Washington Health Benefit Exchange

Short-term Affordability Programs

Joan Altman, Director of Government Affairs and Strategic Partnerships

Policy Committee Meeting

August 2020

Today's Topics

- Sponsorship Program
  - Current; COVID response; Looking ahead
- State Subsidy Implementation Plan
  - Update
- Coordination with additional legislative directives
  - Universal Coverage Workgroup
  - Individual Mandate Study

Exchange Sponsorship Program

- The Exchange runs a Sponsorship Program, which enables sponsorship entities to provide additional financial support for premiums and/or out-of-pocket costs to individuals enrolled in qualified health plans through *Washington Healthplanfinder*

- State law authorizes the Exchange to work with city and county governments, Indian tribes, tribal organizations, urban Indian organizations, private foundations, and other entities who want to help pay for premiums and cost-sharing on behalf of their customers (see RCW 43.71.030(4)). Federal law (45 CFR §156.1250) requires insurance company to accept third party payments from certain entities.

- More information available at: https://www.wahbexchange.org/partners/sponsors/

Exchange Sponsorship Program

- Currently 16 sponsors cover 3,561 enrollees
- Exchange establishes general program policy; funders determine the scope of their program, including who to cover, program participation requirements, and what level of financial help to provide
- Funders include:
  - Tribes (12 participating tribes and tribal communities)
  - Washington State (for HCA's COFA program)
  - Federal Government (via Ryan White funding for the EHIP program)
  - Health systems (for the two Project Access programs)

Exchange Sponsorship Program

- Largest sponsors: Health Care Authority; Evergreen Health Insurance Program; Pierce County Project Access

Criteria	Health Care Authority (COFA)	Pierce County Premium Assistance (PCPA)	Evergreen Health Insurance Program (EHIP)
Number of Covered Individuals	1871	233	1166
Duration	Plan year	Plan year	Plan year
Residency Requirement	WA State resident	Pierce county resident	WA State resident
Income limit	Up to 138% FPL	Up to 400% FPL	Up to 425% FPL
Metal-level Requirement	Silver	Silver	Silver and Gold
Premiums assistance	Cost of premium after full tax credit applied	Cost of premium after full tax credit applied	Cost of premium after full tax credit applied
Cost-sharing assistance:	Yes, via medical debit card	No	No

Sponsorship Program & Pandemic Response

- Heightened interest in sponsorship program – provides an immediate opportunity for interested individuals and entities to make health coverage more affordable for Washingtonians during the COVID-19 pandemic and aftermath
- Current discussions underway with Legislators and Governor's office – could result in immediate program expansion
- Program enhancements needed to:
  - Accommodate increased volume
  - Streamline program management
  - Provide glidepath for state subsidy program
- Lessons learned from sponsorship are informing development of broader state subsidy implementation plan

Board Engagement Opportunity

- The Sponsorship Program is being leveraged to help address the immediate problem of affordability for some Washingtonians
- If you work with or are aware of city/county governments, private foundations, Trusts, non-profit organizations or other entities who may be interested in becoming a sponsor or learning more about the Sponsorship Program, we invite you to share program materials and provide my contact information:
  - Joan Altman, Director of Government Affairs and Strategic Partnerships:
  - joan.altman@wahbexchange.org
  - 360-688-7774

State Subsidy Implementation Plan

- Cascade Care legislation requires the Exchange to submit a plan to *implement and fund* a state premium subsidy program
- Plan and implementing legislation due to the legislature by November 15, 2020
- Limited to individuals purchasing coverage on the Exchange up to 500% FPL
- Legislative affordability goal: limit participant premium spend to no more than 10% of income
- Must include an assessment of the impact on the uninsured rate; and assessment of providing cost-sharing reductions

High Level of Stakeholder Engagement

- Cascade Care Workgroup meetings (since May)
- All-Carrier meetings
- Legislator meetings
- Inter-agency Cascade Care Meetings (OIC, HCA, HBE)
- Coordinating with HCA & Universal Health Care Workgroup on actuarial assumptions and projections
- Coordinating with OFM on COVID-19 uninsured projections
- Committee and Workgroup presentations

Update on Recent Activity

- Working with Wakley to do modeling & actuarial analysis
  - Modeling three potential subsidy distribution methods
  - Showing impact on morbidity/premiums; uninsured rate; cost
  - Considering: COVID-19; tying subsidy to Cascade Care plans; demographic impacts (income; age; race; ethnicity; county)
  - Outputs will inform policy discussions next month
- Working on ongoing basis with state-agency partners (OIC/HCA) and broader Cascade Care stakeholder workgroup
  - Comprehensive model review
  - Preliminary financing discussions
- Cost information will be available to inform Governor's budget
  - Subsidy cost estimates
  - Costs for HBE to administer end-to-end

Subsidy Study Funding Review

- Discussions of potential financing mechanisms underway
- Challenges: state budget constraints due to COVID-19; competing priorities for any new revenue; mitigating adverse impacts to unsubsidized QHP consumer premiums
- Environmental scan of funding mechanisms previously considered by legislature
- Review of recent state activity: Colorado; New Jersey; Maryland

Subsidy Study Funding Review

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 SB 6062 (2018) - Cleveland *[HB 2355 - Cody]*	**PALs** HB 2728 (2020) - Slatter	**WSHIP Assessment** RCW 48.41.090	**WA Claims Tax** HB 2901 (2020) - Riccelli	**Federal Health Insurance Tax (HIT)** Sec. 9010 of PPACA, P.L. 111-148	**WA Carrier Surplus Tax** HB 2679 (2020) - Robinson *[SB 6451 - Frockt]*	**WA Premium Tax** HB 2821 (2020) - Cody	**Colorado Tax / Assessment** SB 20-215 (2020)	**Mass. Employer Fair-Share Contribution** 956 CMR 11 (2007-2014)	**Mass. Employer Medical Assistance Contribution** 956 CMR 12 (2014-Present)	**Washington Paid Family & Medical Leave** RCW 50A.10	**Individual Mandate Penalty** SB 5840 (2019) - Cleveland	**Capital Gains Tax** 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 pmpm)	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 pmpm - 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 Unsreimbursed 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 inidivudal's Washington capital gains
Dedicated Uses	Reinsurance	Partnersnhip Access Line & Psychiatry Consulation Line @ UW (to fund non-Medicaid portion of calls)	WSHIP Program Administration	**Premium assistance** for individuals w/ income btwn 133-500% FPL, enrolled in a QHP	**Federal Advance Premiunce Tax Credits**	**Subsidies** for unsubsidized & Foundational Public Health	**Low-income health insurance programs**	Reinsurance / **Subsidies** for subsidized population / Subsidies for unsubisizided population	***In par** t* - **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 = unkown	$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) Oregon - 1.5% premium tax on insurers, including PEBB to fund reinsurance and Medicaid programs (HB 2391 (2017)) N.J. - 2.75% premium tax to replace HIA (AB 4389 (2020))	-	-	-	Oregon - PFML Payroll Tax (HB 2005 (2019))	Federal - ACA Individual Mandate (2014-2018)	-

https://www.wahbexchange.org/wp-content/uploads/2020/07/Subsidy-Study-Funding-Model-Review.pdf

Additional Subsidy Information & Resources

https://www.wahbexchange.org/about-the-exchange/cascade-care-2021-implementation/

Subsidy Study Materials

- Workgroup Meeting Materials
- Stakeholder Feedback
- Research and Data
- Financing Information
- Wakely Report

Next Steps

- Continued discussions about leveraging sponsorship program
- Finalize subsidy model to inform data-driven policy decisions about how to structure subsidy
- Estimate subsidy implementation costs (will inform DP) and further discuss/analyze potential funding mechanisms
- Begin analysis of cost-sharing reductions
- Begin assessment of individual mandate
  - Budget proviso required exchange to assess the impact of a state requirement that individuals enroll in health coverage
  - Must consider the effects of this requirement on revenue, individual market enrollment, individual market premiums, and the uninsured rate
  - Assessment findings to be submitted to the chairs of the health committees of the legislature by December 15, 2020

Appendix

SB 5526 – Subsidy Implementation Plan

Sec. 6. (1) The Washington health benefit exchange, in consultation with the health care authority and the insurance commissioner, must develop a plan to implement and fund premium subsidies for individuals whose modified adjusted gross incomes are less than five hundred percent of the federal poverty level and who are purchasing individual market coverage on the exchange. The goal of the plan is to enable participating individuals to spend no more than ten percent of their modified adjusted gross incomes on premiums. The plan must also include an assessment of providing cost-sharing reductions to plan participants and must assess the impact of premium subsidies on the uninsured rate.

(2) The Washington health benefit exchange must submit the plan, along with proposed implementing legislation, to the appropriate committees of the legislature by November 15, 2020.

(3) This section expires January 1, 2021.

Individual Mandate Assessment

ESSB 6168 – Sec 214

(10) $100,000 of the general fund—state appropriation for fiscal 2021 is provided solely for the exchange to contract with an independent actuarial consultant to conduct an assessment of the impact of a state requirement that individuals enroll in health coverage. The assessment shall consider the effects of this requirement on revenue, individual market enrollment, individual market premiums, and the uninsured rate. The exchange shall submit assessment findings to the chairs of the health committees of the legislature no later than December 15, 2020.

Deliverable Timing

- Three main subsidy workstreams:
  1. Modeling/Actuarial Analysis (Spring/Summer)
  2. Financing/Implementation Costs (Summer)
  3. Legislative Report/Bill Language (Fall)
- Subsidy report and legislative language due (Nov. 15)
  - Recommended approach and fiscal impacts
- Governor's budget (Dec.) & Individual mandate assessment (Dec. 15)
- Legislative session (Jan - May)

Cascade Care Workgroup Membership

Name	Title	Organization
Patrick Connor	Washington State Director	National Federation of Independent Business
Erin Dziedzic	Principal	Dziedzic Public Affairs
Sean Graham	Director of Legislative & Political Affairs	Washington State Medical Association
Melinda Hews	Senior Director, Small Group & Individual & Family Marketing, Sales & Business Development	Kaiser Permanente
Sybill Hyppolite	Healthcare Policy Specialist	SEIU Healthcare
Allie Mangiaracino	Senior Market Insights Analyst	Covered California
Kristin Meadows	Director of Individual Strategy	Premera
Daphne Pie	Health Services Administrator	Public Health-Seattle & King County
Shirley Prasad	Policy Director – Government Affairs	Washington State Hospital Association
Andrea Tull Davis	Senior Director, Government & External Relations	Coordinated Care
Marilyn Watkins	Policy Director	Economic Opportunity Institute
Janet Varon	Executive Director	Northwest Health Law Advocates

Cascade Care Workgroup Meetings

May 21	CC Session 1: Introduction, Background, Legislation, Timeline
June 24	CC Session 2: Review Initial Model
July 8	CC Session 2 feedback due.
July 22	CC Session 3: Review Model Revisions [Discuss additional scenarios & initiate funding discussion]
July 31	CC Session 3 feedback due.
Aug 26	CC Session 4: Review Model Revisions [Confirm model/scenarios & review funding estimates]
Sept 4	CC Session 4 feedback due.
Sept 23	CC Session 5: Review Initial Policy Recommendations & FFunding Approach
Oct 2	CC Session 5 feedback due

washington
healthplanfinder
powered by the **Washington Health Benefit Exchange**