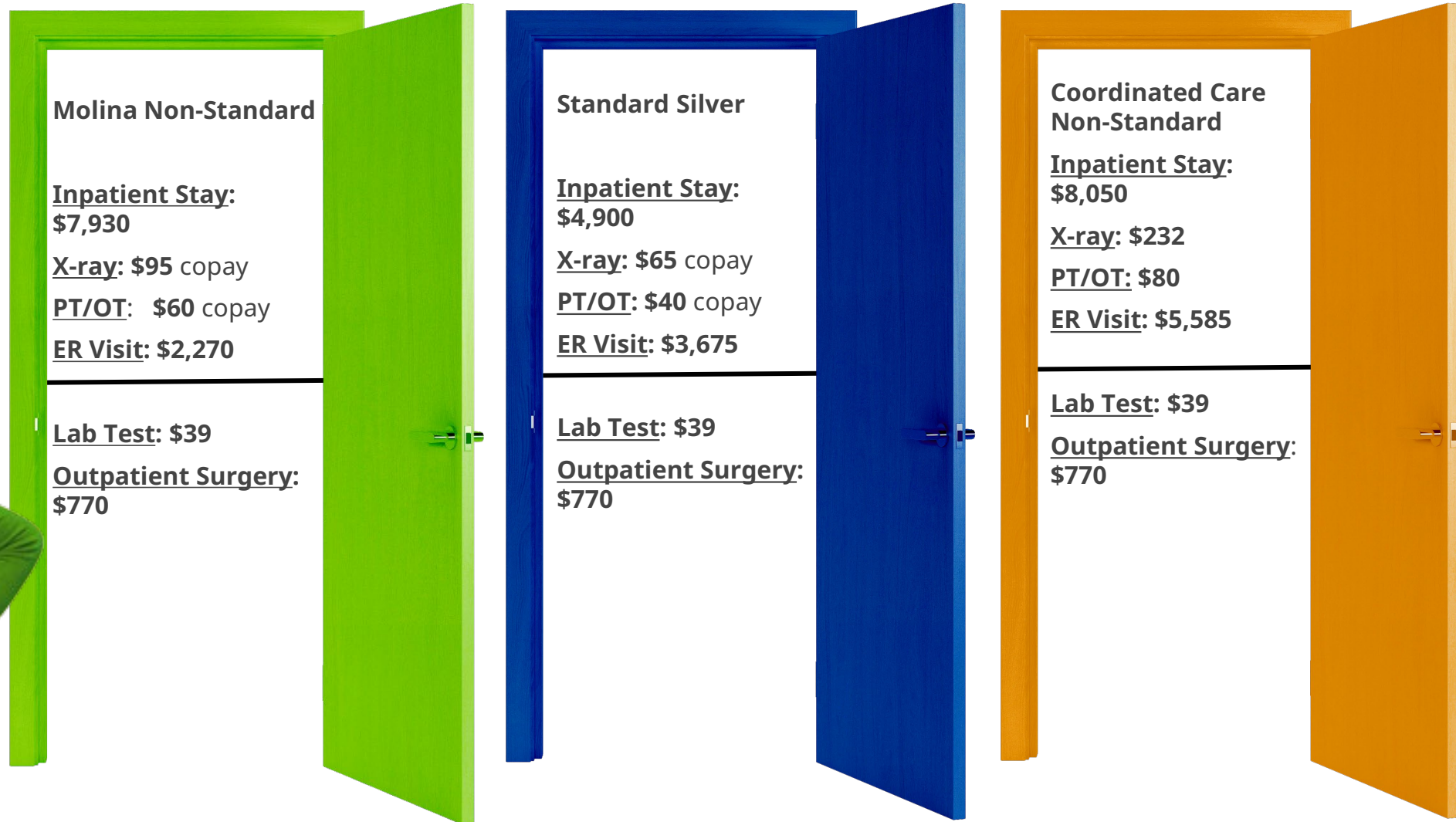
**Coordinated
Care Non-Standard
Premium: \$429**

- \$8,050 Deductible
- \$30 PCP visit
- \$15 Generic drugs

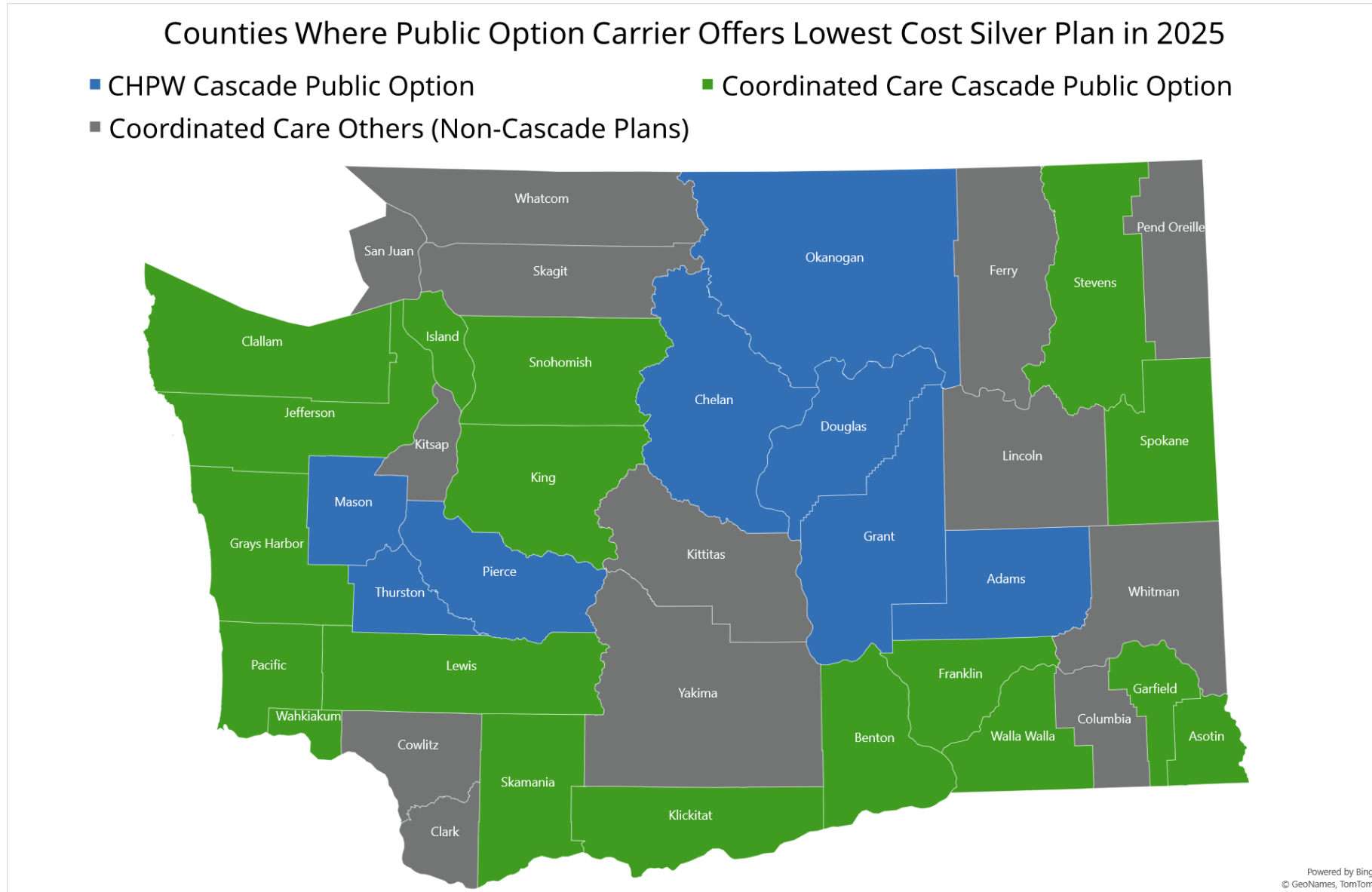
*Molina Cascade Silver Premium/Coordinated Care Cascade Silver Premium
All premiums are average rate for a 40-year-old non-smoker.

Below the surface: benefit designs are confusing

Costs of care vary based on coinsurance, co-pays and deductibles and make comparing plans nearly impossible



Public option lowest premiums in 26 counties, down from 31 in 2024



Sharpening Cascade Care tools

Options and proposals for discussion and feedback



State Subsidy Options*:

1. Limit plans eligible
 - Based on affordability
 - Based on quality
2. Refine metal level eligibility
3. Increase eligibility to 300% FPL
4. Encourage full use of available federal subsidy



Standard Plans Options:

1. Standard plans only at Silver and limit non-standard to one each at other metal levels**
2. Phased approach to only standard plans, starting with Silver***
3. Only standard plans; Exchange designs two standard plans at each metal level



Public Option Proposal:

1. Strengthen provider participation:
 - All public option plans offering good faith contract
 - Hospital systems
2. Add targeted pricing caps:
 - Hospital inpatient/outpatient cap
 - Behavioral health floor

*2025 [Policy](#); Options proposed for 2026

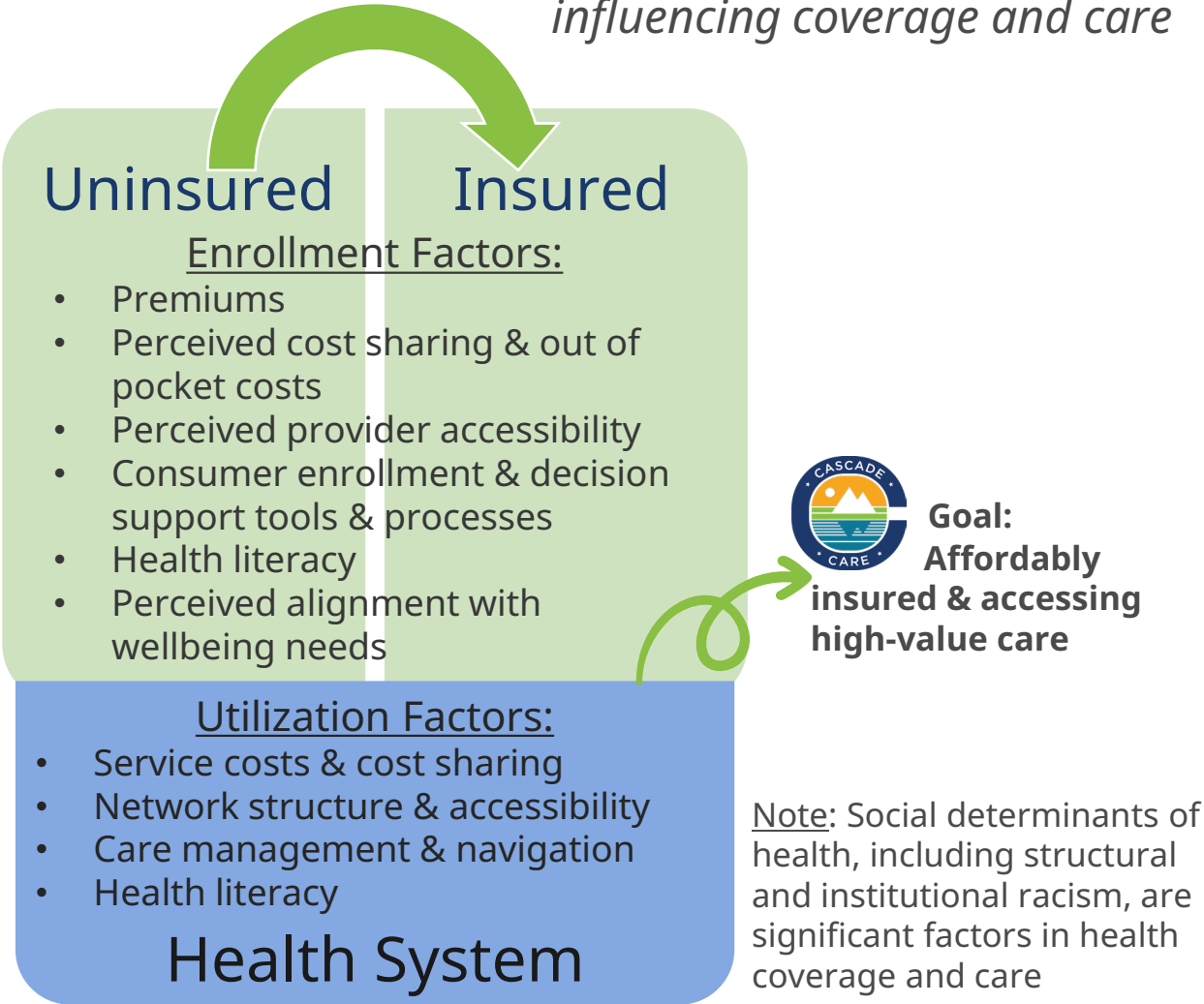
**Aligned with [ESHB 2361](#)

***Aligned with [HB 2361](#)/SB 6258

Small groups: Your feedback on options and proposals

► Framework for consideration when providing feedback

Graphic: Consider how proposals affect factors influencing coverage and care



Discussion questions:

- What do you support in this proposal?
- What concerns you in this proposal?
- What questions do you have? What additional information do you need?

Cascade Care Workgroup next steps

- ▶ **Cascade Care plan design:** Review final draft 2026 designs at October meeting, prior to public comment period.
- ▶ **Public option:** Statewide in 2025.
- ▶ **Cascade Care Savings:**
 - ▶ 2025 maximum monthly subsidy amounts available to customers finalized by Sept. 30.
 - ▶ Public comment period about 2026 policy options next month.

Next Cascade Care Workgroup meeting:
1 p.m. Oct. 8



- Cascade Care Workgroup roster
- Supplemental information
- Background resources:
Suggested pre-reading

Appendix



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, *Dziedzic 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*



Supplemental information about 2025 market

Market Stability and Growth in Coverage Statewide

Overall: 11 carriers across Washington — Stable and crowded market

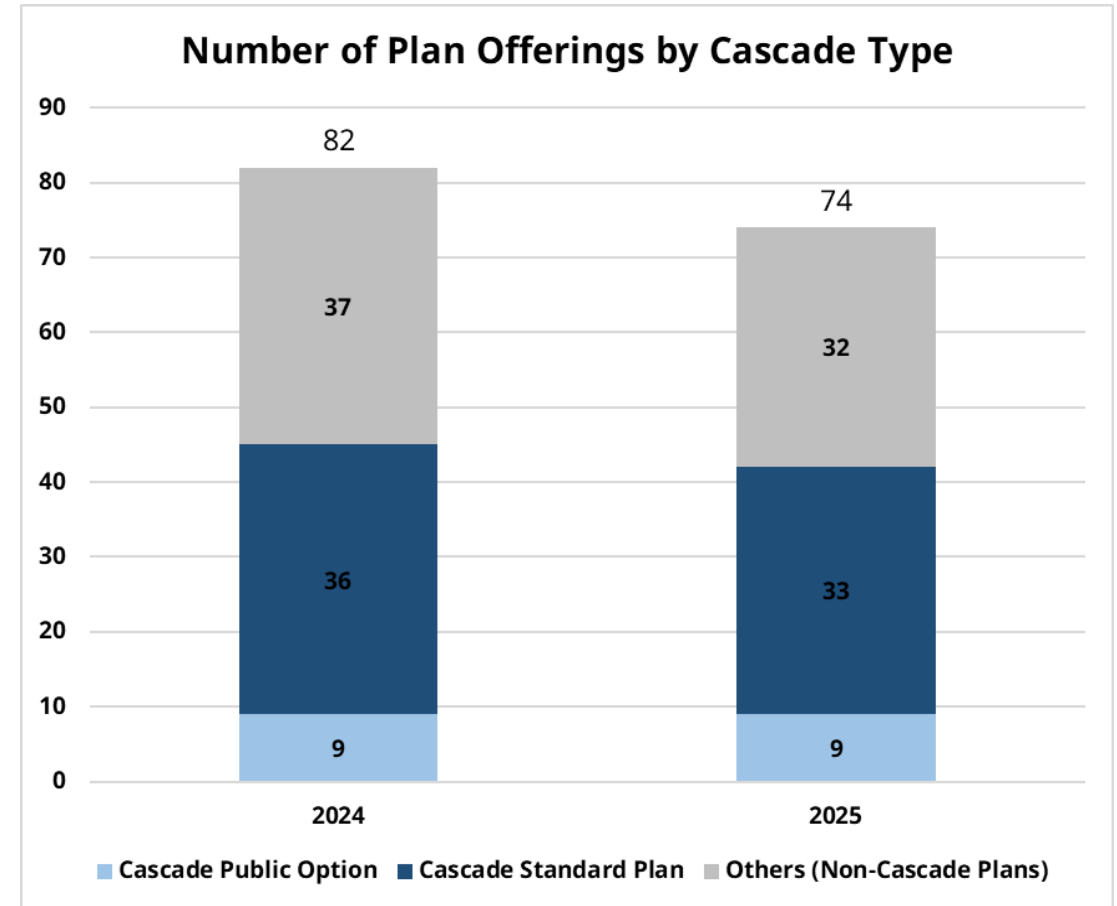
- One county with two carriers, all others have three to nine carrier choices
- 74 plans offered

Expansions:

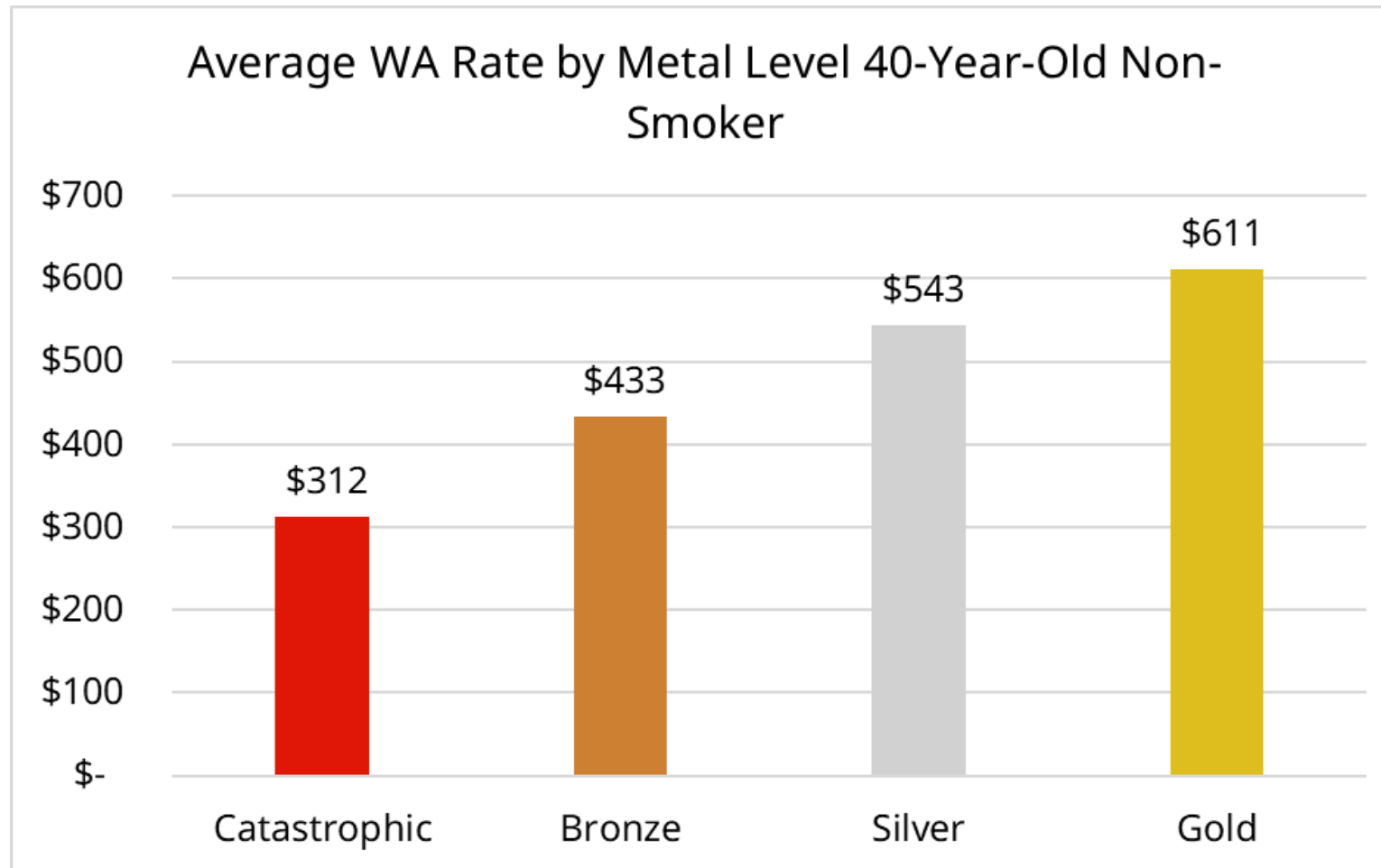
- ▶ Public option now statewide
 - ▶ CHPW, Coordinated Care, and LifeWise all expanding service areas
- ▶ Coordinated Care QHPs now statewide

Contractions:

- ▶ LifeWise leaving three counties
- ▶ PacificSource exiting Exchange
 - Only carrier offering PPO plans



2025 average rates by metal level

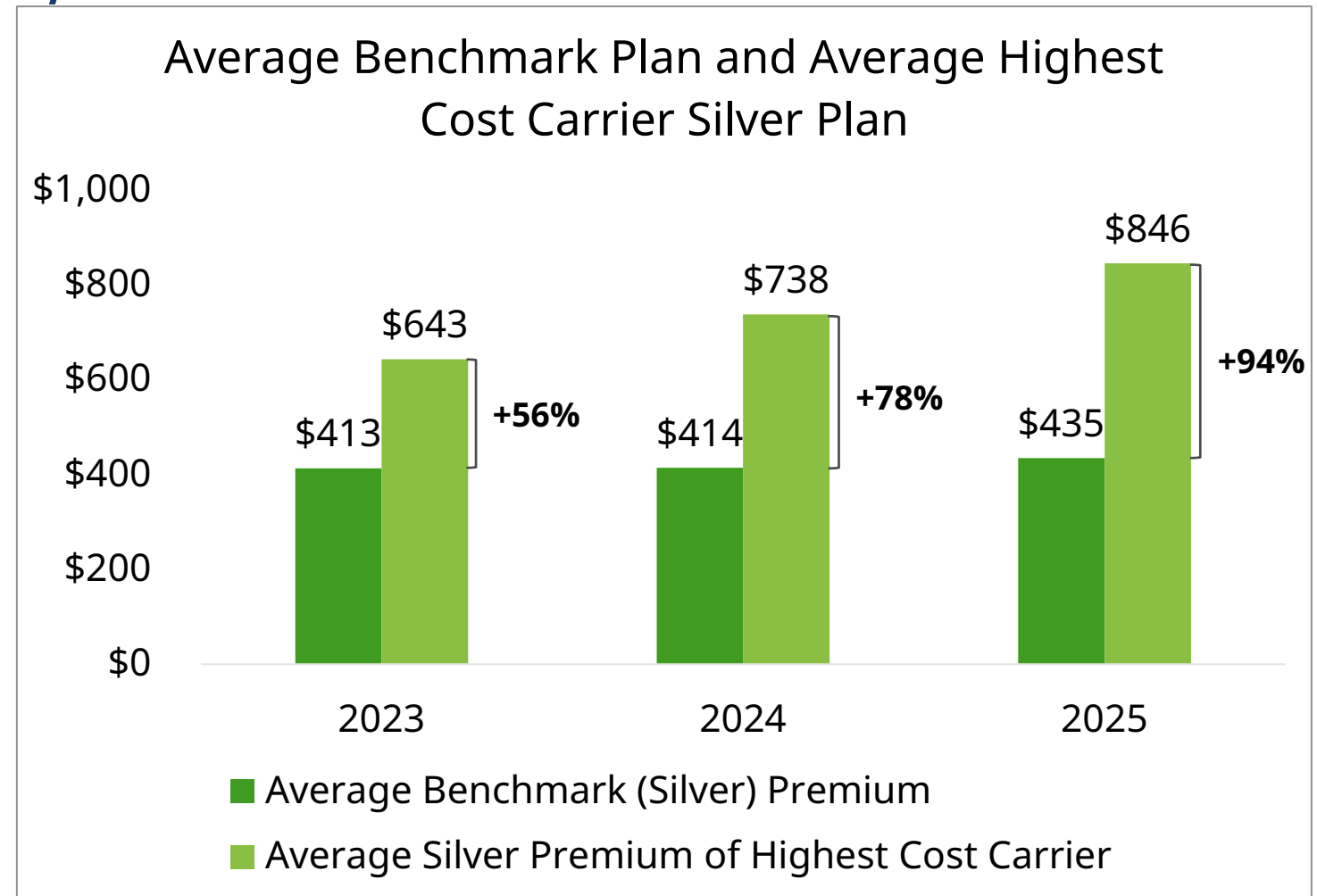


Rates are not weighted for enrollment

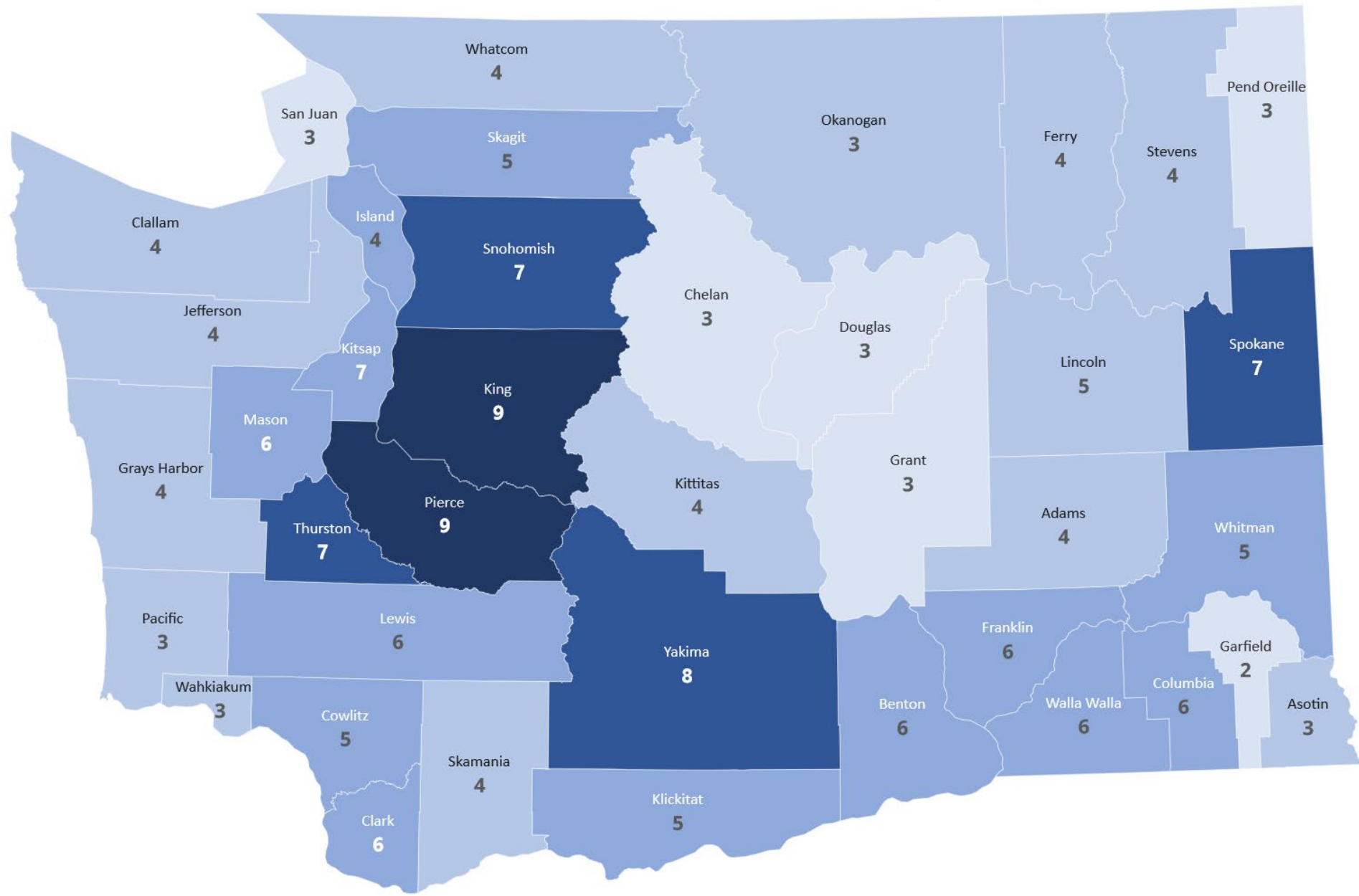
Gap Between Lower Cost and Higher Cost Plans is Widening

Tax credits can't keep up with premium increases

- ▶ At the same metal level, the price of the most expensive plan is now double the cost of a low-cost plan
- ▶ Tax credits have increased a little, while most premiums have increased a lot = reduced buying power for customers



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



<20 20-30 31-40 41-50 51+



Background resources

- Suggested pre-reading for Cascade Care Workgroup meeting

Background Resources

- ▶ [2024 WA Health Care Affordability Survey](#)
 - ▶ [News release](#)
- ▶ [WA OIC Final Report on Health Care Affordability](#)
 - ▶ [Report fact sheet](#)
 - ▶ [Preliminary report](#) on Washington's health care system
- ▶ [Seattle Times story](#) about affordability reports
- ▶ [Cascade Care mid-range vision](#) (2023-2027)
- ▶ [Exchange Board retreat materials](#)
 - ▶ Affordability discussion guide – [state subsidy](#)
 - ▶ Affordability discussion guide – [market standardization](#)
 - ▶ Affordability discussion guide – [cost containment](#)
- ▶ Exchange Board retreat summary – slides as follows



Exchange Board Retreat Summary

July Exchange Board Retreat



Theme: Position for the future

Key outcomes

1. Deeper board member connection and cohesion with each other.
2. Greater understanding of opportunities and risks ahead.
3. Strategic / high-level policy and operational directional guidance to staff.

Board retreat direction

- ▶ Position for the future:
 - ▶ Be ambitious in advancing the Affordable Care Act and health justice.
 - ▶ Recognize that health insurance is necessary but not sufficient to ensure equity and strong health outcomes.
 - ▶ Protect gains and ensure the Exchange has bandwidth to fulfill its core mission.



Board retreat discussion – Affordability

- ▶ Maximize within Exchange influence of control through focus on sharpening Cascade Care tools
- ▶ Principles:
 - ▶ Accountability
 - ▶ Alignment
 - ▶ Coordination
- ▶ Informed by [Cascade Care Workgroup](#) and Exchange Advisory Committee guidance and representatives



State subsidy – Board discussion

Equity

- *Prioritize directing subsidy toward most vulnerable populations*

Stewardship of state investment

- *Incentivize carrier behavior through reward of state subsidy*

Environment of scarce funds

- *Develop best positioning to justify appropriation request*





Market standardization – Board discussion

Standard plan legislation

- *Continue effort to standardize market*

Market shelf

- *Improve Healthplanfinder shelf, customer support tools and customer insurance transitions*

Health care delivery standards

- *Go beyond standardizing benefits to standardizing front- and back-end care experiences*





Cost containment – Board discussion

Data maturity and transparency

- *We cannot contain what we cannot measure*

Reference pricing

- *Use public option as an innovation lab to reduce costs*

Payment reform

- *Set common expectation to pay for outcomes while mitigating provider administrative burden*





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healthplanfinder

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