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Subsidy Study - Stakeholder Feedback

- *May 21 Meeting* -

Below is a summary of written feedback received from stakeholders following an initial discussion of the Health Benefit Exchange's Subsidy Study at the May 21st Cascade Care Workgroup meeting. Feedback has been aggregated so as not to identify the comments of specific stakeholders.

Should certain populations be prioritized? Who and Why?

Stakeholders expressed initial interest in targeted subsidies for various populations, including:

- Populations well below 500% FPL;
- "Cliff" populations, including those at and above 400% FPL;
- Residents earning between 400-500% FPL;
- Residents earning up to 300% FPL;
- Young low-income individuals;
- Low-income non-citizens.

Focus was placed on subsidizing those who are currently ineligible for Advance Premium Tax Credits (APTCs), on developing subsidies for older populations earning above 400% FPL, and for small business employees and the self-employed who do not have access to employer coverage. There was additional emphasis placed on developing a subsidy model that could assist non-citizens in purchasing affordable coverage.

How was your thinking shifted with the impact of the pandemic on the job market?

Stakeholders generally agreed that the impacts of COVID-19 on the job market, and resulting increases in un- and under-employment, will lead to a greater need for individual market coverage while simultaneously constraining consumers' budgets. Some stakeholders shared concerns around the financial strains placed on hospitals and providers during the pandemic and the possibility of funding subsidies through additional taxes or fees.

What are the preferred scenarios? Should the subsidy be tied to a sliding scale of income / focused on the cliff populations / other?

While there was a general desire for more data, stakeholders did express initial interest in Wakely modelling 3 specific scenarios:

1. The "U-Curve" model, with a targeted subsidy for incomes up to 200/250% FPL and between 400-500% FPL;
2. A model, similar to the program in Massachusetts, providing subsidies to individuals with incomes up to 300% FPL; and

3. Subsidies for individuals with incomes at 400-500% FPL.

Stakeholders additionally highlighted the current discrepancies between different age bands earning above 400% FPL, and particularly noted how individuals aged 65 making 400-500% FPL pay a disproportionate percentage of their income on premiums in relation to younger cohorts.

Should the subsidy by tied to Cascade Care plans?

There was no consensus around tying subsidies to Cascade Care plans. Various stakeholders, including advocate groups and at least one carrier, expressed a strong desire to tie a subsidy program to Cascade Care, potentially allowing subsidies to be offered for any Cascade or Cascade Select plan, to ensure there are subsidized plan options in any county.

However, there was a generalized concern amongst other stakeholders that Cascade Care plans may not be offered statewide and that more information should be gleaned from implementation before tying state-based subsidies to these plans. These stakeholders expressed a desire for a state-based subsidy program to permit a consumer to receive a subsidy while enrolled in any plan on the Exchange (including Standard and Non-Standard QHPs).

How has the current pandemic and rising unemployment changed the conversation around the need for a state subsidy?

Stakeholders generally see the pandemic as increasing the need for subsidizing coverage. Stakeholders expressed broad concerns about the state of the job market, increased unemployment, and the potential for more employers, particularly small employers, to drop insurance coverage as they deal with the financial fallout of the pandemic. It was also acknowledged that these same economic issues will place constraints on the state's budget and the ability to finance any subsidy with state-only funds.

In light of state budget constraints and competing priorities given COVID-19, what are thoughts on available funding sources?

In elaborating on the question above, most stakeholders acknowledged that the budget environment in Washington will place financial pressures on all sectors of the economy and throughout government. There is an expectation that state budget writers will need to cut existing programs in the coming fiscal biennia, and that any state dollars may be first rerouted to prioritize backfilling existing programs and non-discretionary spending.

Additional thoughts?

There was additional interest expressed in considering cost-sharing subsidies to address maximum out-of-pocket costs for CSR and non-CSR plans. One particular stakeholder also noted a desire for a broader focus that could include review of a state reinsurance or coinsurance program.