



Cascade Care: Looking Ahead

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Requirements of Cascade Care Bill

1. Standard Qualified Health Plans (QHPs): Requires HBE, in consultation with WA Health Care Authority (HCA), the WA Office of the Insurance Commissioner (OIC), an actuary, and other stakeholders, to design and implement standard QHP plans for 2021 plan year
2. Public Option: Requires HCA, in consultation with HBE, to contract with health carriers to offer state procured standard QHPs (public option plans) for 2021 plan year that have provider reimbursement rate caps and must include quality and value requirements
3. Subsidy Study: Requires HBE, in consultation with HCA and OIC, to develop and submit a plan for implementing premium subsidies through Exchange for individuals up to 500% FPL (report due Nov. 15, 2020)

2021 Standard Plan Designs: Key Goals

- Lower deductibles
- Access services before the deductible
 - Focus on high use/high value services such as preventive care, primary care, urgent care, mental/behavioral health services, and generic drugs
 - Focus on co-pays to provide transparency and predictability of costs for consumers
 - Provide bronze plans that include high-value services before the deductible, at a potentially lower price point
- Maximize federal premium tax credits (silver plan design)
- Provide high-value options for consumers in every county
 - Carriers must offer standard, may also offer non-standard
- Strong foundation for the public option
 - High value plan and apples to apples comparison

2021 Cascade Care Plans – Adding Value

- Provide meaningful deductible decreases: ~\$1,000 less
- Provide more access to first dollar services and co-pays
- Better than expected premium pricing: Premiums slightly higher on average than non-standard plans
- Lowest premium silver plan in 8 counties is a standard plan

	2021 STANDARD PLAN	2020 MEDIAN	2021 MEDIAN NON-STANDARD	RANGE NON-STANDARD
GOLD	\$500	\$1,200	\$1,450	\$0-\$2,925
SILVER	\$2,000	\$3,750	\$3,000	\$800-\$6,900
BRONZE	\$6,000	\$6,750	\$7,200	\$3,000-\$8,550

Legislative Approach to Public Option - Affordability

- **A Ceiling on Provider Reimbursement:** Average Statewide reimbursement for medical services under the Cascade Care network(s), excluding pharmacy, may not exceed 160% of the total amount Medicare would have reimbursed providers and facilities for the same or similar services.
- **A Floor on Rural Hospitals:** Either sole community hospitals (SCH) or critical access hospitals (CAH) as certified by the Centers for Medicare and Medicaid Services (CMS), must be paid at least 101% of their allowable costs. Allowable costs reimbursement is similar to the amount of reimbursement from Medicare, without consideration for sequestration or final cost settlement adjustments.
- **A Floor on Primary Care Services:** Physician reimbursement must be at least 135% of the amount Medicare would have reimbursed.

Public Option Implementation Challenges



Multi Agency
processes and
dependencies



Defining benchmark
calculation (160%)



Carrier participation



Provider
participation/network
adequacy



Premium impact



Ongoing federal and
regulatory activity and
impact on consumers

Public Option Offerings: Landscape and Price

- 5 carriers offering 15 public option plans
 - CHNW and United offering only public option plans
- Public option plans offered in 19 counties
 - CHNW (9), United (10), LifeWise (3), BridgeSpan (1), Coordinated Care (1)
 - Three counties with public option plans from 2 carriers: Kittitas, Pierce, and Yakima
- Average public option plan premiums across all offerings is 4% higher than 2020 averages
 - Average public option premiums for each carrier ranged from -2% to +24% compared to 2020 average premiums

Cascade Care Outcomes – Year One

- Strong Foundation – required overall market shift and resulted in lower overall premiums, lower deductibles, and more services at co-pay
- Even with COVID, strong carrier participation with potentially 65% of WA residents have Public Option
- Less premium savings than desired in year one, with anticipated cost reduction in future years
- Watchpoints
 - Impact on federal tax credit
 - Network challenges
 - Enforcement limitations

Cascade Care Lessons – Early Thoughts

- Use of standard plan design for PO is critical
- Providers already participating in Exchange – no incentive to contract for lower rates
 - *Legislative mechanism for premium reduction is focused on provider reimbursement limit*
- Crowded market - 13 carriers - may limit carrier leverage with providers
- Exchange and HCA procurement leverage is limited
 - *No tie to subsidy or other financing, or limits/rewards in Exchange or other market participation*

Upcoming Cascade Care Activity

- Subsidy Study & proposed implementing legislation will be delivered to the Legislature by November 15, 2020
- HCA, in consultation with HBE and OIC, will submit a report and recommendations to the Legislature by December 1, 2022 on the impact of linking:
 - Carrier participation in PO to carrier participation in PEBB, SEBB, or WA Apple Health
 - Provider participation in PO networks to provider participation in PEBB, SEBB, or WA Apple Health networks
- HBE, in consultation with OIC, will submit a report to the Legislature by December 1, 2023, analyzing the impact of offering only standard plans beginning in 2025

Appendix



Overview of Exchange and 2021 Filings

2020 Exchange enrollment

- ~190,000 Enrollees
- 9 Carriers offering 62 plans
 - 2 new (PacificSource; Providence)
 - 4 carriers have 80+% market share
- Average Net Premium for unsubsidized (35%) is \$484 and subsidized (65%) is \$169
 - 37% bronze, 51% silver, 11% gold

2020 Carrier	2020 Enrollment	Percent
BridgeSpan	1,876	1%
Coordinated Care	43,527	23%
Kaiser Northwest	7,863	4%
Kaiser WA	54,227	28%
LifeWise	28,342	15%
Molina	33,477	17%
PacificSource	1,856	1%
Premera	20,497	11%
Providence	192	0%
Total	191,857	100%

2021 Certified Exchange Plans

- 13 carriers offering 115 plans
 - CHNW, Regence, and United new
 - All counties have 2+ carrier options
 - Pierce County has 9 carriers and 70+ plans
- Final average rate decrease*: -3.20%
 - Most carriers submitted rate decrease or slight increases
- Cascade Care Standard plans**
 - 36 Cascade Care standard plans statewide
 - All counties have at least 6 standard plan options (up to 27)
- Cascade Care - Public Option
 - Offer additional 15 standard plans across 19 counties

*Averages are for renewing plans only

**Standard plan totals do not include Public Option plans



Three Different Types of Health Plans in the Exchange in 2021: Non-Standard Plans, Standard Plans, and Public Option Plans

	Non-Standard Plans	Standard Plans	Public Option Plans (Standard Plans Plus)
Offered through the Exchange and eligible for federal tax subsidies	✓	✓	✓
Subject to full regulatory review by OIC, including network adequacy and rate review requirements	✓	✓	✓
Adheres to 19 Exchange certification criteria for QHPs	✓	✓	✓
Meets federal actuarial value requirements for metal levels	✓	✓	✓
Includes Essential Health Benefits	✓	✓	✓
Uses plan design with deductibles, co-pays, and co-insurance amounts set by Exchange for each metal level (bronze, silver, gold)		✓	✓
Some services guaranteed to be available before the deductible		✓	✓
Allows consumers to easily compare plans based on premium, network, quality, and customer service		✓	✓
Procured by HCA (Could result in one or more plans per county)			✓
Required to incorporate Bree Collaborative and Health Technology Assessment program recommendations			✓
Caps aggregate provider reimbursement at 160% of Medicare			✓
Subject to a floor on reimbursement for primary care services (135% of Medicare) and reimbursement of rural hospitals (101% of cost)			✓
Requires carriers to offer a bronze plan (in addition to silver and gold)			✓
Carriers required to offer to participate in the Exchange		✓	



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