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Subsidy Study - Stakeholder Feedback

- *July 22 Meeting* -

Below is a summary of written feedback from stakeholders following the second round of discussions of the Health Benefit Exchange's Subsidy Study model at the July 22nd Cascade Care Workgroup meeting. Feedback has been aggregated so as not to identify the comments of specific stakeholders.

Are there any remaining concerns around model assumptions or toggles?

While this round of stakeholder comments predominantly focused on funding considerations, there was a continued desire to better understand certain assumptions of the model. Stakeholders expressed an interest in more clarity about the methodology and data sets used to develop the morbidity analysis. There was also an expectation to see higher take-up rates from the uninsured population, and a desire to better understand how take-up rates and muting factors were determined.

There was also continued interest in the model including the economic impact of subsidies on consumers and enrollee movement between metal tiers, as subsidy rates are adjusted.

One question was raised about the model's ability to toggle fixed-dollar subsidy amounts across federal poverty level (FPL) bands. This stakeholder expressed an expectation that the fixed-dollar subsidy scenario would apply a flat dollar amount subsidy across all income-eligible individuals.

Are there additional types of funding HBE should consider in its research?

A set of core values was proposed to evaluate funding mechanisms. Generally, stakeholders agreed that funding should be broad-based, stable, and scalable. In addition, it was proposed that any funding source be: Ample; Progressive; Viable; A Suite of Sources; Able to Maximize Federal Revenue.

Other stakeholders also suggested that funding sources should not increase the cost of health care, especially for those who purchase unsubsidized coverage.

Are there other state/federal examples for funding HBE should research?

It was suggested that Washington should pursue a 1332 or 1115 federal waiver in combination with any state-based financing mechanism, to increase revenue and decrease state costs. Massachusetts and Vermont were provided as examples of states that have used 1115 waivers to expand subsidies and reduce churn between Medicaid and the individual marketplace.

What funding sources are of greatest interest to you? Why?

One stakeholder expressed interest in replacing the federal Health Insurance Tax (HIT) with a similar tax at the state level. This stakeholder suggested a state HIT could spread the cost of providing affordable health care options across all participants in the industry.

Another stakeholder suggested that a claims-tax is the single financing proposal that tracks with the principles of being broad-based, stable, and scalable. Michigan and Vermont were provided as examples of states that have instituted a claims tax as a stable revenue source, with this stakeholder noting that Vermont's 1% claims tax draws revenue from self-funded health plans, Third-Party Administrators, and Pharmacy Benefit Managers, in addition to fully-insured plans.

Other financing mechanism feedback.

Certain stakeholders expressed concerns about tax structures that are perceived to be unreliable. There were concerns that a tax on carrier surplus could be avoided as companies restructure and that the tax could potentially be viewed by courts as discriminatory. Other concerns were expressed that a health insurance premium tax or claims tax would contradict the goal of making health care more affordable. These stakeholders noted a premium tax could adversely impact small businesses and low-income consumers. One stakeholder also expressed concerns that a premium tax could lead to retaliatory taxation in other states that tie premium taxes to rates assessed in other states.