

Mitigation Opportunities: Expiration of Enhanced Premium Tax Credits

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Congressional action is needed to keep people covered

Set to expire at the end of 2025, federal ePTCs are critical to ensuring health insurance is accessible and affordable in Washington state.



270,000

Number of residents enrolled in qualified health plans (QHPs).



219,000

Number of QHP enrollees who are eligible for enhanced premium tax credits.



\$1,300

Average yearly decrease in premium costs with enhanced premium tax credits.



\$1,900

Average yearly decrease in premium costs for 55- to 64-year-old residents with enhanced premium tax credits.

Washingtonians face steep premium increases and many will forgo health insurance

The effect of enhanced premium tax credits expiring in Washington state:



72%

Amount net premiums will increase for enhanced premium tax credits recipients.



\$275M

Amount of lost federal funds from enhanced premium tax credits.



80,000

Number of enhanced premium tax credits recipients who will forgo coverage.

Status of ePTC expiration mitigation strategies



Standardize Silver Loading



Modify Cascade Care Savings



Eliminate Tobacco Rating



Exchange adopted new low actuarial value (AV) standard Gold plan



2026 Guidance for Participation released

Standard silver loading results in more APTC for WA customers

- ▶ Maximizing silver loading would result in higher Silver premiums and lower Bronze and Gold premiums, across the Exchange
 - ▶ Gold premiums would be lower than Silver premiums
- ▶ **Bottom line:** A 2020 analysis estimated standardized silver loading would increase APTC in Washington by up to **\$110M annually.***

Significant impacts in other states

- ▶ 7 states have adopted some version of Silver loading, including MD (2018), PA (2021), NM (2022), and TX (2023)
- ▶ Marketplace enrollment in [Texas](#) **grew by 31%** in open enrollment the first year of standardized Silver loading. Enrollees in Gold plans **increased from 9% to 23%**.
- ▶ In [New Mexico](#), the proportion of marketplace enrollees receiving high-deductible coverage in Bronze or low-AV Silver **fell from 49% to 23%**.
- ▶ In [Pennsylvania](#), the average lowest-cost Bronze premium **decreased by 9%** and average lowest-cost Gold premium **decreased by 12%**.

Silver loading opportunity in Washington

- ▶ OIC is seeking feedback from carriers now on a draft emergency rule and methodology to standardize Silver loading for PY2026
- ▶ OIC plans to adopt the emergency rule on March 3 to allow implementation for PY 2026 rates

Exchange ready to support OIC's Silver loading approach, including:

- Cascade Care Savings policy tweaks
- Cross-mapping
- Healthplanfinder display changes



Program Modifications to Cascade Care Savings

- ▶ Final draft of CCS Policy is out for public comment through Feb. 28
- ▶ Guiding principles for final policy:
 - ▶ Stretch state funding further – maximize federal subsidies where possible
 - ▶ Direct limited state dollars to those who need it most to stay covered
 - ▶ Support standardized Silver loading through CCS policy



Draft Cascade Care Savings Policy

Policy Concept	Reasoning
Refine metal level eligibility	Ensure customers are getting the highest value, lowest cost plan they are eligible for with state CCS investment
Apply CCS to Bronze standard plans for a select population	Ensure there is a more affordable premium option for CCS customers without federal subsidies
Encourage full use of available affordable coverage options to maximize state investment*	Ensure limited state funds support those who need state premium assistance to stay covered
Change premium benchmark calculation to contribution based on FPL	Implementing premium contribution results in savings to CCS annual expenditures

*An exception process will be available for customers with taxable income below the tax filing threshold

The value of eliminating tobacco rating

- ▶ **Equity:** Tobacco rating reduces QHP enrollment among tobacco users, who are disproportionately lower income, non-white, and from rural areas of the state
- ▶ **Maximizes CCS impact:** WA pays an estimated **\$2M annually** toward tobacco rated premiums via Cascade Care Savings
- ▶ **Maximizes federal APTC:** When carriers spread any applicable tobacco load over all plan premiums, it is captured in the benchmark premium and increases APTC for all

Tobacco Rating and Cascade Care Savings

- ▶ Draft CCS policy provides that CCS would be available only for Cascade plans of carriers that **do not** tobacco rate in the Exchange
 - ▶ Tobacco rating increased CCS spend by ~\$2M in 2025
- ▶ If a carrier decides to continue tobacco rating its plans, customers would need to change carrier to maintain CCS



New Low-AV Gold Cascade Plan for 2026

- Designed to support standard Silver loading
- Will have lower premiums than Cascade Silver plans
- CCS can be applied

Benefits	2026 Standard Complete Gold	2026 Standard Vital Gold	2026 Standard Silver	2026 Standard Bronze
Deductible and Out-of-Pocket Maximum				
Medical/Pharmacy Integrated Deductible	Yes	Yes	Yes	Yes
Medical (or Integrated, if Applicable)/Pharmacy Deductibles (\$)	\$1,000	\$1,900	\$2,500	\$6,000
Medical/Pharmacy Integrated MOOP	Yes	Yes	Yes	Yes
Medical/Pharmacy Integrated MOOP (\$)	\$7,000	\$8,800	\$9,750	\$10,150
Office Visits				
Preventive Care/Screening/Immunization	\$0	\$0	\$0	\$0
Primary Care Visit to Treat an Injury or Illness (exc. Preventive, and X-rays)	\$15	\$15	\$20***	\$40***
Specialist Visit	\$40	\$40	\$65	\$100
Mental/Behavioral Health and Substance Use Disorder Outpatient Services-Office	\$15	\$15	\$20***	\$40***
Emergency/Urgent Care Services				
Emergency Care Services	\$450	\$800	\$800	40%
Urgent Care	\$35	\$35	\$65	\$100
Ambulance	\$375	\$375	\$375	40%
Outpatient Services				
Outpatient Facility Fee (e.g., Ambulatory Surgery Center)	\$350	\$350	\$600	40%
Outpatient Surgery Physician/Surgical Services	\$75	\$75	\$200	40%
Mental/Behavioral Health and Substance Use Disorder Outpatient Services - Other	\$15	\$15	\$30	40%
Outpatient Diagnostic Tests				
Laboratory Outpatient and Professional Services	\$20	\$30	\$40	40%
X-rays and Diagnostic Imaging	\$30	\$30	\$65	40%
Advanced Imaging (CT/PET Scans, MRIs)	\$300	\$300	30%	40%
Inpatient Services				
All Inpatient Hospital Services (inc. MH/SUD, Maternity)	\$525*	\$650*	\$800*	40%
Skilled Nursing Facility	\$350**	\$350**	\$800**	40%
Pharmacy				
Generics	\$10	\$10	\$25	\$32
Preferred Brand Drugs	\$60	\$75	\$75	40%
Non-Preferred Brand Drugs	\$100	\$200	\$250	40%
Specialty Drugs (i.e. high-cost)	\$100	\$200	\$250	40%
All Other Benefits				
Speech Therapy	\$25	\$30	\$40	40%
Occupational and Physical Therapy	\$25	\$30	\$40	40%
Durable Medical Equipment (DME)	20%	20%	30%	40%
Home Health	\$15**	\$15**	\$30**	\$50**
Hospice	\$15**	\$15**	\$30**	\$50**
All Other Benefits	20%	20%	30% 18	40%
AV	81.81%	78.06%	71.84%	64.97%

Shaded benefit categories are not subject to deductible

Questions and Discussion

- ▶ Feedback sought: Cascade Care Savings Policy is open for comment this week and Silver loading is still under consideration by OIC
- ▶ What reactions do you have to the policy opportunities presented today?
- ▶ Is there anything else the Exchange should be considering to assist customers with affordability challenges coming in 2026?

APPENDIX

Standardized silver loading: Background

What is “silver loading”?: Building carriers’ cost of cost-sharing reductions (CSRs), higher actuarial value (AV) Silver plans for customers below 250% FPL, into rates of all Exchange Silver plans

- State response when federal government stopped paying carriers for CSRs in 2018

Challenge: Inconsistent silver loading reduces benchmark Silver plan prices, reducing APTC and increasing net premiums for all subsidized customers

Opportunity: Set consistent Silver loading expectations for carriers at a higher level than current Silver load, to reflect actual value of rich CSR Silver plans

- ▶ E.g., subsidized customers up to 200% FPL are eligible for 87%-94% AV silver plans (on average, Platinum-level coverage), for the cost of a silver plan. If silver plan prices are increased to reflect that AV, APTCs will increase significantly.

Bottom line: A 2020 analysis estimated standardized silver loading would increase APTC in Washington by up to **\$110M annually**.*


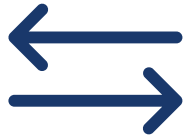

**Source: Axene Health Partners. The ACA's Silver Bulletin.*








Impact of standard silver loading on customers

- ▶ **Maximizing silver loading would result in higher Silver premiums and lower Bronze and Gold premiums, across the Exchange**
 - ▶ Gold premiums would be lower than Silver premiums
- ▶ **Who gets a cheaper premium with standardized Silver loading?**
 - ▶ Anyone enrolled in a plan other than Silver (*153K, 51%, of enrollees*)
- ▶ **Who is not affected by standardized Silver loading?**
 - ▶ Anyone eligible for APTC *who remains enrolled* in a Silver plan (*129K, 44%, of enrollees*)
- ▶ **Who could be harmed by standardized Silver loading?**
 - ▶ Anyone ineligible for APTC *who remains enrolled* in a Silver plan (*17K, 6%, of enrollees*)

Cheat sheet: Customer impact

Legend

Helped:	
No Impact:	
Should change plans:	

	APTC Eligible	Not APTC Eligible
Bronze		
Silver	 	
Gold		

Tobacco rating: Background

- ▶ ACA permits insurers in the individual and small group markets to charge tobacco users premiums up to **1.5 times higher** than premiums for people who don't use tobacco
- ▶ This is commonly called "tobacco rating"
- ▶ A consumer's premium tax credit is calculated without the tobacco rating factored in to the benchmark premium
 - ▶ Note: Cascade Care Savings works differently. The CCS amount is based on the amount of the tobacco-rated premium, so tobacco users utilize more CCS.
- ▶ This often results in significantly higher health insurance premiums for people who attest to tobacco use

Tobacco rating in the Exchange in PY2025

- ▶ 5% of QHP enrollees attest to tobacco use
- ▶ Two-thirds (66%) of QHP customers attesting to tobacco use are under 250% FPL and most receive CCS
- ▶ The average CCS recipient attesting to tobacco use receives \$103 per month in CCS, more than double the amount received by non-tobacco users

Customer Example

- ▶ Joseph is a 40-year-old attested tobacco user in Pierce County who earns \$37,656 per year (250% FPL). He enrolls in the lowest-cost Cascade silver plan.

	Joseph's Premium in Lowest Cost Cascade Silver Plan	
Tobacco Rating	Yes	No
Gross Premium	\$523	\$436
APTC	\$301	\$301
CCS**	\$155	\$135
Net Premium	\$67	\$0

2026 Guidance for Participation – Modest Changes



- ▶ Final 2026 Guidance was published this week
- ▶ Build on process improvements from last year
 - ▶ Partnership and tight communication between OIC, HBE, and carriers helps ensure timely OE
- ▶ Modest but meaningful improvements to quality program
- ▶ Carriers not permitted to collect premium differentials from customers due to findings in a CMS prior year audit
- ▶ Encourage carriers to adopt optional premium payment threshold most beneficial to customers