

CASCADE CARE - SUBSIDY STUDY - FUNDING MODEL REVIEW

This chart is provided in accordance with HBE's work "to develop a plan to implement and fund premium subsidies" pursuant to ESSB 5526 (2019). The chart provides an overview of assessments, fees, premiums, and taxes that have been proposed or enacted in Washington, in other states, or at the federal level.

*The level of assessment, revenues, and expenditures are provided for illustrative purposes where available, and are not meant to constrain the modelling of a state subsidy funding mechanism. This chart is not intended to be an exhaustive list of all funding options available to policymakers. *

	Assessments on Fully-insured & Self-funded Insurance					Assessments on Fully-insured Insurance		Assessment on Insurance & Hospitals	Assessment on Employers			Assessment on Individuals	
	WA Covered Lives Assessment	PALs	WSHIP Assessment	WA Claims Tax	Federal Health Insurance Tax (HIT)	WA Carrier Surplus Tax	WA Premium Tax	Colorado Tax / Assessment	Mass. Employer Fair-Share Contribution	Mass. Employer Medical Assistance Contribution	Washington Paid Family & Medical Leave	Individual Mandate Penalty	Capital Gains Tax
	SB 6062 (2018) - Cleveland [HB 2355 - Cody]	HB 2728 (2020) - Slatter	RCW 48.41.090	HB 2901 (2020) - Riccelli	Sec. 9010 of PPACA, P.L. 111-148	HB 2679 (2020) - Robinson [SB 6451 - Frockt]	HB 2821 (2020) - Cody	SB 20-215 (2020)	956 CMR 11 (2007-2014)	956 CMR 12 (2014-Present)	RCW 50A.10	SB 5840 (2019) - Cleveland	SB 5222 (2019) - Hasegawa
	Proposed	Enacted	Enacted	Proposed	Repealed, effective 2021	Proposed	Proposed	Enacted	Repealed in 2014	Enacted	Enacted	Proposed	Proposed
Entities Assessed	Fully-insured Carriers & Third-Party Administrators (TPA)	Fully-insured Carriers, Employers that provide insurance, & Self-funded Multiple Employer Welfare Agreements (MEWA)	Disability & Stop-loss insurers, HCSCs, HMOs, & Self-funded MEWAs	Fully-insured Carriers, TPAs, & Employers offering self-funded coverage	Fully-insured individual, small group, and large group health plans, Medicaid managed care, Medicare Part D, and Medicare Advantage	Fully-insured Carriers	Fully-insured Carriers & Managed Care Organizations (MCO)	Fully-insured Carriers & Hospitals	Employers w/ 11 or more FTEs that does not make a fair-share contribution to employee premiums	All employers w/ 6 or more employees	Employers & Employees	Uninsured Washington Residents	Washington Residents earning capital gains
Type of Assessment	Assessment on covered lives	Assessment on covered lives	Assessment on covered lives	Claims Tax	Fee on health insurance premiums	Non-profit Carriers = Fee on excessive surplus For-profit Carriers = Tax on depreciation deductibles	Premium Tax	Carrier Fee = percentage of annual premiums Hospital Assessment = annual \$20 million	Employer Assessment	Employer Assessment	Employer & Employee Payroll Premiums	Individual Mandate Penalty	Capital Gains Tax
Tax / Fee %	Assessment on entity's covered lives as a fraction of total covered lives in WA, necessary to equal \$200 million total (estimated at \$5 ppm)	Assessment on entity's covered lives as a fraction of total covered lives in WA, necessary to equal program expenses	Assessment on entity's covered lives as a fraction of total covered lives in WA, necessary to equal program expenses (estimated at \$0.68 ppm - 2019)	1% on all paid claims	Fee on 50% of net premiums between \$25 and \$50 million and 100% on net premiums above \$50 million (*2.2% of premiums). Based on insurer's market share.	Non-profit Carriers = Payment of 3% of all Surplus above 600% RBC For-profit Carriers = 3% tax of all depreciation deductibles	2.2% (2021) & 1.5% (2022-on)	Non-profit carriers = 1.15% of annual premiums For-profit carriers = 2.1% of annual premiums Hospital Assessment = \$20 million	\$295 or the sum of a Fair Share Employer Contribution and the Per Employee Cost of Unreimbursed Physician Care (whichever was less)	0.36% of all wages up to the Massachusetts unemployment insurance taxable wage base (~\$50 per employee per year in 2014)	2019-20 total premium rate of 0.4% of wages, with review for annual adjustments beginning in 2021. ~1/3 paid by employers & ~2/3 paid by employee	2.5% of an individual's annual income or \$695, whichever is greater, capped at the avg bronze premium in WA	8.5% of the individual's Washington capital gains
Dedicated Uses	Reinsurance	Partnership Access Line & Psychiatry Consultation Line @ UW (to fund non-Medicaid portion of calls)	WSHIP Program Administration	Premium assistance for individuals w/ income b/twn 133-500% FPL, enrolled in a GHP	Federal Advance Premium Tax Credits	Subsidies for unsubsidized & Foundational Public Health	Low-income health insurance programs	Reinsurance / Subsidies for subsidized population / Subsidies for unsubsidized population	In part - Subsidized low monthly-premium insurance through ConnectorCare program	In part - Subsidized low monthly-premium insurance through ConnectorCare program	Paid Family & Medical Leave	Admin of penalty / outreach to uninsured / activities to increase availability of health insurance or affordability of premiums	Funding for a Universal Health Care trust program
State Revenue	\$200 million (yr 1) & ~\$160 million (yr 2-on)	Indeterminate	\$28 million (2019)	Indeterminate - Mechanism to track claims or assess TPAs/Employers	-	~\$57 million /yr in excess surplus [although true amounts unknown] Tax amounts = unknown	\$291 million (2021) & \$199 million (2022-on)	\$54.9 million (2021) / \$104.4 million (2022) / \$109.7 million (2023)	-	-	Employer Contribution = ~\$213 million / yr Employee contribution = ~\$367 million / yr	Indeterminate - Commonwealth fund estimated a potential for \$165 million in revenue based on 2019 data	~\$1.3 billion annually
Federal Revenue	\$40 million /yr	-	-	-	\$15.5 billion (2020)	-	\$97.4 million (2021) & \$66 million (2022-on), used to offset taxes on MCOs	~\$88 (2021) - \$175 (2023) million	-	-	-	None proposed, but 1332 possibility given reduction in premiums	-
Expenditures	\$200 million / yr	Indeterminate (\$510,000 in 2020)	\$29 million (2019)	-	-	-	(Offsets to PEBB/SEBB/Medicaid costs)	\$182.4 million (2021) up to \$314.8 million (2023)	-	-	-	-	-
Administrative Costs	Differs annually, between \$120,000 to \$400,000 - OIC	\$294,000 / yr	\$1.9 million (2019)... = 4.8% of total expenses	-	-	\$109,000 - OIC	-	\$2.8-\$4.2 million	-	-	-	-	-
Other Notes	Required establishment of a TPA registration program & federal 1332 waiver	-	-	Premium assistance is set on a sliding scale by HCA and must be applied-for	-	Concerns expressed around getting to a dollar-figure based on RBC. May need to adjust assessment calculation.	HCA has questions around whether the FMAP/dedicated use of funds align with CMS policies.	Federal match based on 1332 waiver	-	-	-	-	Commonwealth Fund projects a 15% reduction in premiums (based on 2019 data)
Other State/Federal Activity	Federal - Transitional Reinsurance Covered Lives Assessment (2014-2016)	-	-	Vermont - Health Care Claims Tax (includes TPAs & PBMs) (32 V.S.A. 243)	-	-	Washington - Insurer Premium Tax (RCW 48.14.020) Vermont Insurance Premiums Tax (32 V.S.A. 211) N.J. - 2.75% premium tax to replace HIA (AB 4389 (2020))	Oregon - 1.5% premium tax on insurers, including PEBB, and 0.7% assessment on hospital revenue to fund reinsurance and Medicaid programs (HB 2391 (2017))	-	-	Oregon - PFML Payroll Tax (HB 2005 (2019))	Federal - ACA Individual Mandate (2014-2019)	-