Washington Health Benefit Exchange

Affordability & Market Stabilization Discussion

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Background: State-Based Policy Solutions

Policy Solution	Description	Expected Outcome if Implemented
Consumer-Centered Plan Design (Standard Plans)	*State-designed plans have standard cost-sharing, meaning they have the same deductible, co-pays, and co-insurance for medical services, and offer the same services before the deductible. Carriers offering these plans compete on premium price, provider networks, customer service, and quality. This could be implemented for PY 2021.* *States that have already implemented standard plan design include: CA; CT; DC; MA; MD NY; OR; VT.*	These plans would benefit consumers by: • Lowering deductibles • Improving access to pre-deductible, evidenced-based services across insurers • Providing transparent, predictable cost-sharing • Increasing the value of the federal premium subsidies A full actuarial analysis of Washington specific impacts is available.[1]
Premium Wrap	*A state-based premium wrap could be implemented through the Exchange, like how the federal tax credit is administered. This could be implemented for PY 2020.*	This solution is scalable based on available funds – an annual appropriation of $100M, targeted at individuals up to 300% FPL ($36,180), would reduce the amount they spend on premiums by 50%.
Individual Mandate	*During the 2018 session, a state-based mandate was proposed. Loss of the federal mandate penalty is expected to have a significant adverse impact on the number of healthy insured and the risk pool— the morbidity of the individual market will increase as healthy members leave the market.*[2] *States that have already implemented a mandate include: MA, DC, NJ, VT.*	Market-wide reduction in premiums of up to 15% and a decreased uninsured rate (assumes enforcement mechanism included).[3]
Reinsurance Program	*During the 2018 session, a state-based reinsurance program was proposed (claims or conditions based, state investment of $138-181M).* *States that have already implemented reinsurance programs include: AK, ME, MN, OR, WI, MD, NJ.*	Market-wide reduction in WA premiums by 10% and a 2.5% increase in individual market enrollment.[4] States that have implemented reinsurance have seen premiums drop from 8% - 20%.

Short-term, State-based Solutions: Current Areas of Interest

- Consumer-Centered Plans (standard plans)
- State Individual Mandate (with enforcement)
- State Enhanced Subsidy
- Public Option

Consumer-Centered Plans (standard plans)

What

- State designed plan parameters that reduce deductibles, provide more transparent/predictable cost-sharing, and increase access to services for consumers

Why

- Consumers dropping coverage because of affordability challenges when accessing care; lack of perceived value

Who

- QHP carriers offer plans in the Exchange that adhere to state-defined parameters. Statutory authority needed for Exchange to work with OIC and others to design/implement these plans

When

- Earliest implementation PY 2021

State Individual Mandate (with enforcement)

What

- State level requirement to obtain minimum essential coverage, mirrored after the federal requirement, that includes relevant exemptions. Reduces premiums by providing regulatory certainty and improving the individual market risk pool

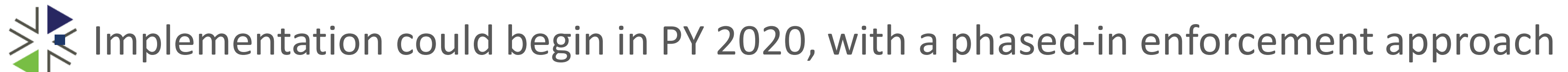
Why

- Consumers are struggling to afford coverage, and are confused about the applicability of the federal mandate

Who

- State entity or entities would need to compile relevant federal and state data, send consumer notices to uninsured/underinsured residents, and eventually collect penalty payment (IRS data indicates that 109k residents paid the penalty in 2016, totaling $79M)

When



- Implementation could begin in PY 2020, with a phased-in enforcement approach

State Enhanced Subsidy

What

- GF-S funded premium assistance to reduce premiums for specified residents to: improve the individual market risk pool, promote continuity of coverage (particularly for the churn population), provide a bridge to a public option

Why

- Consumers are struggling to afford coverage; dropping coverage; lack of perceived value

Who

- Exchange well-positioned to implement given experience with premium tax credit; no additional statutory authority needed; program could be articulated in a bill or budget proviso

When

- Implementation could begin in PY 2020

Public Option

What

- State offered plan, with consumer-centered plan design, competes with private plans in the Exchange, state's purchasing power leveraged to help lower consumer price

Why

- Consumers are dropping coverage, struggling to afford coverage, paying a large percentage of their household income on healthcare

Who

- State-offered QHP could be offered through *Healthplanfinder*

When

- TBD

Data Driven Analysis

- Post OE analysis – who dropping? Focus on young invincibles, and unsubsidized
- Comparative data from other SBMs
- Consumer surveys
- Technical assistance from national experts

Next Steps

- Continued engagement with legislators
- Bill review
- Updated data modeling and analysis
- Further prioritization of legislative ‘asks’

Appendix

Individual Market Premiums Over Time

Average annual rate change

40.0%
35.0%
30.0%
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	**2019**
4.4%	9.1%	18.0%	16.5%	13.1%	10.4%	11.2%	8.8%	0.0%	1.8%	3.8%	14.1%	35.0%	13.8%

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Source: Carrier rate filing with the OIC

Methodology: This graph represents the annual change in rate for continuing plans on the individual market as approved (rather than requested) by OIC. The average rate changes are weighted by observed enrollment as of March of the earlier year and expected enrollment for the following year.

Washington's Individual and Small Group Markets

Note: Values reflect point-in-time estimates of enrollment in each market during 2017. Lives enrolled in parentheses.
Office of the Insurance Commissioner, Policy & Legislative Affairs Division, Sept. 2018

Source: OIC

FPL Guidelines for 2019 Coverage

Household Size	133%	138%	150%	200%	250%	400%
1	$16,146	$16,753	$18,210	$24,280	$30,420	$48,560
2	$21,892	$22,715	$24,690	$32,920	$41,150	$65,840
3	$27,638	$28,676	$31,170	$41,560	$51,590	$83,120
4	$33,383	$34,638	$37,650	$50,200	$62,750	$100,400

Reference chart:
http://www.healthreformbeyondthebasics.org/wp-content/uploads/2017/11/REFERENCEGUIDE_Yearly-Guidelines-and-Thresholds_2019.pdf

Exchange 2019 Legislative Priorities

- Supplemental & Biennial Budget Request
  - No new GF-state funds, only expenditure authority requested
- Affordability & Market Stabilization
  - Consumers struggling with affordability and value
  - Ongoing technical assistance being provided on consumer-centered plan design, data for premium wrap modeling, and implementation of an individual mandate
- Leveraging investment in *Washington Healthplanfinder*
  - Ongoing discussions with health agencies & State Office of the Chief Information Officer (OCIO)
  - Pay 1 Replacement

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