

Addressing Affordability Barriers

State Landscape & Proposed 2025 Rates

Today's discussion

High premiums and cost sharing are the primary barriers to more Washingtonians being insured and accessing care.

Subsidies keeping customers covered cannot keep pace with rising costs.

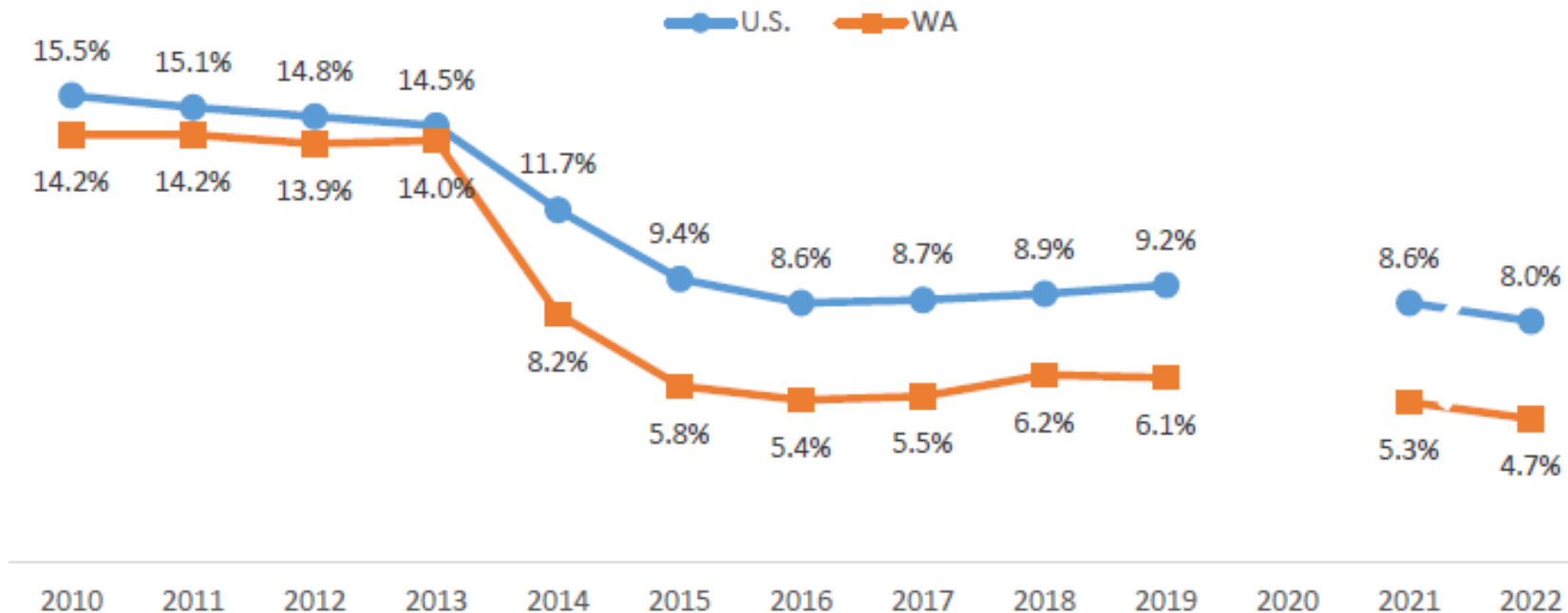
Protecting our customers' access will require addressing **underlying costs of care.**



State uninsurance rate at all-time low

- ▶ Expiration of pandemic-era access interventions threaten coverage gains

Figure 1. Washington and U.S. Uninsured Rates: Total Population 2010-19 and 2021-22



Loss of enhanced federal subsidies risks customer access & affordability

~55K

Projected enrollment decrease

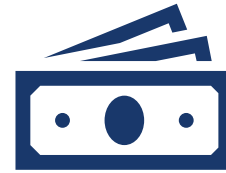
~\$250M

Projected decrease in APTC

Impact will be different by:



Age



Income



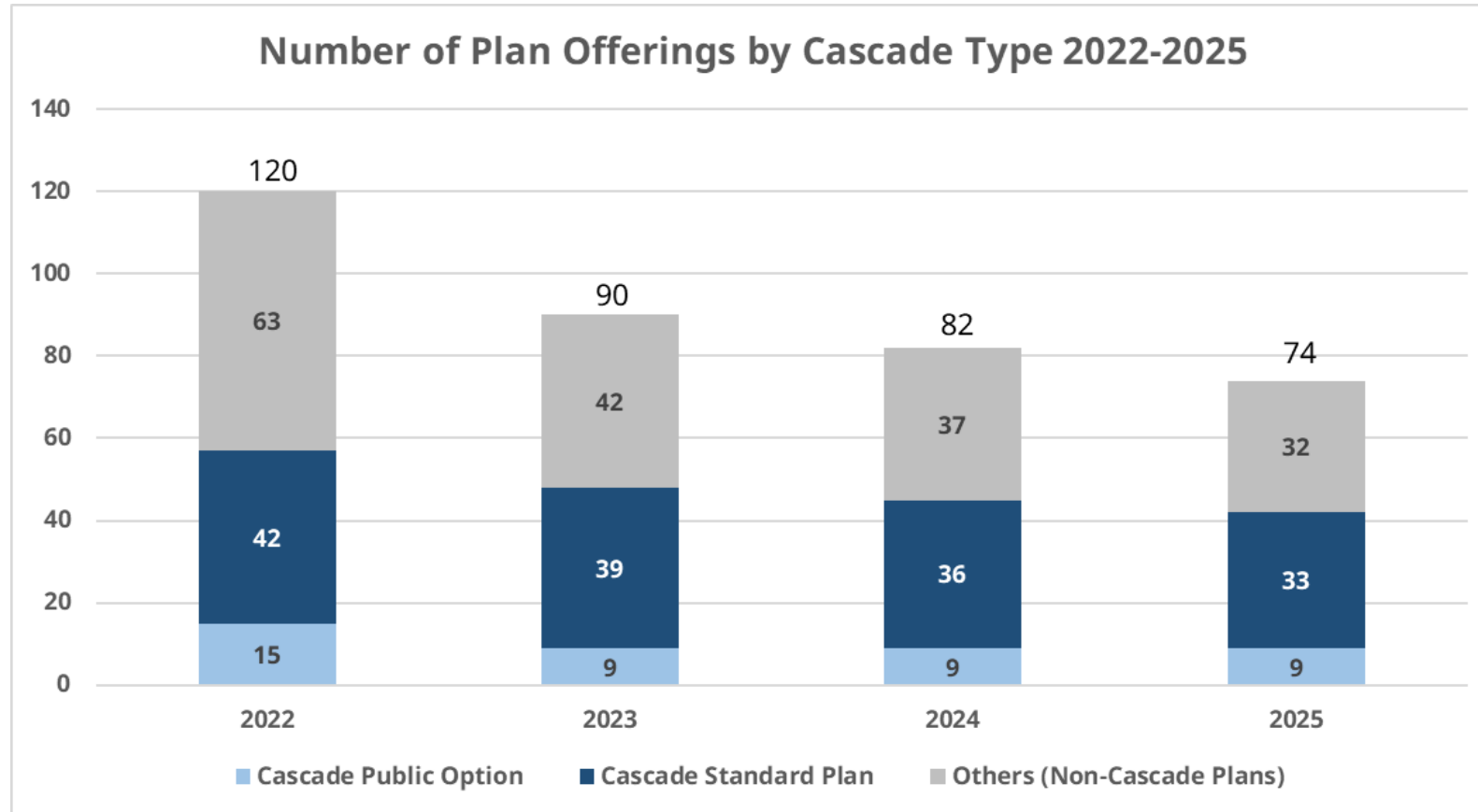
Location



Race/
Ethnicity

Filings demonstrate stable Exchange market

PacificSource exit affects 1% of enrollees



- Statewide coverage with 2-9 carriers in each county
 - 38 of 39 counties have three or more carriers
- Public option statewide
- Carriers responding to growing enrollment in standard plans
 - Consistency in number of non-standard plans

2025 plan counts are based on initial filings

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% |
| LifeWise | 8% |
| Kaiser WA | 7% |
| Kaiser NW | 6% |
| CHPW | 5% |
| Market Average | 11% |

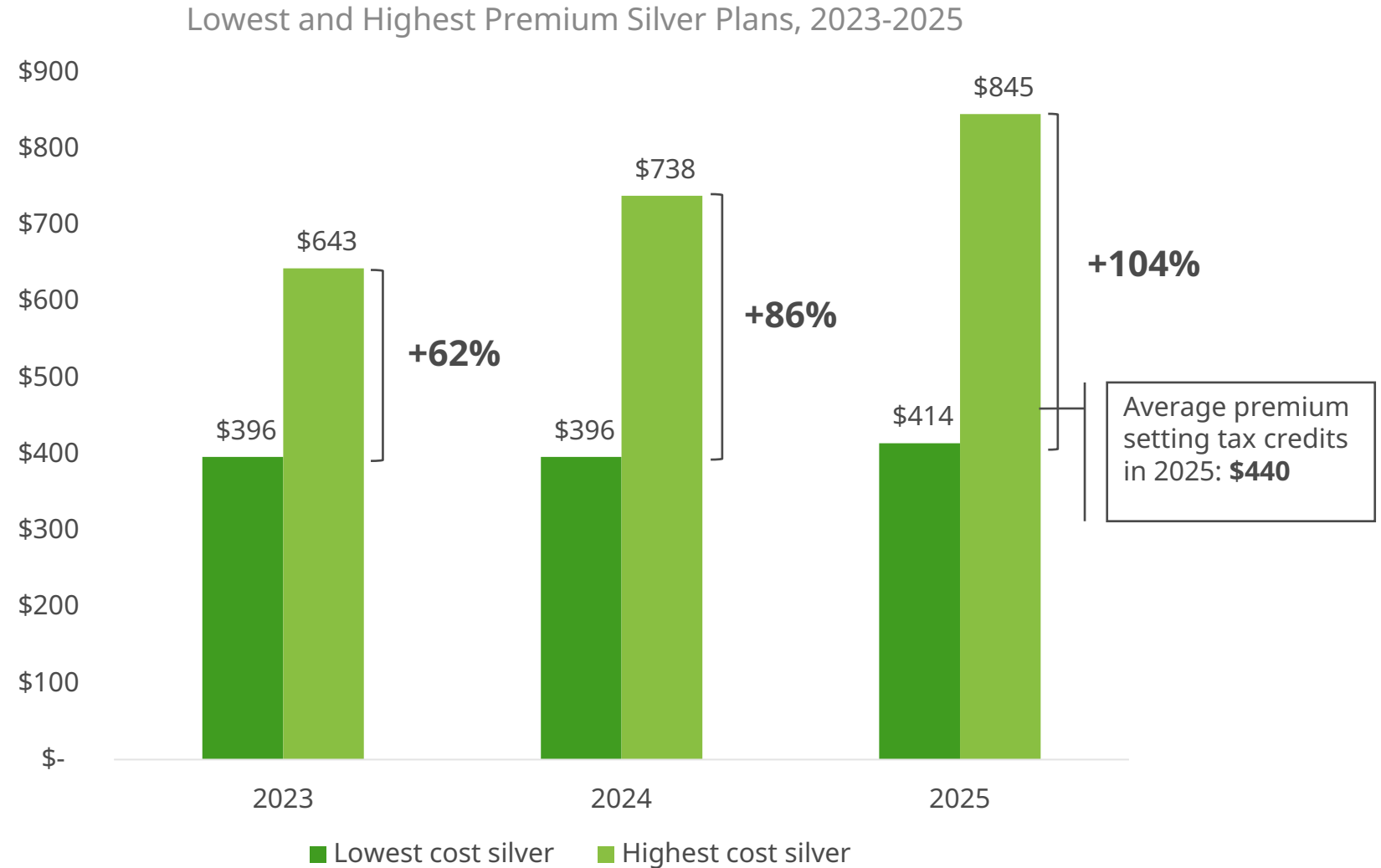
- Nearly half of customers in renewing plans have proposed rate increases over 10%
- All plan types and metal levels face significant increases:
 - +7.6% - Cascade public option
 - +12.6% - Cascade standard
 - +12.6% - Non-Cascade

*Initial rates weighted for enrollment, based on initial filings

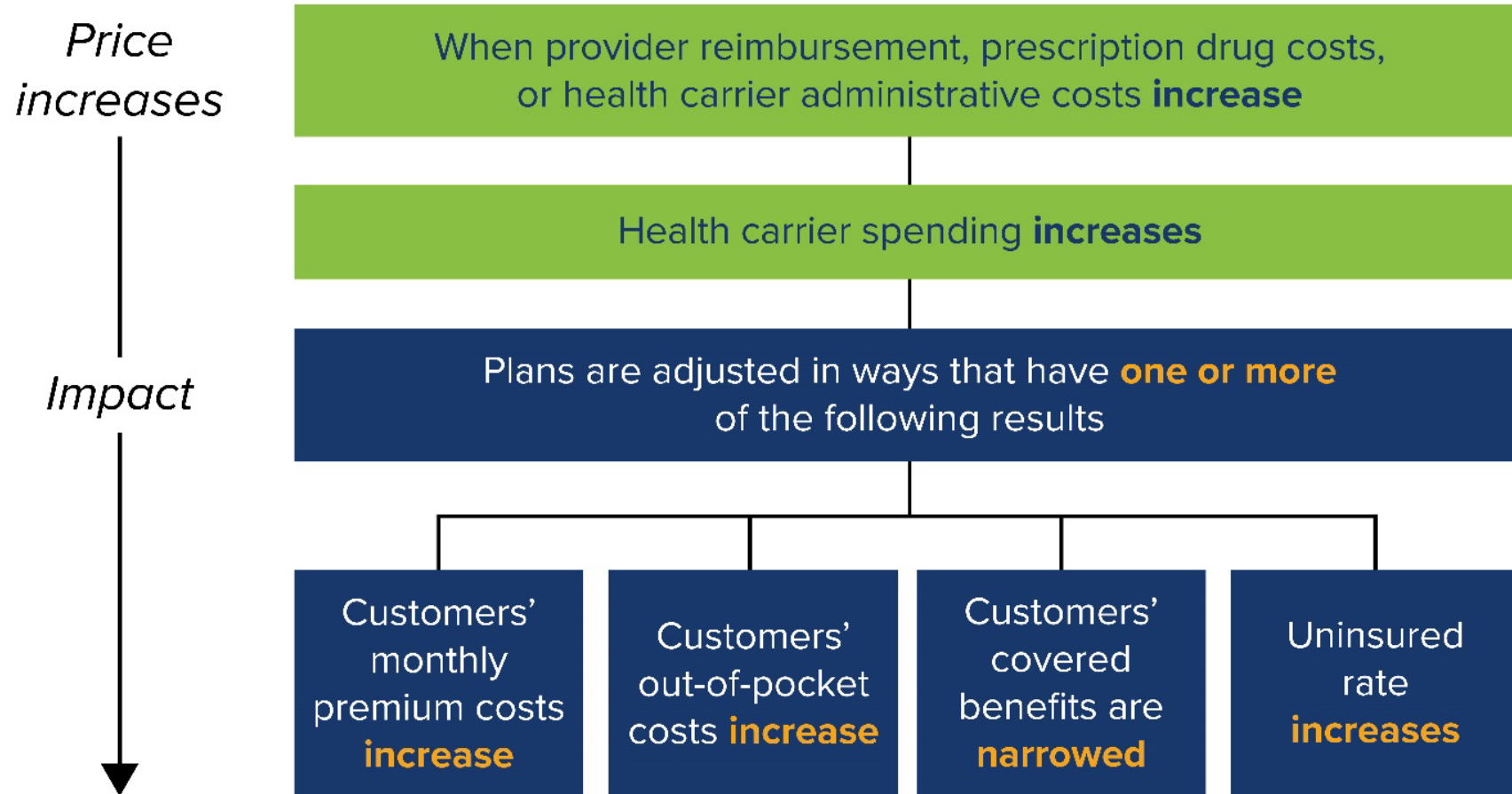
Premium variation continues to widen

Tax credits can't keep up with many carrier premium increases

- Four plans set the tax credit across 39 counties



Health care costs drive premiums



Hospitals are paid more than double for commercially insured, compared to Medicare

Source: Washington Health Alliance "[Statewide Hospital Price Level Variation](#) *Acute and Critical Hospital Rate

Source: RAND [Hospital Price Transparency Study Round 5 | RAND](#)

Source: NASHP [Hospital Cost Tool](#)

Commercial Prices as % of Medicare



Primary effort for Exchange customer affordability

Cascade Care

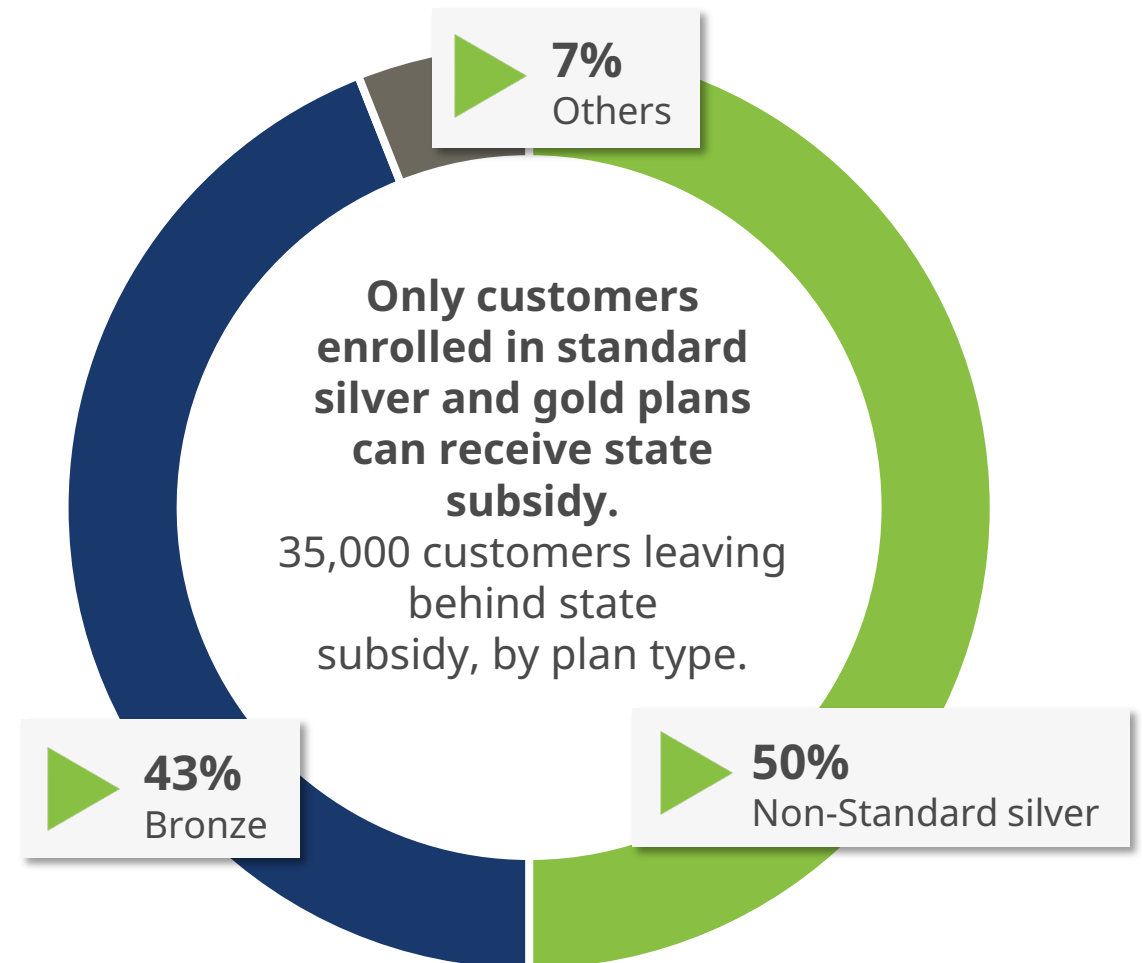
Cascade Care makes health insurance accessible and affordable for every *Washington Healthplanfinder* customer.



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

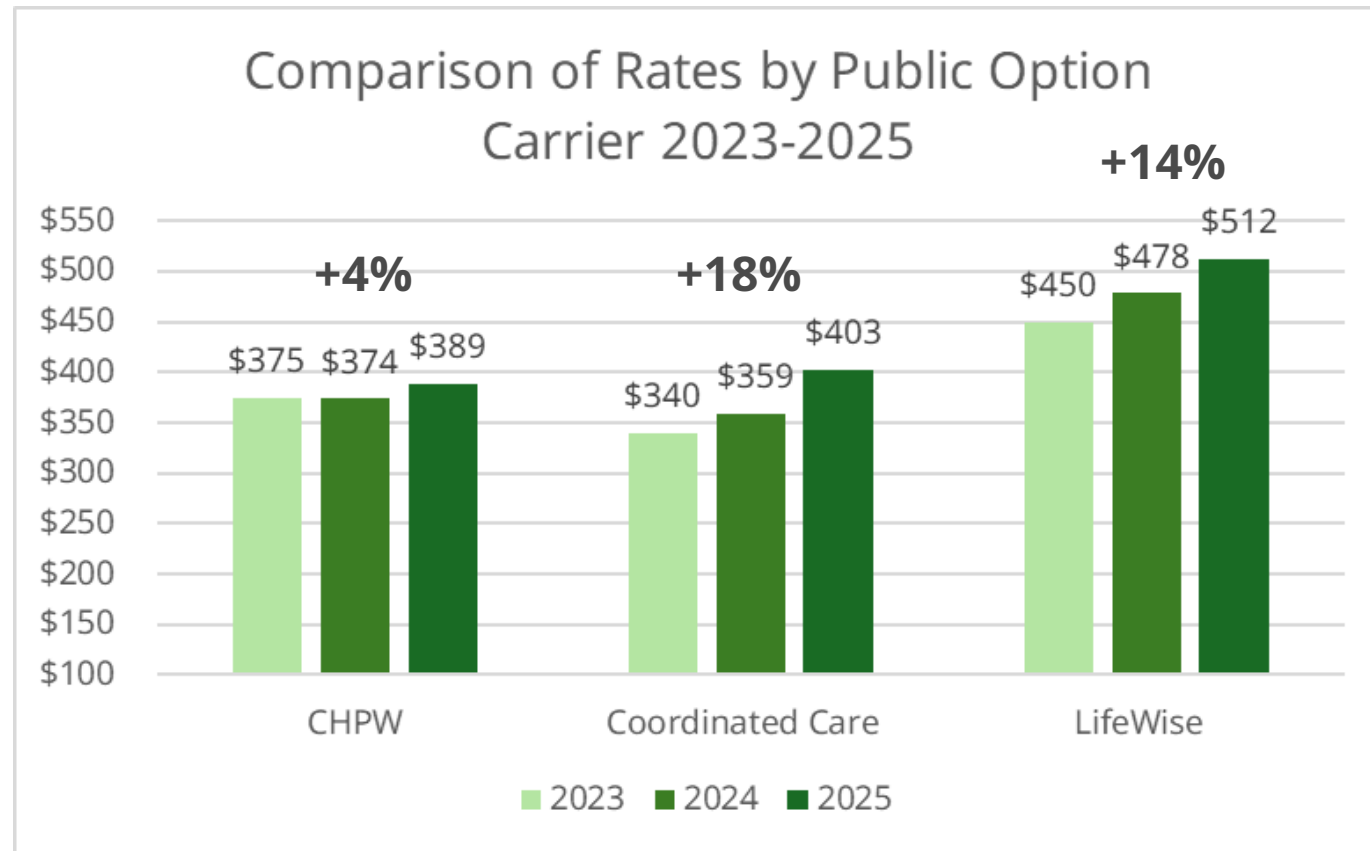
State subsidy lowering premiums for nearly 100,000 customers

- ▶ Subsidy struggles to keep up with 2025 rate increases.
 - ▶ To maintain customer subsidy levels in 2025, annual budget would need to increase nearly \$10M.
- ▶ Significant number of enrollees leaving subsidy on table.



Variability in public option rates hinder market affordability goals

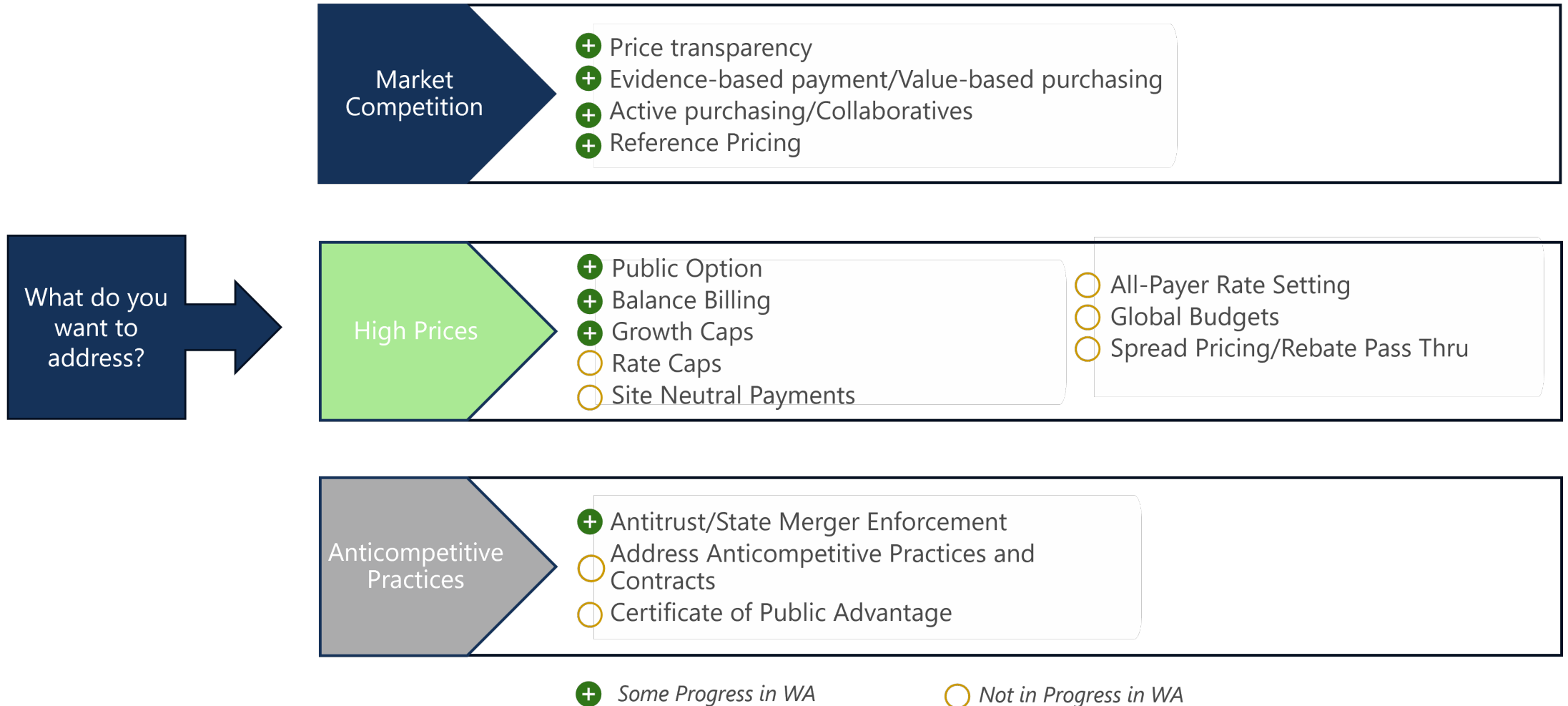
Despite increases, public option the lowest-premium silver QHP in 31 counties



Average unweighted all-metal rates for a 40-year-old non-smoker prior to any subsidies; 2025 figures are initial rates

2024 state affordability activities

State Options to Address Health Costs



PBGH advanced primary care and fair prices

Market-Shaping Strategic Initiatives

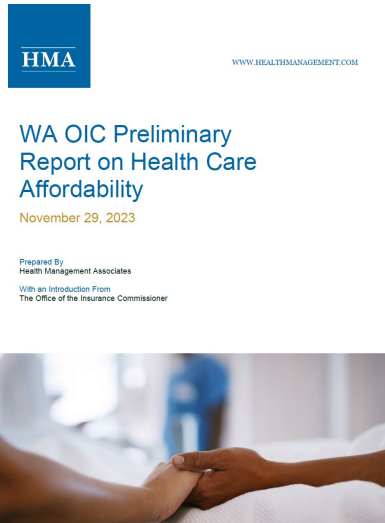
- 1 Advanced Primary Care - Designation & Network** →
 - Turnkey high-quality primary and specialty care national network built to reflect purchaser priorities.
- 2 Address Low-Value Care (CAA Tools and Support)** →
 - Complete data and advisory services to establish fair pricing, outcome accountability and enable purchaser fiduciary success.
- 3 Maternal Health & Birth Equity** →
 - Redesign, patient-centric wholistic maternal care delivery system that achieves quality and equity.

Health Care Cost Transparency Board data transparency and prioritized policies

In 2022, 62% of WA respondents reported experiencing health care affordability burdens in the past 12 months



Universal Health Care Commission administrative simplification and coverage



OIC and AGO reports on WA market and affordability policies

Workstream 2: Interim or Transitional Solutions

Recommendations to Date

- ✓ Expanded coverage for uncovered populations
- ✓ Integrated eligibility systems
- ✓ Cascade Care Savings
- ✓ Cost Growth Targets
- ✓ Align public programs

2024 Areas Being Considered

- Administrative Simplification
- Maximizing coverage in existing programs
 - Auto-enroll Medicaid to no-premium or lower-cost plans Exchange
 - Codify and fully fund Apple Health expansion
 - Increase participation in the Medicare Savings Program
 - Consolidate and expand purchasing



Advisory Committee Panel Discussion

Brad Becker, Senior Director Payer Strategy,
The Rural Collaborative

Kristin Meadows, President and CEO,
LifeWise Health Plan of WA; VP & GM of
Individual & SEBB Markets, Premera Blue Cross

Daphne Pie, Regional Health Services
Administrator, Public Health Seattle and King
County



Discussion: Exchange Affordability Strategies

Positioning Exchange affordability priorities for 2025 and beyond.

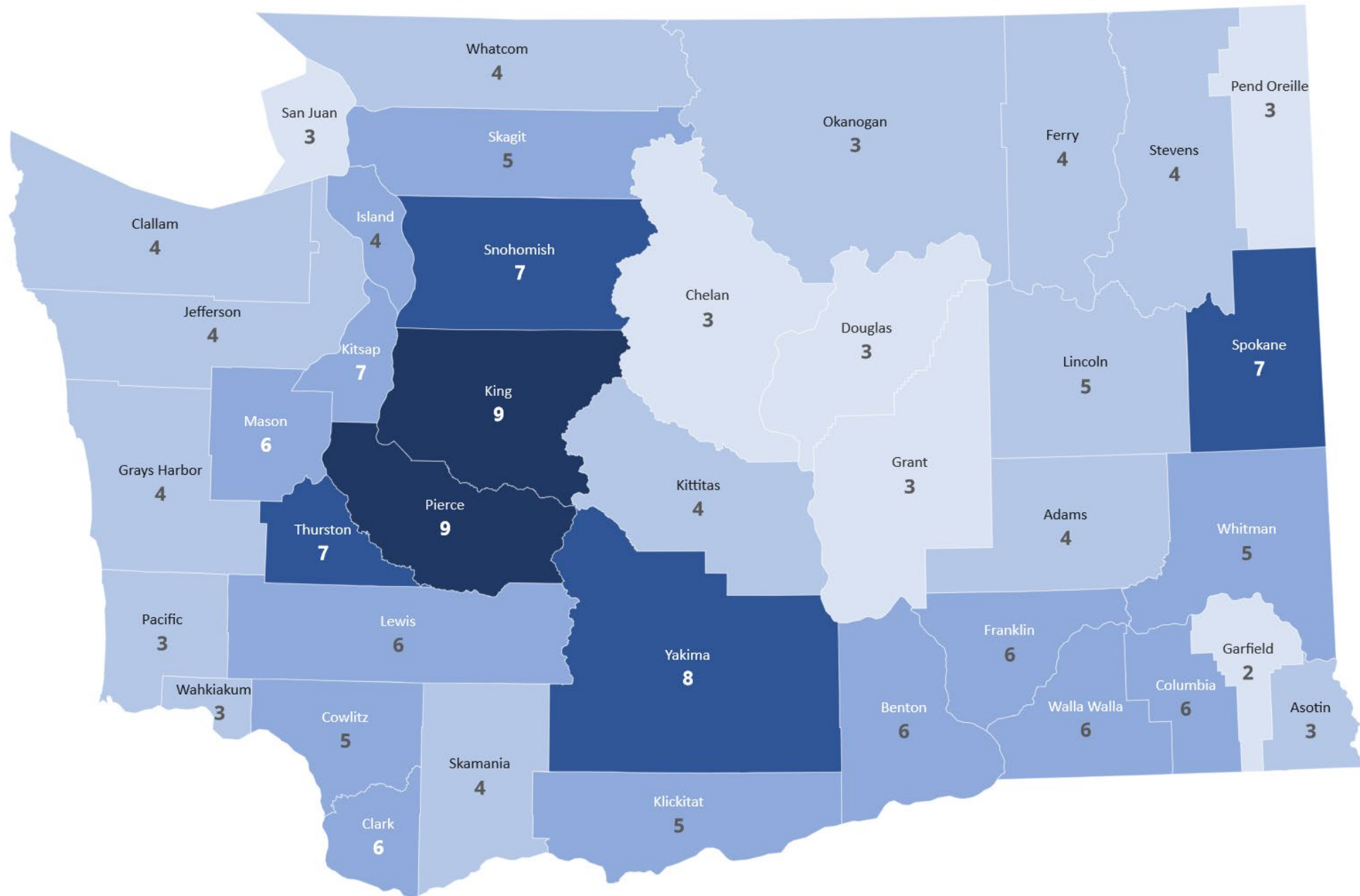
Actionable and highest impact opportunities for market stewardship.



Appendix

- Additional 2025 initial rates analysis – all data preliminary and subject to change
- Additional analysis on impact of enhanced federal subsidy expiration

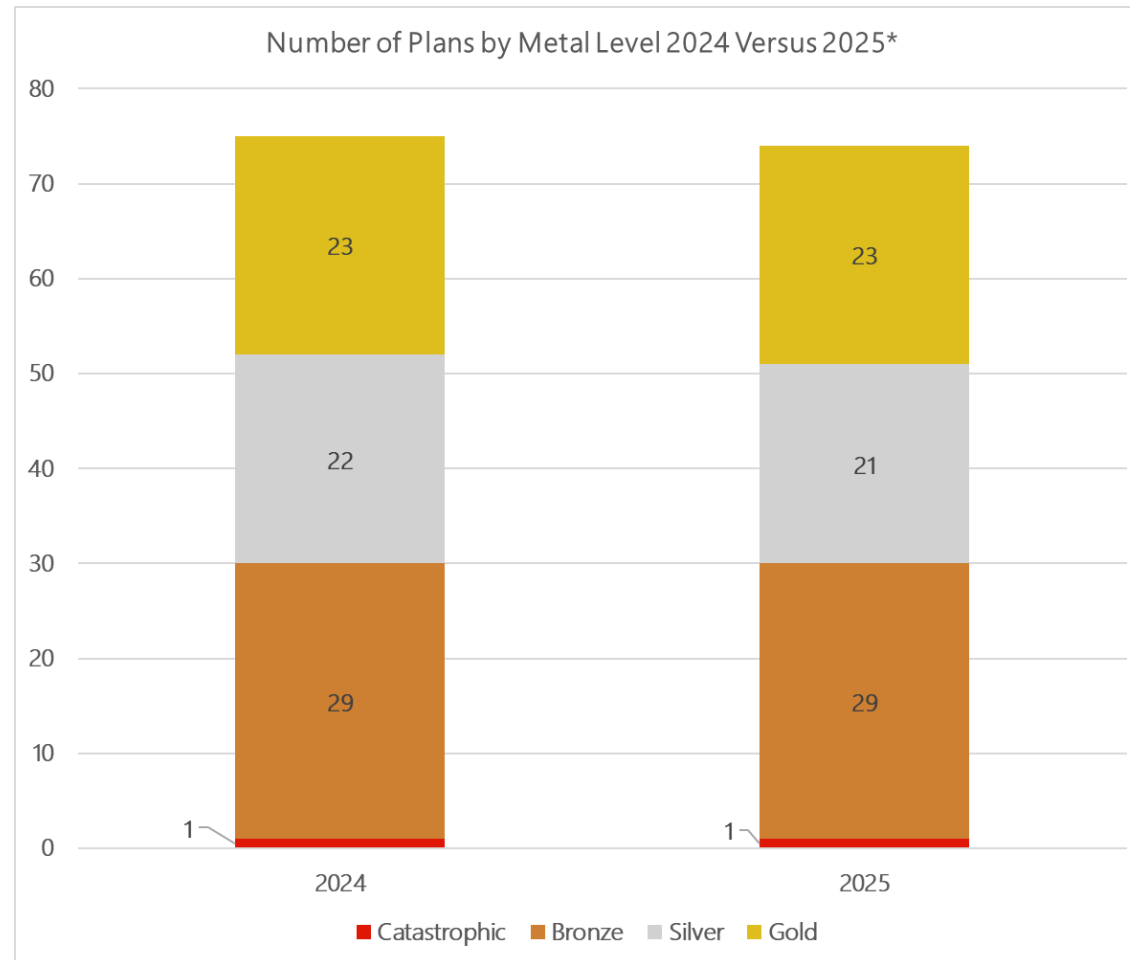
Number of Proposed 2025 Carriers (#) and Plans (Color) by County



■ <20 ■ 20-30 ■ 31-40 ■ 41-50 ■ 51+

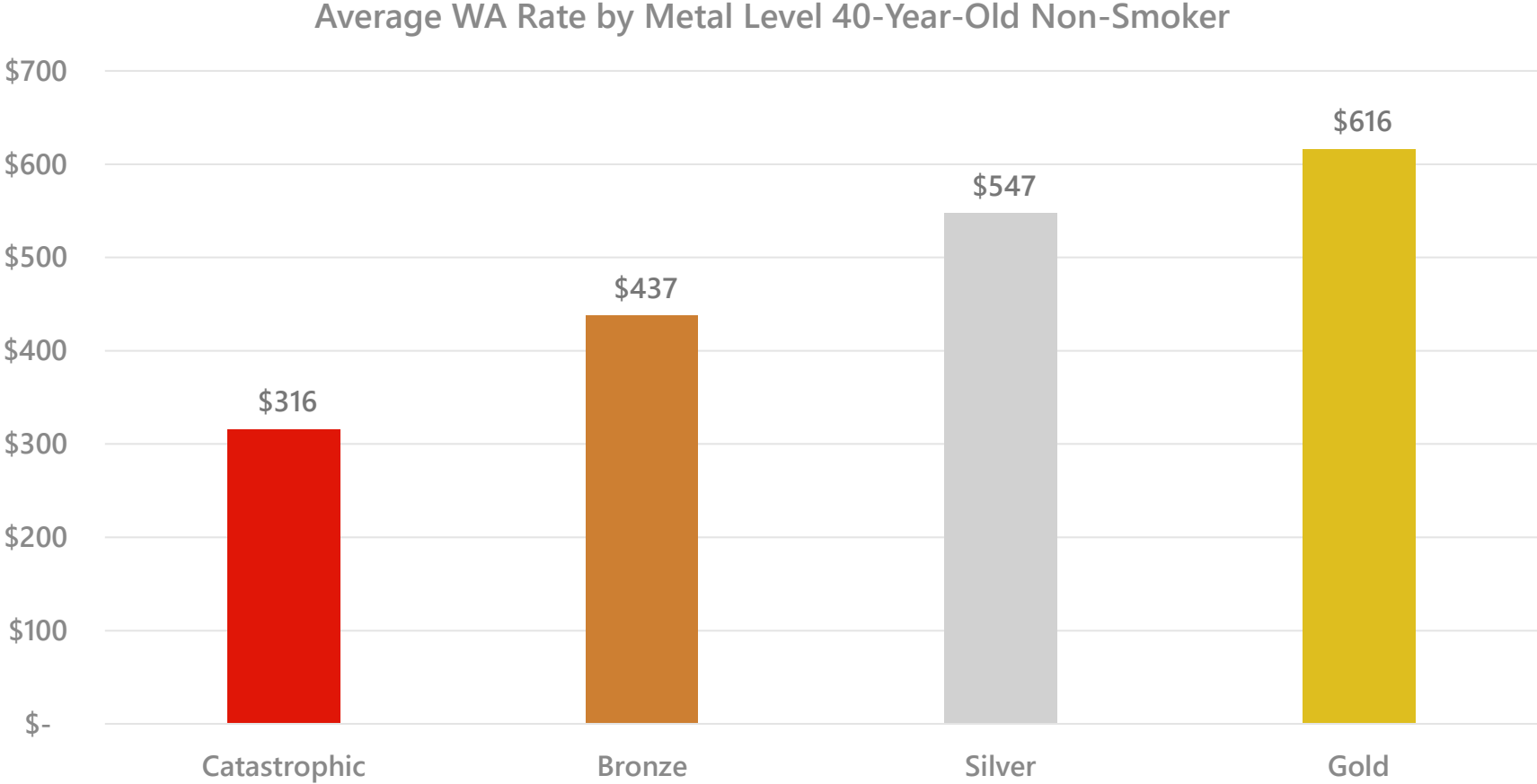
Reductions in Plans for 2025

Bronze still most numerous plans on Exchange



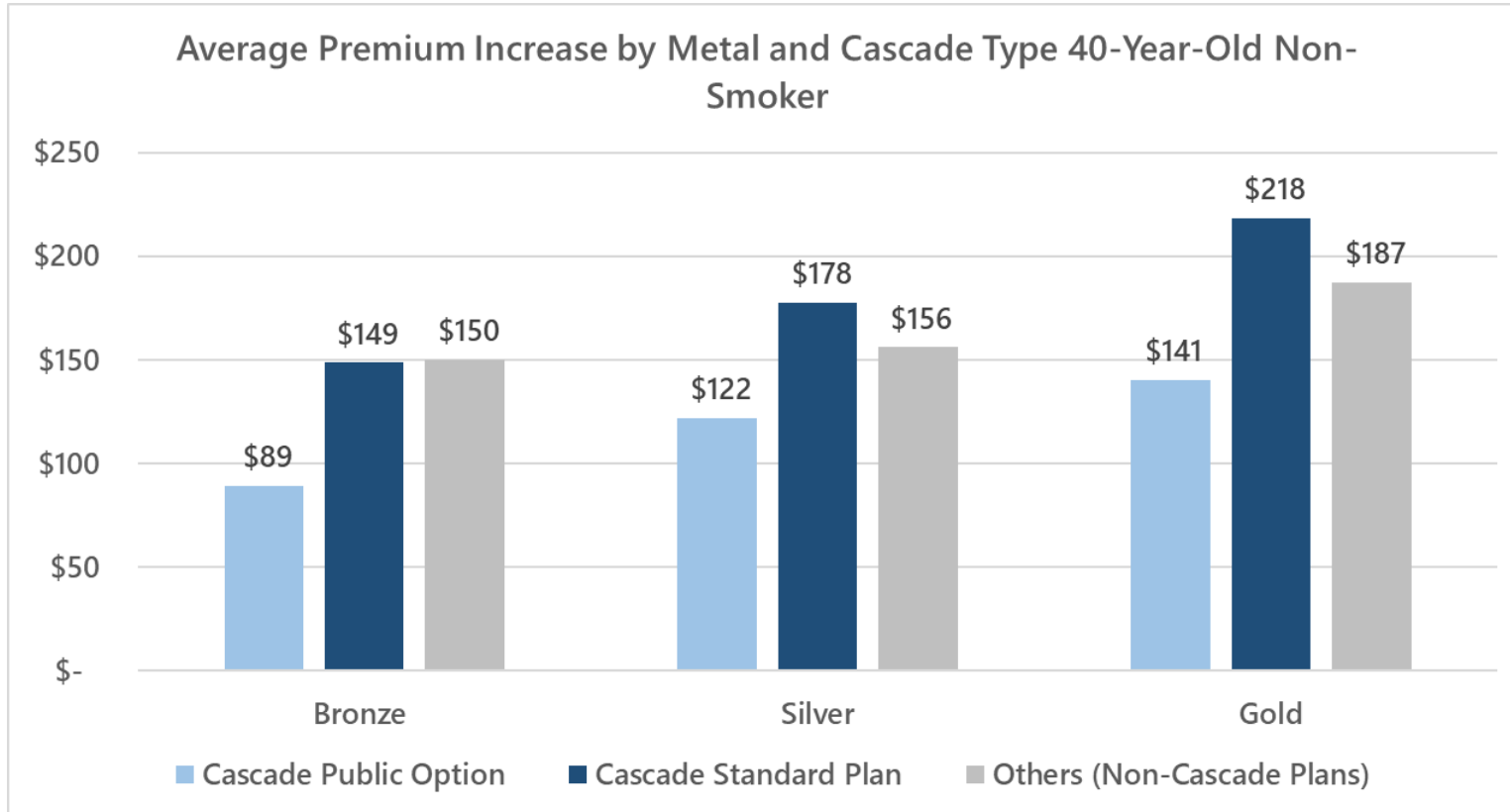
*PacificSource excluded in 2024 to show changes among current 2025 issuers

Average Proposed Rates by Metal



All Plan Types and Metals Have Significant Proposed Rate Increases

Public Option Plans Have Lowest Average Rate Increases

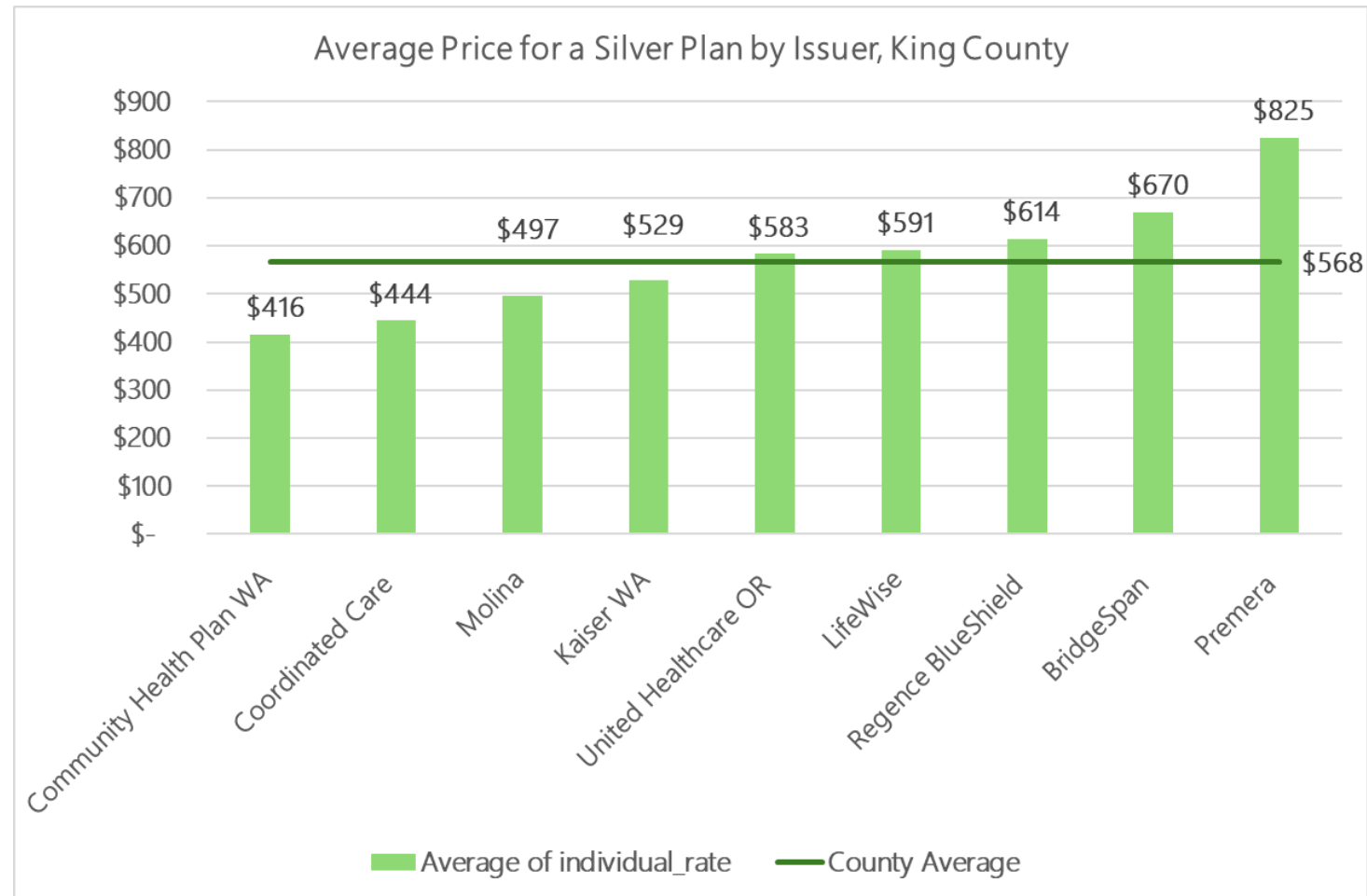


| Plan Type | Rate Increase % |
|-----------------------|-----------------|
| Cascade Public Option | 7.6% |
| Cascade Standard Plan | 12.6% |
| Others (non-Cascade) | 12.6% |

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

Wide Variation in Proposed Silver Plan Rates in a Single County

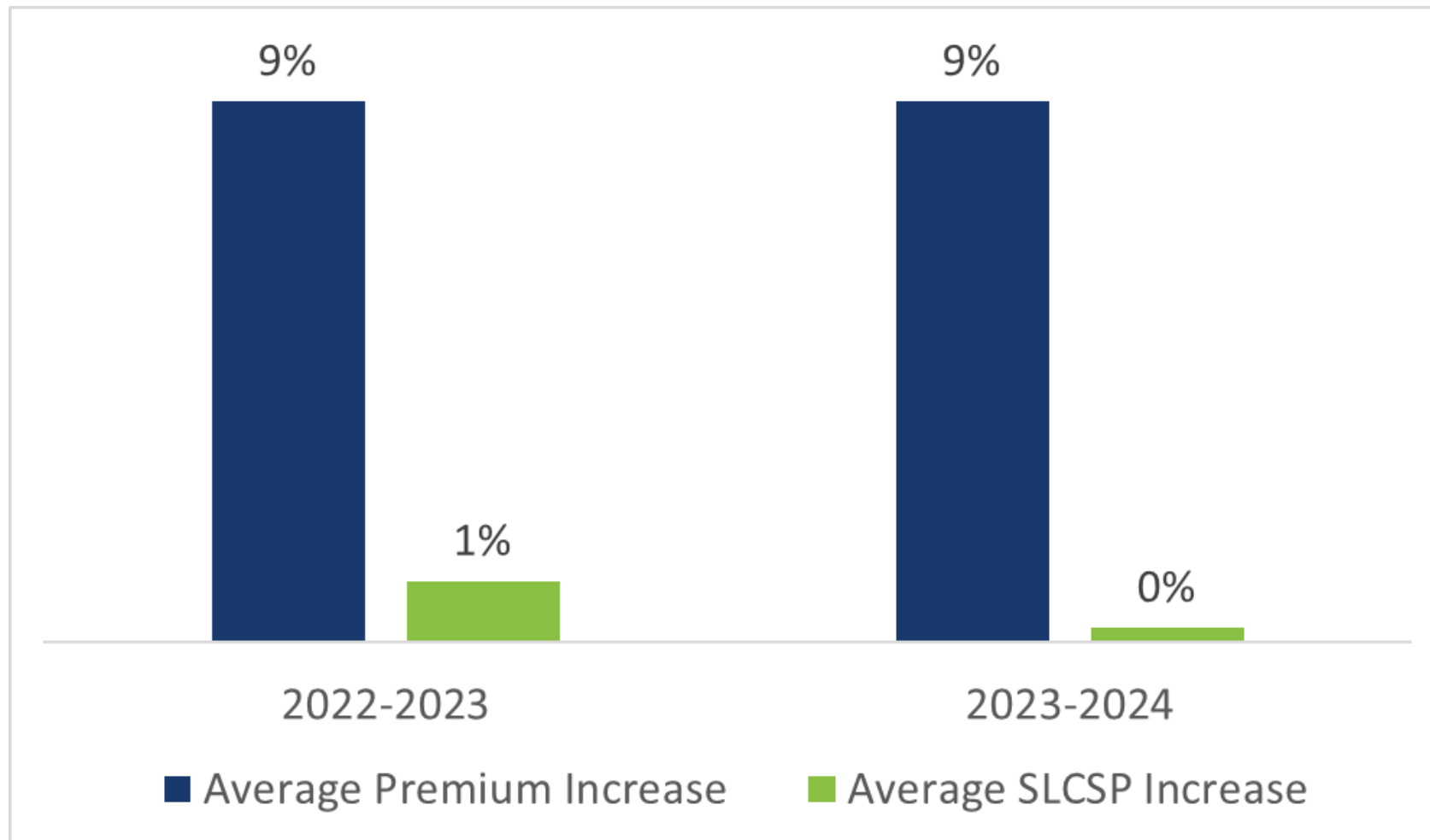
Leaving Only a Few Affordable Plans



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

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

—

Your maximum monthly contribution

==

APTC

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

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%) |

ARPA expiration: Example enrollee impact illustration

Scenario

A 60-year-old Yakima County resident makes \$36,600 per year (251% FPL). They are enrolled in a CHPW Silver Cascade Select plan, the lowest cost silver plan in their county.

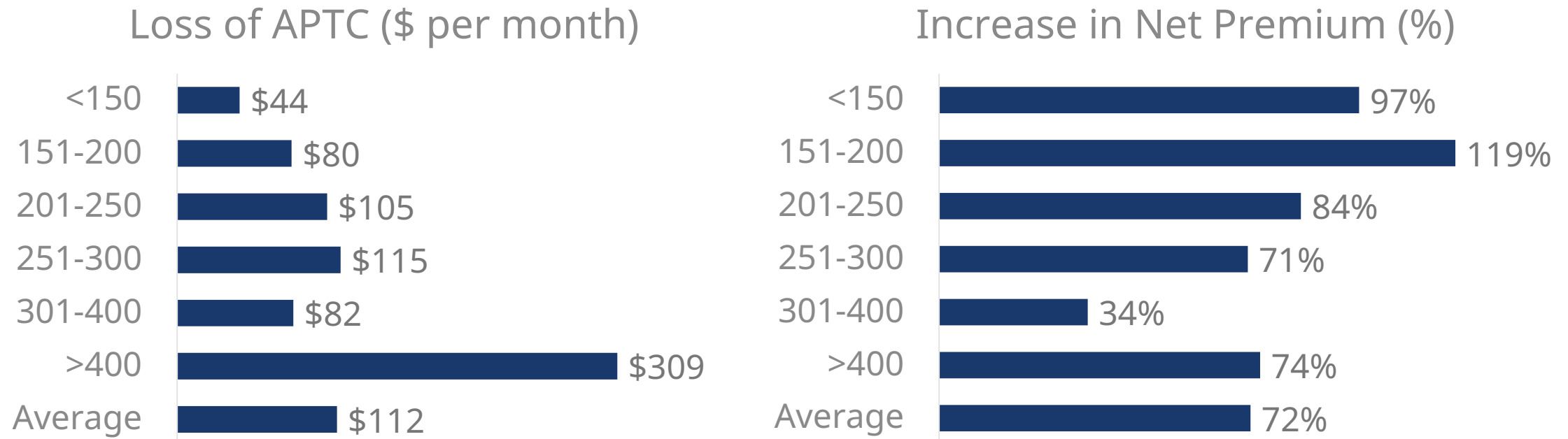
Impact

If ARPA-enhanced subsidies expire, **their net premium will more than double from \$112 to \$243 per month.**

| | ARPA-Enhanced Subsidies | Without Enhanced Subsidies | Change |
|---------------------------------------|-------------------------|----------------------------|----------------------------|
| Monthly Gross Premium | \$807 | \$807 | \$0 |
| Monthly Federal Subsidy (APTC) | \$695 | \$565 | -\$130 (-\$1,560 annually) |
| Monthly Net Premium | \$112 | \$243 | \$130 |

ARPA expiration: Impact will vary by income level

- ▶ People at higher income levels will experience larger losses of APTC (\$). Those at lower income levels will experience larger (%) increases in net premium.



ARPA expiration: Impact is highest for non-white and non-Hispanic residents

- ▶ Groups that will experience the largest increase in net premiums are American Indian/Alaska Natives (91%), Hispanic (90%), Black/African American (85%), Hawaiian (82%), Pacific Islander (80%), and those reporting multiple races (80%).

Loss of APTC (\$ per month)



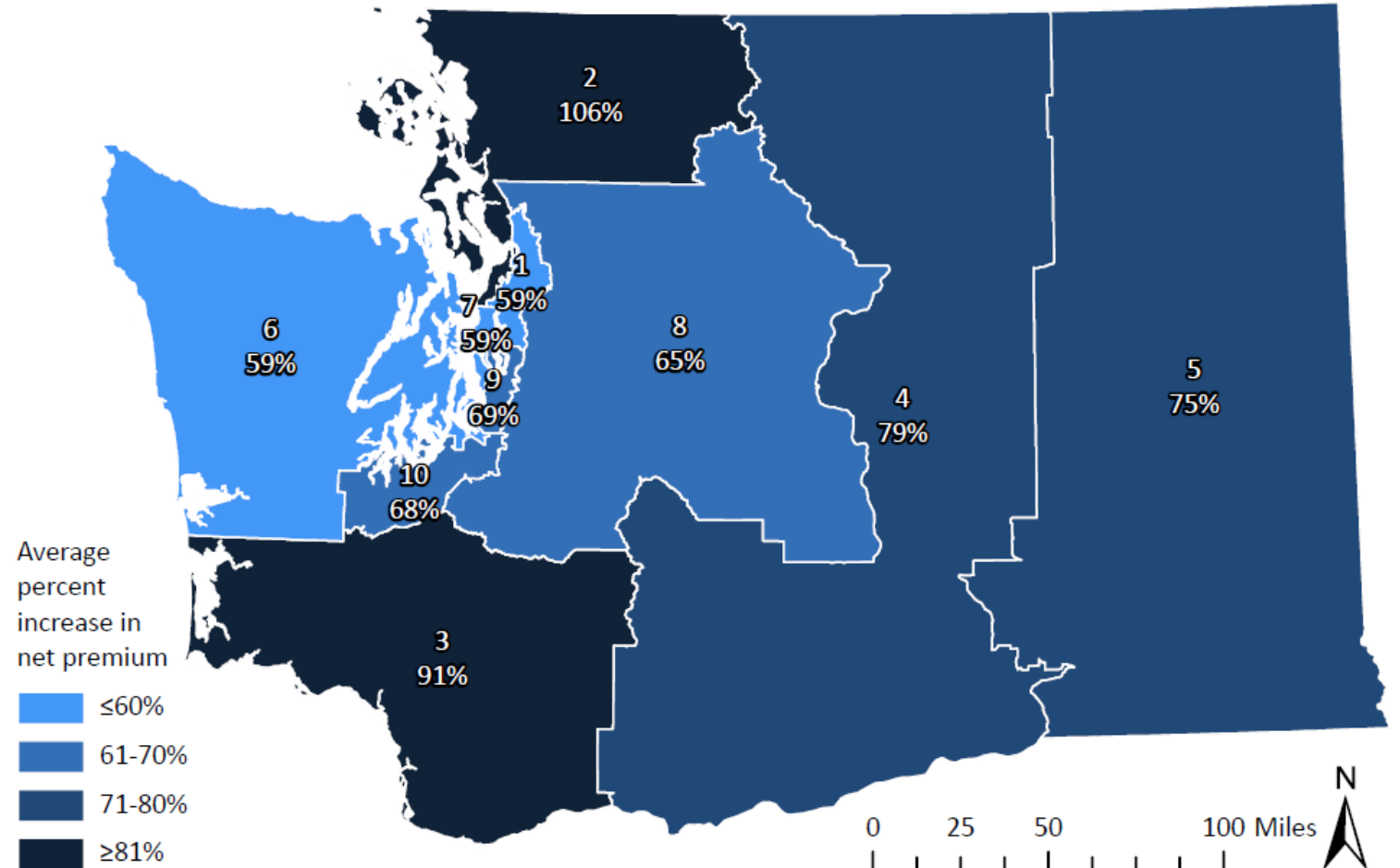
Increase in Net Premium (%)



ARPA expiration: Impact is Highest in Rural Communities

- ▶ Enrollees in rural counties will experience greater increases in net premium (80%) than enrollees in urban counties (70%).
- ▶ HBE is also analyzing the impact by congressional district to inform efforts in DC.

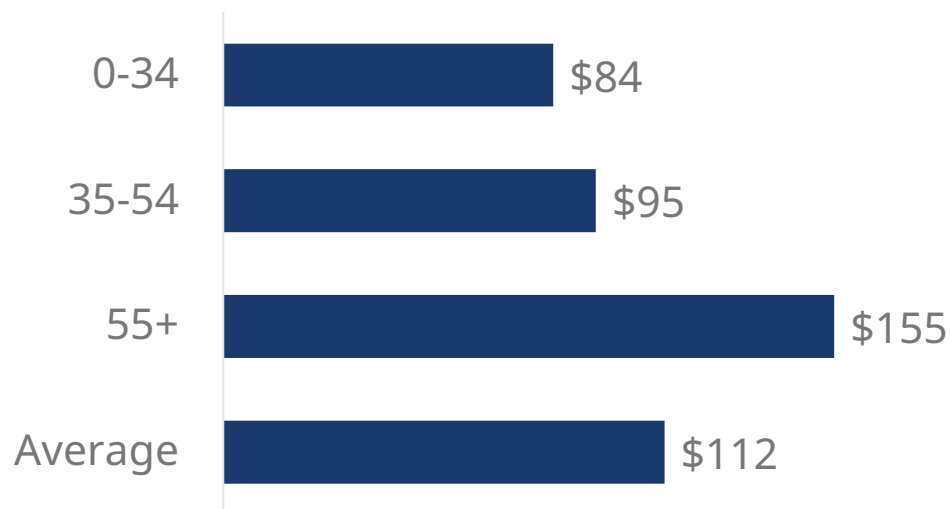
Average Percent Increase in Net Premium by Congressional District



ARPA expiration: Impact is largest for Youngest and Oldest Customers

- ▶ Enrollees over age 55 will lose the most tax credits on average – a total of \$155 per month
- ▶ Enrollees under age 35 will see a smaller than average decrease in their tax credits because their premiums are lower. But their net premium will almost double – an 82% increase.

Loss of APTC (\$ per month)



Increase in Net Premium (%)





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