



Washington Health Benefit Exchange

Senate Health & Long-Term Care Committee

Pam MacEwan, CEO

Joan Altman, Legislative & External Affairs

State of Individual Market – 2019

- Stability in issuers
 - On & Off Exchange: 11 issuers selling 88 plans
 - On-Exchange: 7 issuers offering 40 plans.
- No bare counties
- Fourteen counties with one issuer
 - Asotin, Chelan, Clallam, Douglas, Ferry, Garfield, Grays Harbor, Island, Okanogan, Pacific, Pend Oreille, San Juan, Skagit, Wahkiakum
- Weighted average approved rate increase: 13.8%
 - 2018: 35.0%
 - 2017: 14.1%



Exchange Enrollment Snapshot*

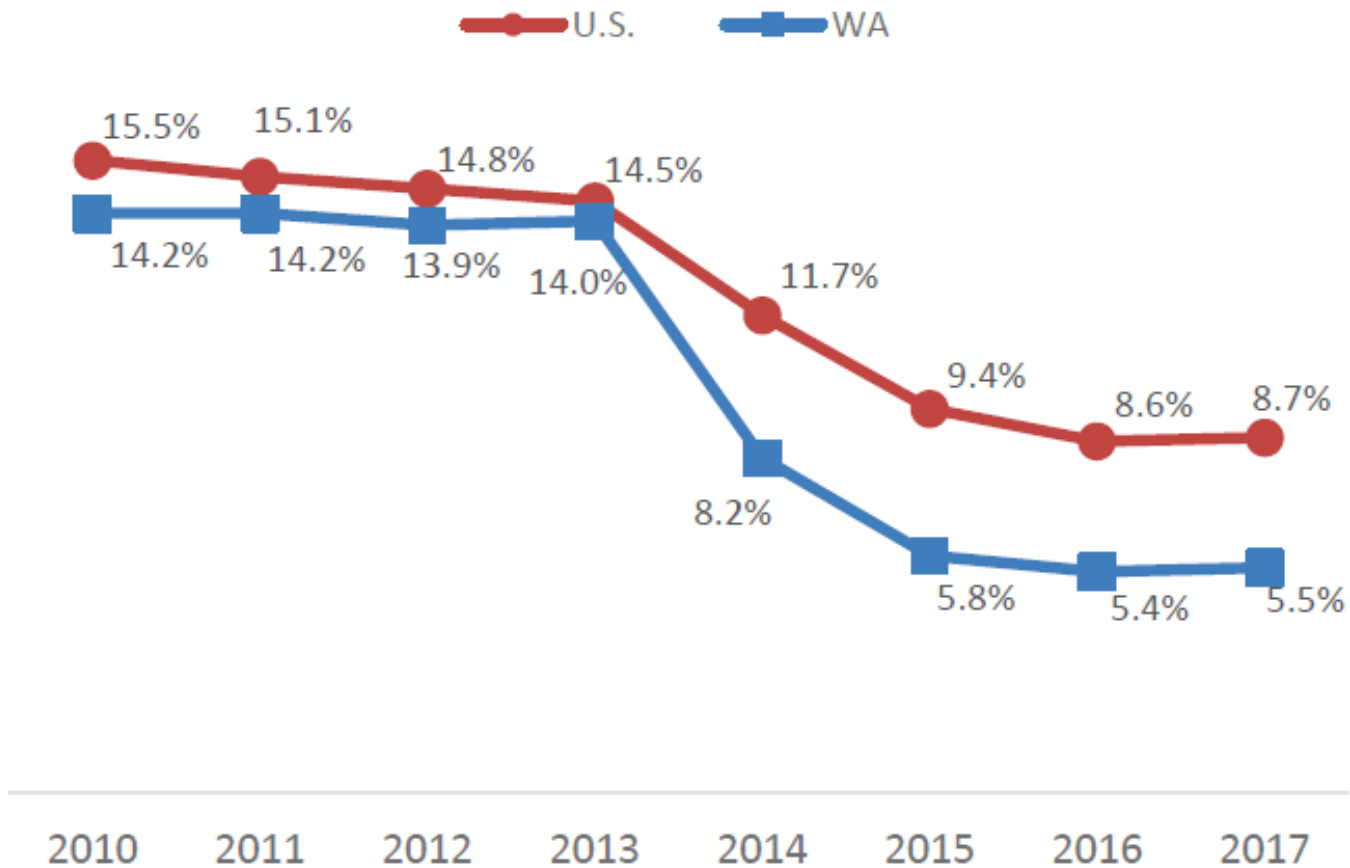
Description	OE5	OE6
Selected	230,523	222,183
New	68,488	39,393
Retain	162,035	182,790

* Thru Dec. 18



Washington's Uninsured Rate

Chart 1. Washington and U.S. Uninsured Rates: Total Population, 2010-17



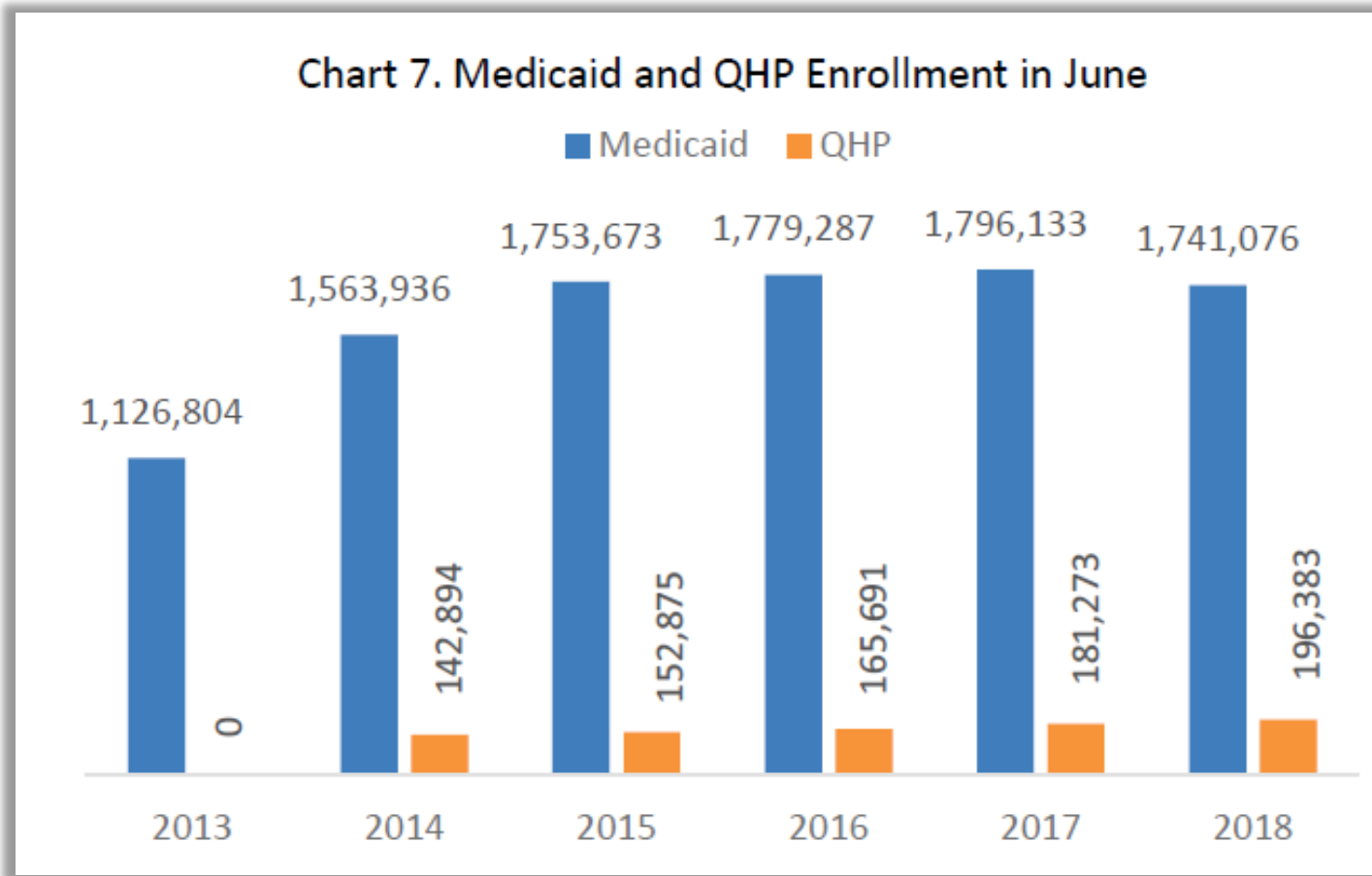
Source: OFM research brief (Dec. 2018)

<https://www.ofm.wa.gov/sites/default/files/public/dataresearch/researchbriefs/brief089.pdf>



Market Movement From 2017-2018

- 35,000 fewer people in individual market as a whole (on and off Exchange)
- 55,000 fewer people in Medicaid



Exchange Customer Experience 2018

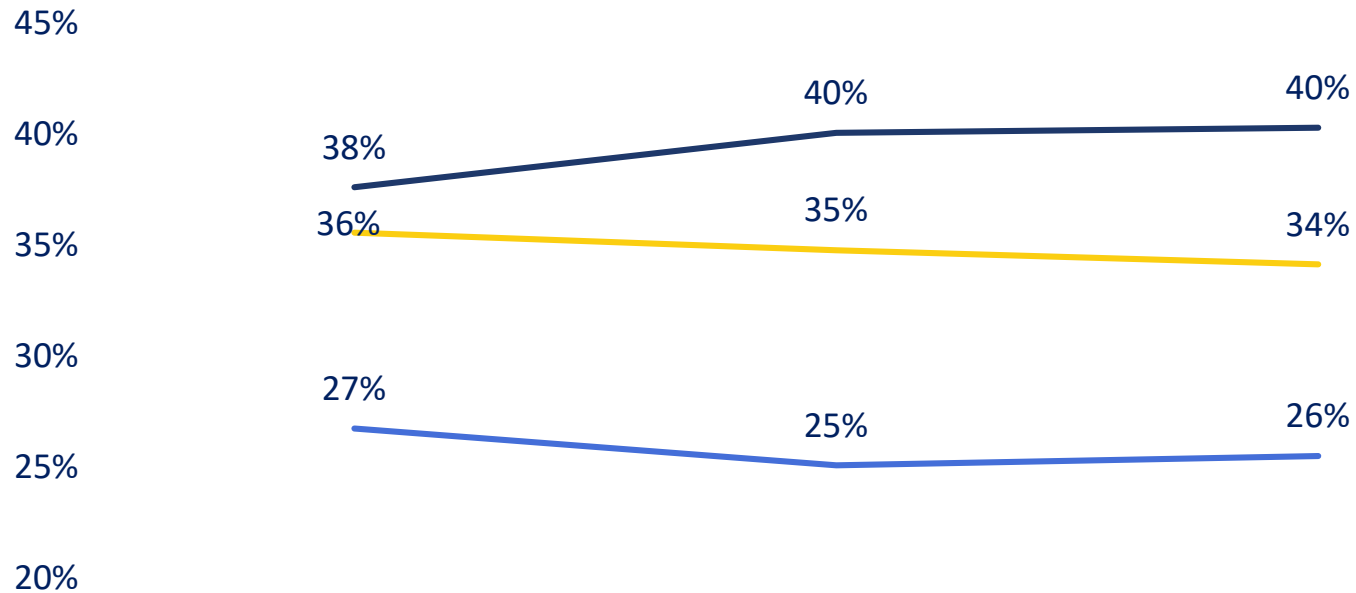
- Highest drops on Exchange among ‘Young Invincibles’ (<35 y/o) and residents not receiving federal subsidies
- Surveyed 2017 customers who did not renew coverage in 2018; 35% of respondents said they couldn’t find a plan to fit their budget

“My premiums would be over 15% of my income, with a \$6500 deductible. With premiums and deductible I would not be able to afford to even go to the doctor even if I needed to.”

“It was more cost effective to pay our medical expenses out of pocket each month rather than pay a premium each month, but then still be responsible to pay for prescriptions and a \$7500 deductible per person.”



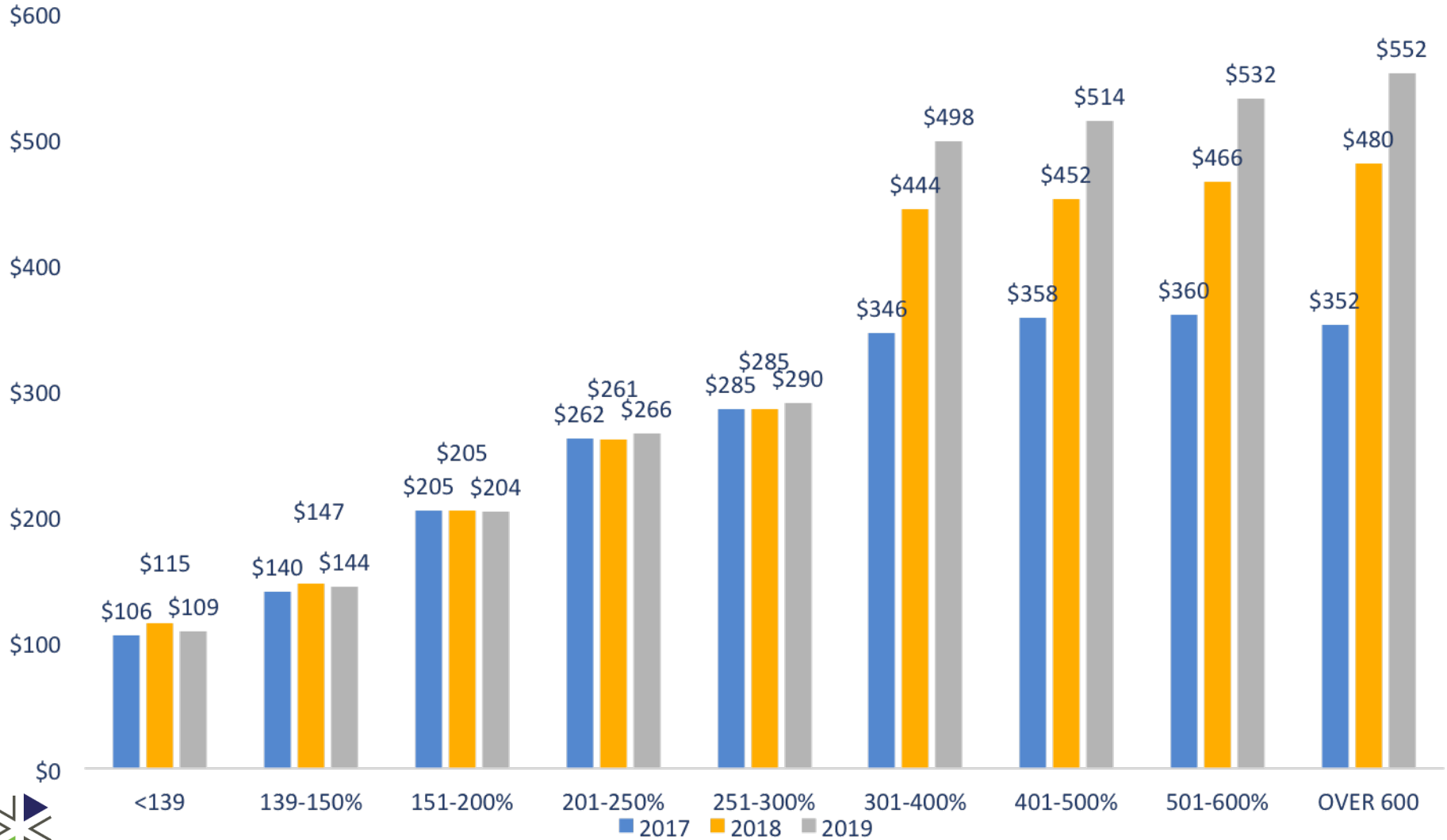
Highest Drops Consistently Among 'Young Invincibles' (<35)



	2016	2017	2018
— <35	38%	40%	40%
— 35-54	36%	35%	34%
— 55-64	27%	25%	26%

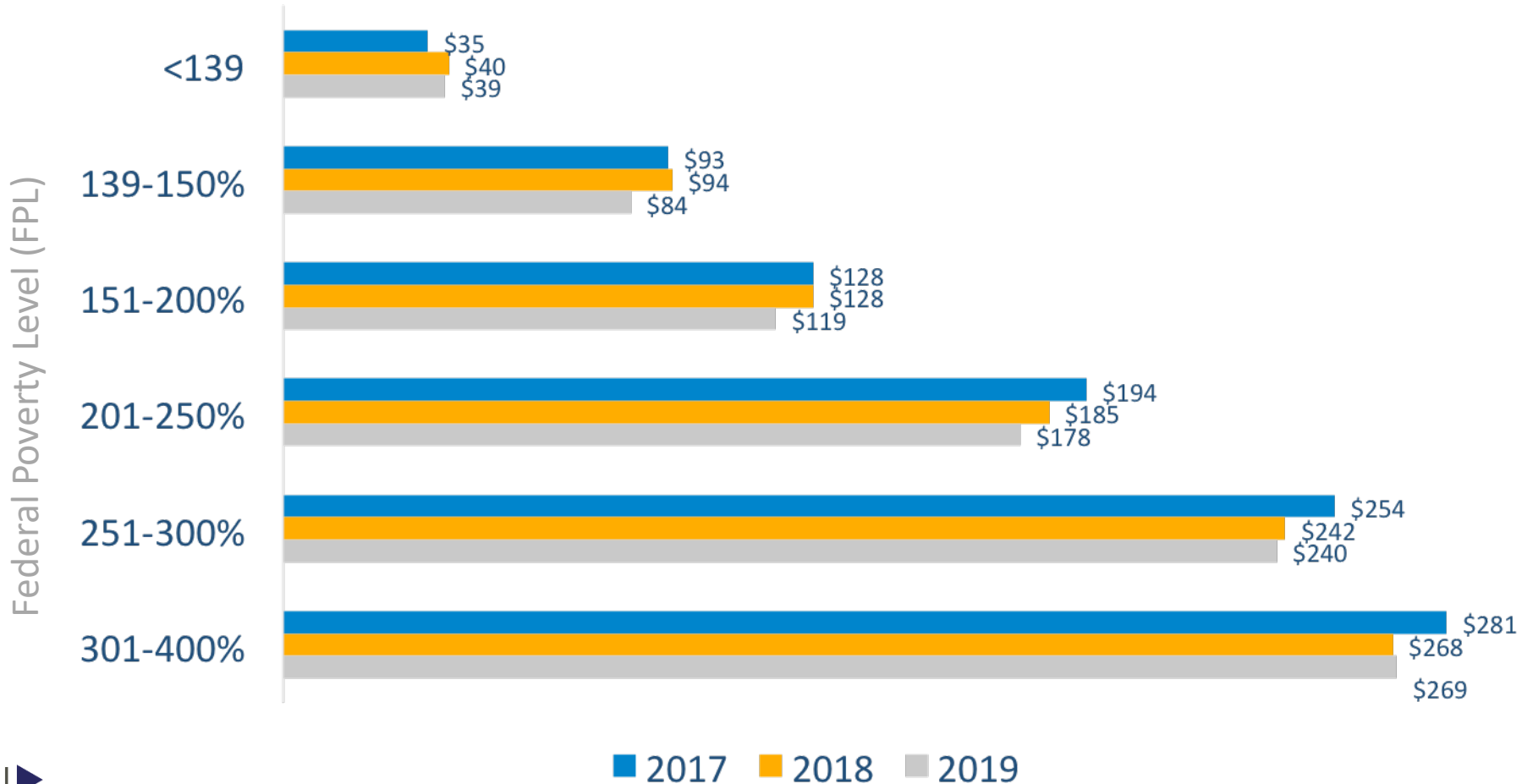


Average Net Premium Trend For Exchange Customers



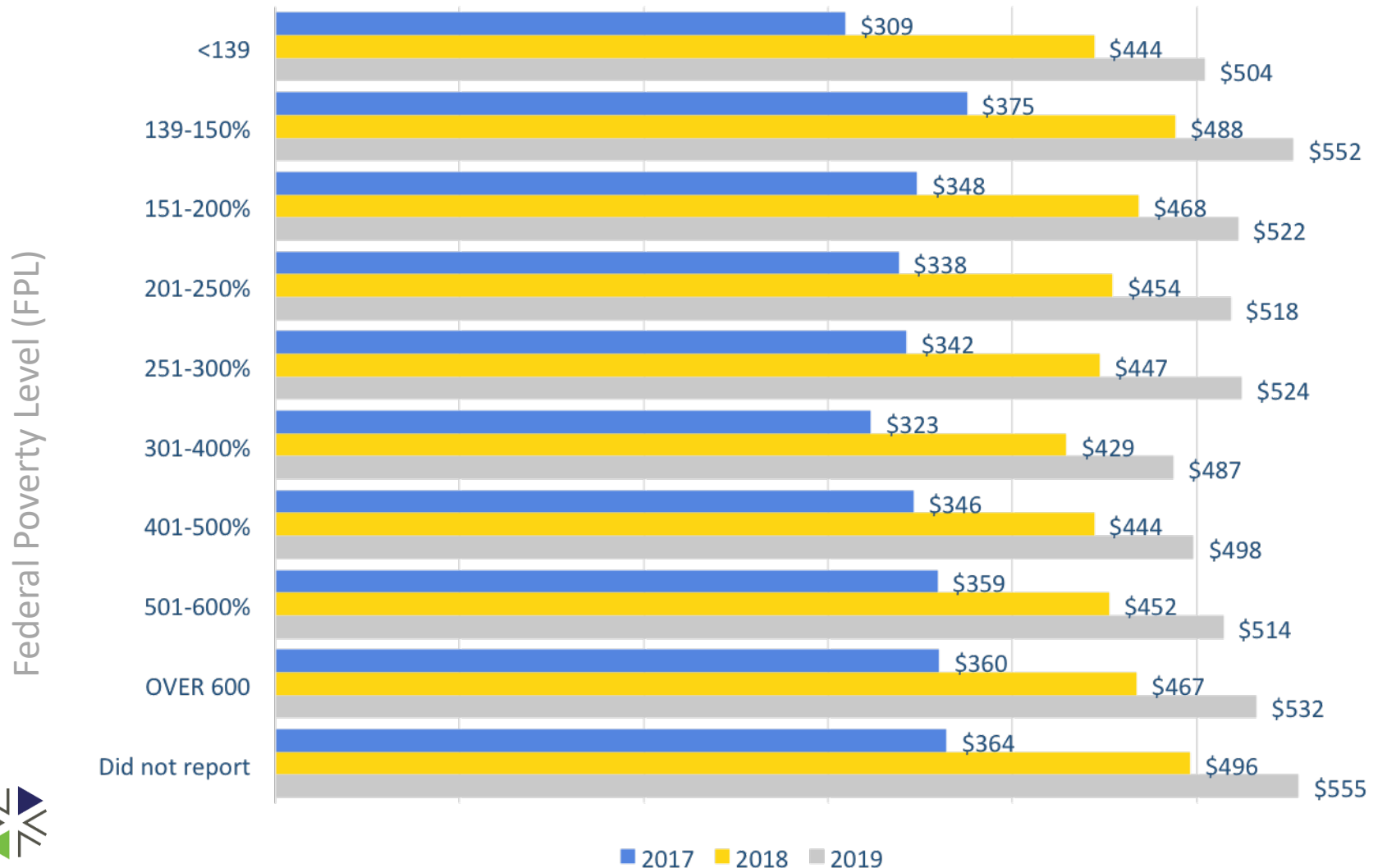
Subsidized Customers Largely Shielded

Average Monthly Net Premium by FPL For Subsidized Exchange Customers, 2017-2019

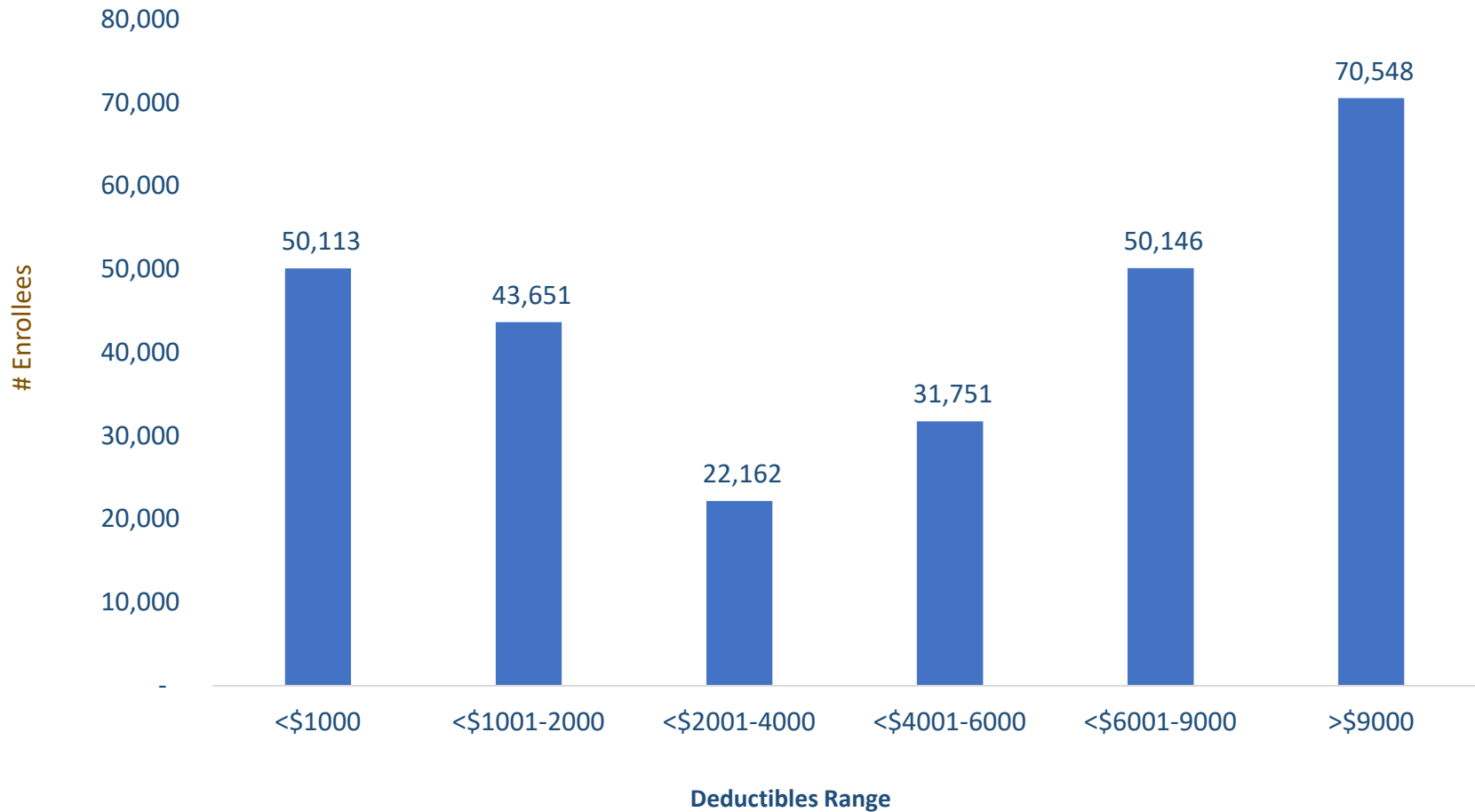


Non-Subsidized Customers Faced Significant Increases

Average Monthly Net Premium by FPL For Non-Subsidized Exchange Consumers, 2017-2019



Exchange Customer Deductibles



Note: Deductibles reflect the standard plan and reflect cost sharing reductions that a consumer may be eligible for.



Consumers Pay A Significant Amount of Household Income on Health Coverage

Subsidy Status	FPL	Number of Customers	Avg. % of Income Spent on Premium	Est. % of Income Spent on Premium and Deductible
Subsidized	139-150%	12,257	6%	14%
	151-200%	34,878	6%	21%
	201-250%	22,884	8%	31%
	251-300%	15,498	9%	31%
	301-400%	20,983	9%	26%
	401-500%			
	501-600%			
	OVER 600			
Non-Subsidized	139-150%	349	30%	76%
	151-200%	1,208	23%	61%
	201-250%	1,201	18%	47%
	251-300%	1,117	15%	37%
	301-400%	1,934	13%	31%
	401-500%	7,442	11%	26%
	501-600%	3,604	10%	21%
	OVER 600	6,584	4%	9%

*Assumes annual deductible is met
 Excludes customers <139% FPL and customers who did not report income



Importance of Individual Market Stabilization

- Premiums and deductibles have continued to rise year over year
- Consumers have difficulty understanding cost-sharing, comparing the value of plans, and accessing benefits
- Consumers do not access care, even when insured, due to high cost sharing/deductibles
- Increase in availability of ‘skinny’ off-Exchange plans (association health plans, health ministries, short-term limited duration plans)
- Individual mandate penalty zeroed out in 2019
 - National studies have found that a state level mandate with an enforcement mechanism could reduce the uninsured rate and decrease premium rates up to 10%



State-Based Options to Address Affordability in the Individual Market

- **Implement Consumer-Centered/Standard Plans (starting PY 2021)**
 - Standard plans offered through the Exchange could: reduce deductibles, provide more transparent/predictable cost-sharing, and increase access to services for consumers before the deductible
 - State Exchanges that have implemented: California, Connecticut, District of Columbia, Massachusetts, New York, Oregon, Vermont
- **Leverage State's Purchasing Power to Lower Costs**
 - State procured plans offered through the Exchange could provide more affordable premiums, while incorporating standard plan design and best practices regarding quality and value
- **Provide Enhanced Subsidies**
 - State-based subsidies offered through the Exchange could promote continuity of coverage and improve the individual market risk pool



State-Based Options to Address Affordability in the Individual Market

- **Implement A State Individual Mandate (w/enforcement)**
 - State level requirement to obtain minimum essential coverage, mirrored after the federal requirement, that includes relevant exemptions.
 - Could reduce premiums by providing regulatory certainty and improving the individual market risk pool
 - The following states have adopted: MA, DC, NJ, VT
 - IRS data indicates that 109k Washington residents paid the penalty in 2016, totaling \$79M

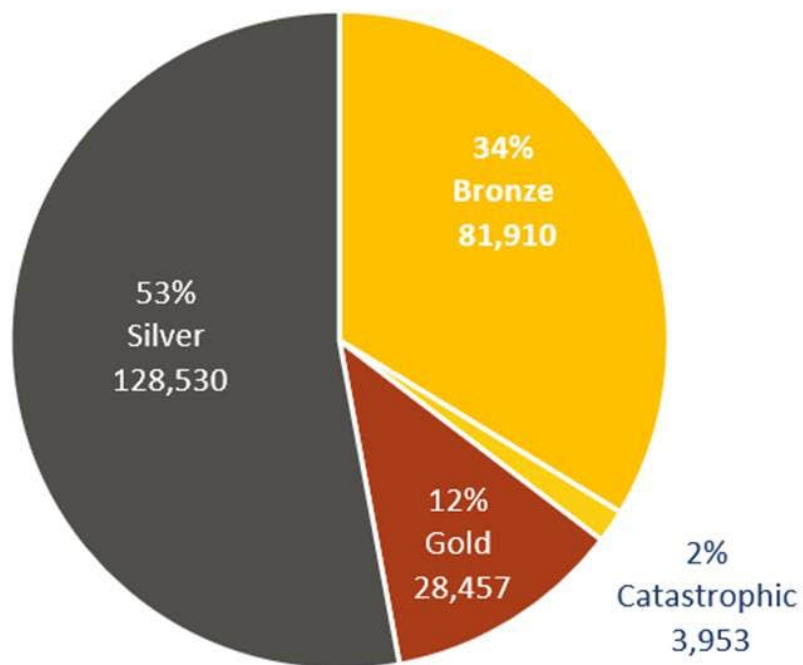
- **Prohibit Surprise Billing**



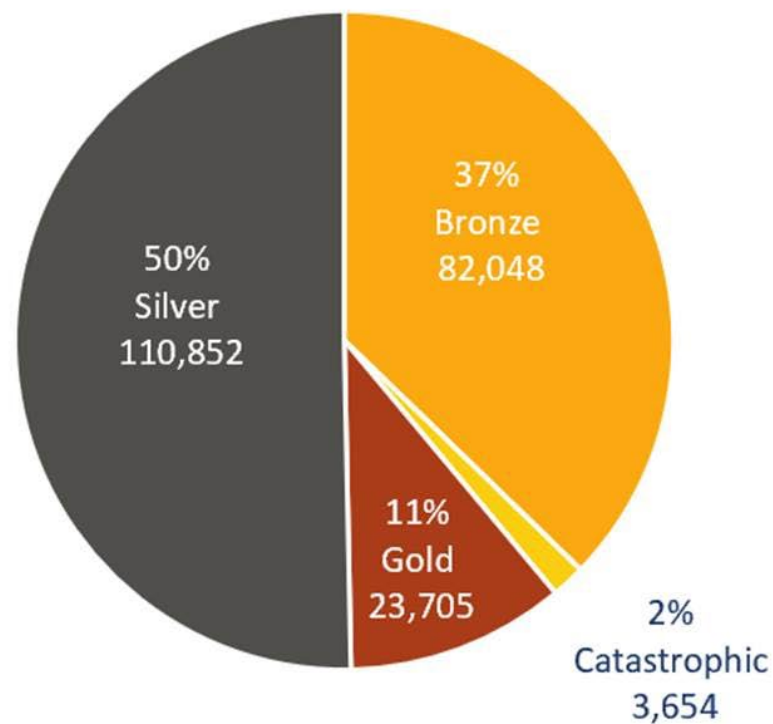
Appendix

Exchange Customers By Metal Level

2018



2019



FPL Guidelines for 2019 Coverage

Household Size	138%	200%	250%	300%	400%
1	\$16,753	\$24,280	\$30,420	\$36,420	\$48,560
2	\$22,715	\$32,920	\$41,150	\$49,380	\$65,840
3	\$28,676	\$41,560	\$51,590	\$62,340	\$83,120
4	\$34,638	\$50,200	\$62,750	\$75,300	\$100,400



Customers up to 400% FPL may be eligible for federal premium tax credits; customers up to 250% FPL may be eligible for cost-sharing reductions

Cost-Sharing Definitions

deductible

The amount you will spend on your health care before your health plan starts to pay some of your health care costs. The deductible is one of the ways you share the cost of your care with your health plan.

Your deductible amount starts over at the beginning of every calendar year.



co-pay

A co-pay is a fixed amount you pay for a covered health care service. Services like a regular doctor's visit or filling a prescription will normally have a co-pay.

Your co-pay is due at the time you receive the service.



co-insurance

Co-insurance is your share of the cost of a covered health care service. You start to pay co-insurance after you have paid your health plan's deductible.

Co-insurance is just one of the ways you will share the cost of your health care with your health plan.



out-of-pocket

The costs you pay that are not paid by your health plan.

Out-of-pocket costs include deductibles, co-insurance, and co-pays for covered services plus all costs for services not covered by your health plan.



Out-of-pocket costs for 2015 can be no more than \$6,600 for an individual plan and \$13,200 for a family plan if purchased inside the marketplace.





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