

Maintenance Level

Agency:

107 Health Care Authority on Behalf of the Health Benefit Exchange

Decision Package Code/Title:

ML-MN Cascade Care Savings Program

Agency RecSum:

Continue current funding levels for the state premium assistance program (Cascade Care Savings) for minimum and low wage workers up to 250% of the federal poverty level enrolling in health insurance through *Washington Healthplanfinder*.

Fiscal detail:

Operating Expenditures	FY 2024	FY 2025	FY 2026	FY 2027
25M-1 Health Care Affordability Account	\$0	\$25,000,000	\$50,000,000	\$50,000,000
Total Expenditures	\$0	\$25,000,000	\$50,000,000	\$50,000,000
Biennial Totals	\$25,000,000		\$100,000,000	
Staffing	FY 2024	FY 2025	FY 2026	FY 2027
FTEs	0	0	0	0
Average Annual	0		0	
Object of Expenditure	FY 2024	FY 2025	FY 2026	FY 2027
Obj. C	\$0	\$25,000,000	\$50,000,000	\$50,000,000
Revenue	FY 2024	FY 2025	FY 2026	FY 2027
17T-1 HBEA	\$0	\$0	\$0	\$0
001-C GF-Federal	\$0	\$0	\$0	\$0
Total Revenue	\$0	\$0	\$0	\$0
Biennial Totals	\$0		\$0	

Package Description

What is the problem, opportunity or priority you are addressing with the request?

In the 2021 session, the Legislature passed Senate Bill 5377, authorizing the Exchange to administer a state subsidized premium assistance program. This program, Cascade Care Savings, was designed by the Legislature to help the Exchange’s lowest-income customers - those making up to 250% FPL (\$32,200 annually for single person, ~\$17/hr for a full time worker) - who are not eligible for minimum essential coverage through Apple Health or Medicare, and who enroll in a silver or gold Cascade Care plan on the Exchange. The program was designed to maximally leverage available

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federal subsidies by requiring customers apply for and take all available federal subsidies before state subsidies are provided.

The Legislature has appropriated funding for Cascade Care Savings through the 2024 calendar year. In order to continue to offer this benefit to low-income customers and create a predictable environment to most positively impact carrier plan design and pricing, the Exchange is requesting that current program funding levels be continued throughout the 2023-2025 biennium with ongoing funding of \$100,000,000 per biennium.

If the funding were allowed to expire, the state risks a resulting increase in the uninsured population and a more volatile health insurance market.

Background

In 2021, the Washington State Legislature authorized the Exchange to administer a premium assistance program subject to the availability of appropriated funds. The state premium assistance program (Cascade Care Savings) was funded and takes effect for plan year 2023. The state subsidy amount will be displayed to customers in Washington Healthplanfinder starting November 1, 2022 (the beginning of open-enrollment for 2023).

Cascade Care Savings is available to Washington residents up to 250% FPL who purchase silver or gold Cascade Care Plans, apply for and accept all the federal subsidies they are eligible for (if applicable), and meet other eligibility criteria defined in Exchange policy. Customers do not need to qualify for federal subsidies to get state subsidies. Cascade Care Plans include Cascade Plans (standard) and Cascade Select Plans (public option).

- All Cascade Care Plans have a standard benefit design that emphasizes lower deductibles and providing access to services before having to pay the deductible. Customers can make “apples to apples” comparisons across different insurance carriers because the benefits are the same.
- Cascade Select Plans are Washington’s public option plans. These plans have the same standard benefit design, along with additional requirements, such as: incorporating community quality standards; value-based purchasing; and ensuring aggregate limits on provider reimbursements. These additional requirements help increase access to high-value care at a lower cost.

What is your proposal?

This proposal would maintain current funding levels beyond plan year 2024.

In 2023, it is estimated that the appropriation of \$50,000,000 will (1) provide up to about \$200/month in additional premium savings for eligible customers (note: subsidy amount will not be finalized until October 2022) and (2) help over 90,000 Exchange customers, including over 13,000 newly covered customers.

Additional information on the actuarial estimates for 2023 is available at:

<https://www.wahbexchange.org/about-the-exchange/what-is-the-exchange/cascade-care/cascade-care-savings/>.

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How is your proposal impacting equity in the state?

The Cascade Care Savings program is a critical component of addressing income-related barriers that lead to disparities in health coverage. Recent experience implementing expanded federal subsidies during the pandemic demonstrated that making Exchange plans more affordable disproportionately helps Washington residents who are low-income, younger, and members of BIPOC communities.

The Cascade Care Savings program is designed to benefit the lowest-income Exchange customers. State subsidies are available only to those at or below 250% of the federal poverty level (FPL), which in Washington largely encompasses low and minimum wage workers (income of approximately \$2,800 per month for a single person). In 2023, it is projected that state subsidies will enable low-income customers receiving federal subsidies to purchase a high-quality Cascade Care plans for under \$10/month and will reduce prices significantly for those not receiving any federal subsidies. A robust outreach and community engagement campaign is being pursued to help ensure Washingtonians take advantage of this new program.

The state subsidy program will play a central role in making coverage affordable and accessible for individuals and families churning off Apple Health/Medicaid coverage, including at the conclusion of the federal Public Health Emergency. This program is also a core component of making coverage more affordable in 2024 for the customers newly eligible to purchase Exchange coverage under the proposed federal Section 1332 waiver (the state subsidy is the only financial assistance the waiver population is eligible to receive).

What are you purchasing and how does it solve the problem?

The Cascade Care Savings program significantly lowers prices for low-income Exchange customers, while efforts to further address underlying health care cost-drivers are advanced. This allows individuals who would not otherwise be able to afford coverage (or afford to use their coverage), to do so. As noted above, it is projected that state subsidies will enable low-income customers receiving federal subsidies to purchase a high-quality Cascade Care plans for under \$10/month and will reduce prices significantly for those not receiving any federal subsidies in 2023.

What alternatives did you explore and why was this option chosen?

In 2020, the Exchange submitted a legislative report examining state subsidy options:

- [State Premium Subsidies - Cover Memo](#)
- [State Premium Subsidies - Actuarial Analysis](#)

During the 2021 legislative session, funding was provided for one of the recommended options – partial premium assistance for enrollees up to 250% FPL who enroll in a Cascade Care plan. *Washington Healthplanfinder* has been updated to operationalize this program, which will be launched beginning this open-enrollment (November 1, 2022).

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If this proposal is not funded, the state risks losing many who will gain coverage under the state subsidy program in 2023 and 2024, resulting in an increase in the uninsured rate in 2025 and beyond. This also undermines the stability of the Exchange market, which has impacts on the broader health care sector.

Assumptions and Calculations

Expansion or alteration of a current program or service

The Exchange is requesting to make the \$50,000,000 annual appropriation provided for plan years 2023 and 2024 an ongoing annual appropriation.

Detailed assumptions and calculations

Workforce assumptions

No new staffing needs are associated with this request.

Strategic and Performance Outcomes

Strategic framework

This request aligns with the mission of the Exchange, and current state efforts to reduce the uninsured rate and make affordable, high-quality coverage available to all Washingtonians.

This proposal directly relates to Results Washington's Healthy and Safe Communities goal, notably by increasing access to affordable health care and decreasing the rate of uninsured in Washington. The funding requested in this package will address this goal by connecting residents who would otherwise face an affordability barrier to insurance coverage.

Performance outcomes

Other supporting materials

Copies of the APD have been previously provided to HCA, OFM, the House and Senate.

Other Collateral Connections

Intergovernmental

None.

Legal or administrative mandates

None.

Changes from current law

None.

State workforce impacts

None.

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State facilities impacts

None.

Puget Sound recovery

None.

Other supporting materials

Copies of the APD have been provided to HCA, OFM, the House and Senate.

Information technology (IT)

ABS will pose the question below for each DP. If the answer is yes, you will be prompted to attach an IT addendum. (See Chapter 10 of the budget instructions for additional requirements.)

Information Technology

Does this DP include funding for any IT-related costs, including hardware, software (including cloud-based services), contracts or IT staff?

No

Yes

Please download the [IT-addendum](#) and follow the directions on the bottom of the addendum to meet requirements for OCIO review. After completing the IT addendum, please upload the document to continue.

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