



Public Comment: Draft 2024 Cascade Care Savings Amount Methodology

August 15, 2023

Agenda

Time	Topic	Facilitator
10:00	Welcome	Julia Nestor, Policy Analyst (she/her)
10:05	Draft Plan Year 2024 Cascade Care Savings Amount Methodology Background	Julia Nestor, Policy Analyst (she/her)
10:15	Draft PY 2024 CCS Amount Methodology Deep Dive	Ksenia Whittal, Wakely
10:35	Public Comments	Julia Nestor, Policy Analyst (she/her) Laura Kate Zaichkin, Senior Policy Advisor (she/ her) Ksenia Whittal, Wakely
11:00	Adjourn	

Public Comment: Questions and Feedback Today

- Public comment period is open now.
 - July 19 – Aug 18
 - Comments on this draft methodology will inform final methodology applied to develop the two fixed-dollar maximum per-enrollee Cascade Care Savings amounts once plan year 2024 rates are final and certified by the Exchange Board.
- Instructions for questions and comments today:
 - Please hold questions and comments until the end of the overview.
 - Please raise your hand. We will ask you to introduce yourself: Name and affiliation.
 - Feel free to add questions to chat throughout and we will call on you to introduce yourself and your comments.
- Instructions for written comments:
 - Provide public comments by 5 pm on Aug 18.
 - Send comments to cascadecare@wahbexchange.org.
 - Please include “Public Comment” in your subject line.

Cascade Care & State Premium Assistance Background



Cascade Care

Cascade Care makes health insurance accessible and affordable for every *Washington Healthplanfinder* customer.



-  **Lower premiums**
-  **Higher quality benefits**
-  **Lower copays**
-  **Easier plan shopping**
-  **Available in all counties**
-  **Extra savings for those who qualify**

2 in 3

Washington Healthplanfinder QHP customers are enrolled in Cascade Care plans

55,000+

Washington Healthplanfinder customers have lowered their monthly premiums with Cascade Care Savings

14%

Lower premiums before subsidies in public option plans, on average, compared to non-Cascade plan premiums

Data as of 5/2023

Cascade Care: Helping make health insurance affordable and accessible for every *Washington Healthplanfinder* customer

- All **Cascade Care plans** let customers pay less at the doctor's office with more predictable costs. For example, regular check-ups and mental health office visits are covered without a deductible.
- **Standard plans** are high-quality, low-cost, thoughtfully designed plans available exclusively to *Washington Healthplanfinder* customers.
- The nation's first **public option plan**, Cascade Select, is selected by the State and intended to be the most affordable plans for *Washington Healthplanfinder* customers.
- A **state subsidy** named Cascade Care Savings lowers customers' premiums through state-funded premium assistance. Low-income customers can get Cascade Care Silver or Gold plans for lower costs than non-Cascade plans.



Cascade Care Savings: What It Is & Who Is Eligible

State-funded premium subsidies that lower monthly premium payments for eligible customers.

State premium subsidies, in tandem with federal subsidies, provide an unprecedented opportunity for uninsured, low-income Washington residents to get covered.

Cascade Care Savings was established by the Washington state Legislature in 2023, and \$55 million has been provided for plan year 2024.

Are you eligible for Cascade Care Savings?	
Household income up to 250% of the federal poverty level	✓
Apply for and accept all available federal tax credits	✓
Not eligible for minimum essential coverage through federal or state programs, like Medicare or Washington Apple Health	✓
Enrolled in a high-quality Cascade Care Silver or Gold plan through <i>Washington Healthplanfinder</i>	✓
Qualified health plan (QHP)-eligible resident of Washington state	✓
<i>American Indian/Alaska Native (AI/AN) individuals may enroll in any plan that allows them to take advantage of their \$0 cost-sharing reduction benefit.</i>	

Cascade Care Savings Goals & Opportunities

- Serve the Exchange's core mission of reducing the uninsured in Washington.
- Advance health equity.
 - BIPOC communities in Washington state disproportionately experience having lower income and being uninsured. Reducing barriers to affordable health insurance reduces this inequity.
- Provide a bridge for individuals in Washington state who transition between Medicaid and QHP eligibility.
 - Reduce barriers to continuous coverage for a population vulnerable to being uninsured.
 - Support the group transitioning from Washington Apple Health as part of Medicaid redetermination efforts.
- Maximize impact of state investment into affordable individual market coverage.
- Positively impact the individual market risk pool.
- Grow enrollment.

The Value of Cascade Care Savings

Maria, 40, lives in Federal Way and her annual income is \$30,578.



If Maria auto-enrolls into the same plan next year, which is not eligible for Cascade Care Savings, she'll pay nearly \$60 more every month than she did in 2022.



If she switches to a Cascade Care plan but wants to stay with her same carrier, she could save nearly half on her monthly premium.



By switching to the lowest-cost Cascade Care Silver plan in her area, she pays no monthly premium for the same high-quality benefits.

Plan type	Cascade Silver current carrier	Cascade Silver switch to lowest-cost carrier
Plan year	2023	2023
Premium	\$433	\$358
APTC	\$290	\$290
Cascade Care Savings	\$68	\$68
Net Premium	\$75	\$0

Calculate your income at: wahbexchange.org/current-customers/your-1095-a-statement/affordability-exemption/federal-poverty-level/

How Cascade Care Savings Works

- Cascade Care Savings maximizes all available federal tax credits, and also helps customers who do not qualify for federal subsidies.
- The exact amount of savings received is based on where the customer lives, their age, and their income.
- The lowest-cost Cascade Care Silver premium in a county plays a key role in defining the amount of subsidy available.
- Shopping and switching to a lower-cost Cascade Care plan allows customers to receive the same level of coverage for a reduced premium.

PY 2023 Cascade Care Savings

- The second year of Cascade Care Savings will launch Nov. 1, 2023, for 2024 plan year.
 - New this year: Two different maximum amounts

55,000 (and growing) Exchange enrollees utilize Cascade Care Savings.

Average subsidy for customers with APTC: \$32

Average net premium with state and federal subsidies: \$88



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Cascade Care Savings – DRAFT ANALYSIS

2024 Premium Assistance Amounts and Methodology

August 2023

PRESENTED BY
Ksenia Whittal, FSA, MAAA
Darren Johnson, FSA, MAAA
Michael Cohen, PhD

Agenda

2024 State Premium Subsidy Estimates:
Methodology and Assumptions

CCS Amounts and Affordability by Group

Background and Assumptions

- State Premium Assistance Program
 - \$55M state appropriation:
 - \$5M is allocated to groups 2/3
 - \$5M of that amount held in reserve to account for enrollment uncertainty
 - Wakely solved for two different PMPM subsidy amounts:
 - First, for enrollees receiving federal and state subsidies
 - Second, for enrollees receiving only state subsidies (ineligible for federal subsidies)
- Based on final policy and criteria
 - Eligibility for enrollees up to 250% FPL
 - Subsidies only available for members in Silver or Gold Cascade and Cascade Select plans, except for AIAN eligible members
 - Subsidy amount capped at **lowest cost silver Cascade plan** in the county

Cascade Care Savings PMPM Calculations - Background and Assumptions

- 2023 Cascade Care Savings PMPM was set at \$155 PMPM
 - Final 2023 plan rates (~8% increase)
 - A lower increase in SLCSP benchmark rate than originally modeled, resulting in lower APTC
 - PHE unwind timing
 - Family glitch fix is expected to be implemented by 2023
 - Cascade Care Savings SEP available starting July 1, 2022
 - Funding utilization to date has been lower than projected
- In 2024, 1332 waiver population, a new cohort of members eligible for CCS program, will begin enrolling on Exchange.
- There will be three specific groups of members enrolled on-Exchange eligible for Cascade Care Savings (CCS) state premium subsidies:
 - **Group 1** enrollees are QHP-eligible residents of Washington State who are eligible for both APTC Federal subsidies and for CCS state premium subsidies.
 - **Group 2** enrollees are QHP-eligible residents of Washington State who are not eligible for APTC Federal subsidies but eligible for CCS state premium subsidies.
 - **Group 3** enrollees are undocumented residents of Washington State who are not eligible for APTC Federal subsidies but eligible for CCS state premium subsidies under its 1332 waiver.
 - Groups 2 and 3 are frequently combined in future exhibits due to neither group being eligible for APTC federal subsidies

Background and Assumptions

- 2024 projections of enrollment and Cascade Care Savings (CCS) state costs were developed using March 2023 WAHBE enrollment snapshot
- The member level experience was summarized to a cohort level and used in the subsidy modeling.
- The key components of 2024 CCS estimates and the associated member enrollment include the following:
 - Effectuation adjustment for starting point data
 - Member attrition from prior year (2023)
 - Member persistency through the year
 - Medicaid redetermination related take up
 - SEP related and Uninsured take up
 - Off Exchange migration
 - Plan switching from non-CC plans to CC plans
 - NEW in 2024 Undocumented take up, including:
 - Washington Apple Health (WAH) Expansion
 - Deferred Action for Childhood Arrivals (DACA) Impact
 - 2024 preliminary premium rate increases
 - 9.1% non-Cascade Care Plans
 - 8.5% in Cascade Care Plans
 - Family Glitch

2024 CCS Updated Analysis with Draft 2024 Rates

	2023 Best Estimate	Updated CCS PMPMs for 2024 Option 1: With Draft 2024 Rates			Updated CCS PMPMs for 2024 Option 2: With Draft 2024 Rates		
		Option 1 Best	Option 1 Low	Option 1 High	Option 2 Best	Option 2 Low	Option 2 High
<u>CCS Maximum Subsidy:</u>							
Group 1	\$155	\$155	\$155	\$155	\$80	\$80	\$80
Group 2/3	\$155	\$200	\$200	\$200	\$215	\$215	\$215
<u>Enrollment:</u>							
Group 1	50,970	63,370	54,720	75,650	62,770	54,230	74,960
Group 2/3	1,480	6,690	5,000	8,340	7,420	5,570	9,270
Total Exchange Enrollment	218,430	216,380	186,400	261,840	216,570	186,530	262,150
<u>CCS Expenditures (in millions):</u>							
Group 1	\$17.4	\$27.9	\$23.6	\$33.8	\$25.9	\$22.2	\$31.1
Group 2/3	\$2.8	\$16.1	\$12.0	\$20.0	\$19.1	\$14.3	\$23.9
Total	\$20.2	\$44.0	\$35.6	\$53.9	\$45.1	\$36.5	\$55.0
<u>CCS Utilization PMPM:</u>							
Group 1	\$28.44	\$36.71	\$35.89	\$37.27	\$34.40	\$34.04	\$34.60
Group 2/3	\$155.00	\$199.95	\$199.94	\$199.96	\$214.89	\$214.87	\$214.90
Total	\$32.02	\$52.30	\$49.62	\$53.43	\$53.49	\$50.87	\$54.44

2024 CCS Updated Analysis with Draft 2024 Rates

The actual average premium changes for the two benchmark plans varied by county, but in general got closer together:

5.6% average change for SLCS benchmark plans

6.7% average for LCS CC benchmark plans. This was the most impactful driver of the CCS utilization increase.

The relationship between these benchmarks are highly sensitive and impactful on the resulting CCS subsidy utilization (and hence take up), with **higher LCS CC rates** driving the largest portion of the increase in the subsidy utilization:

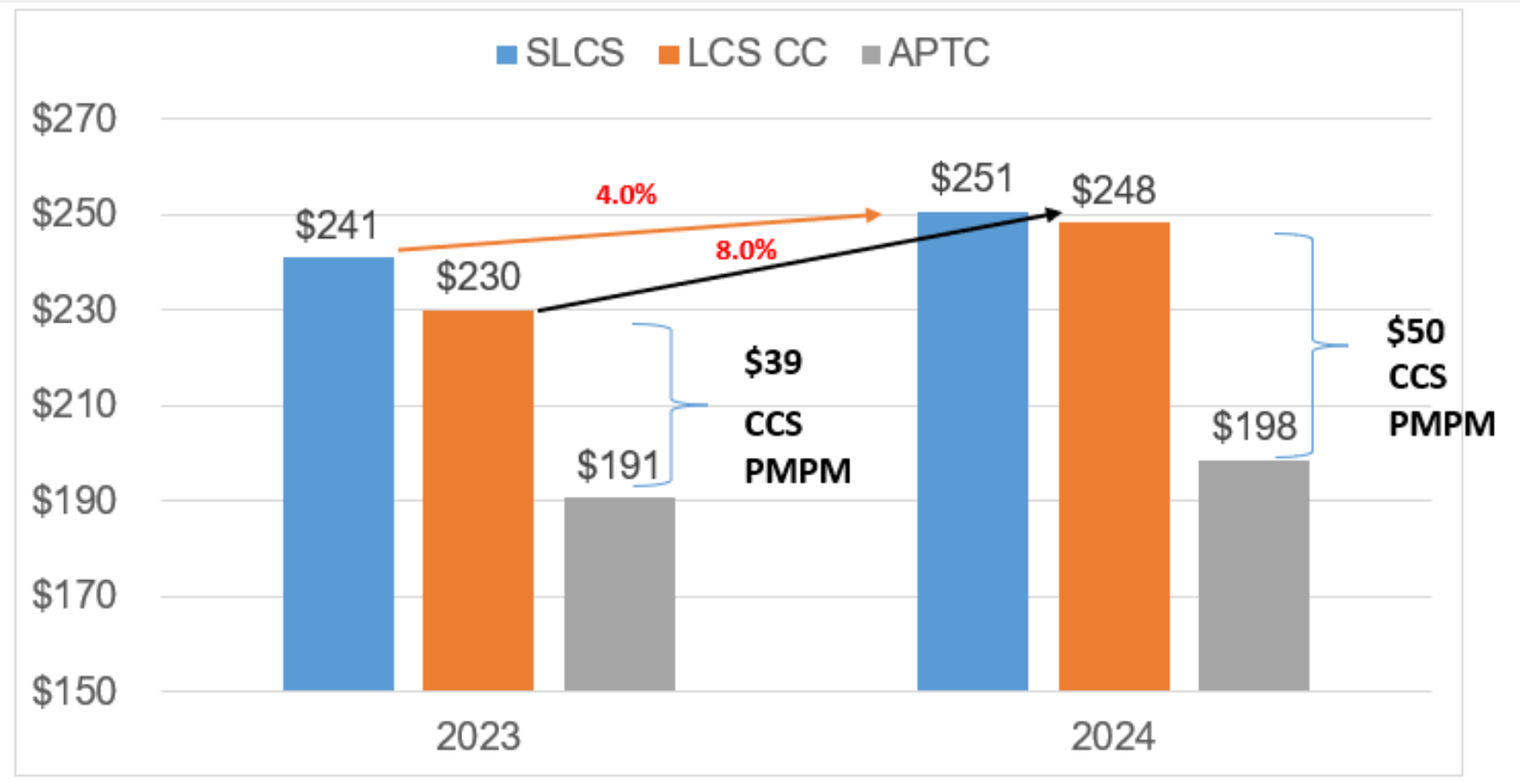
Higher SLCS->Higher APTCs-> Lower CCS

Higher LCS CC->Higher CCS

Illustrative Scenario 1

2023 to 2024 Rate Changes:

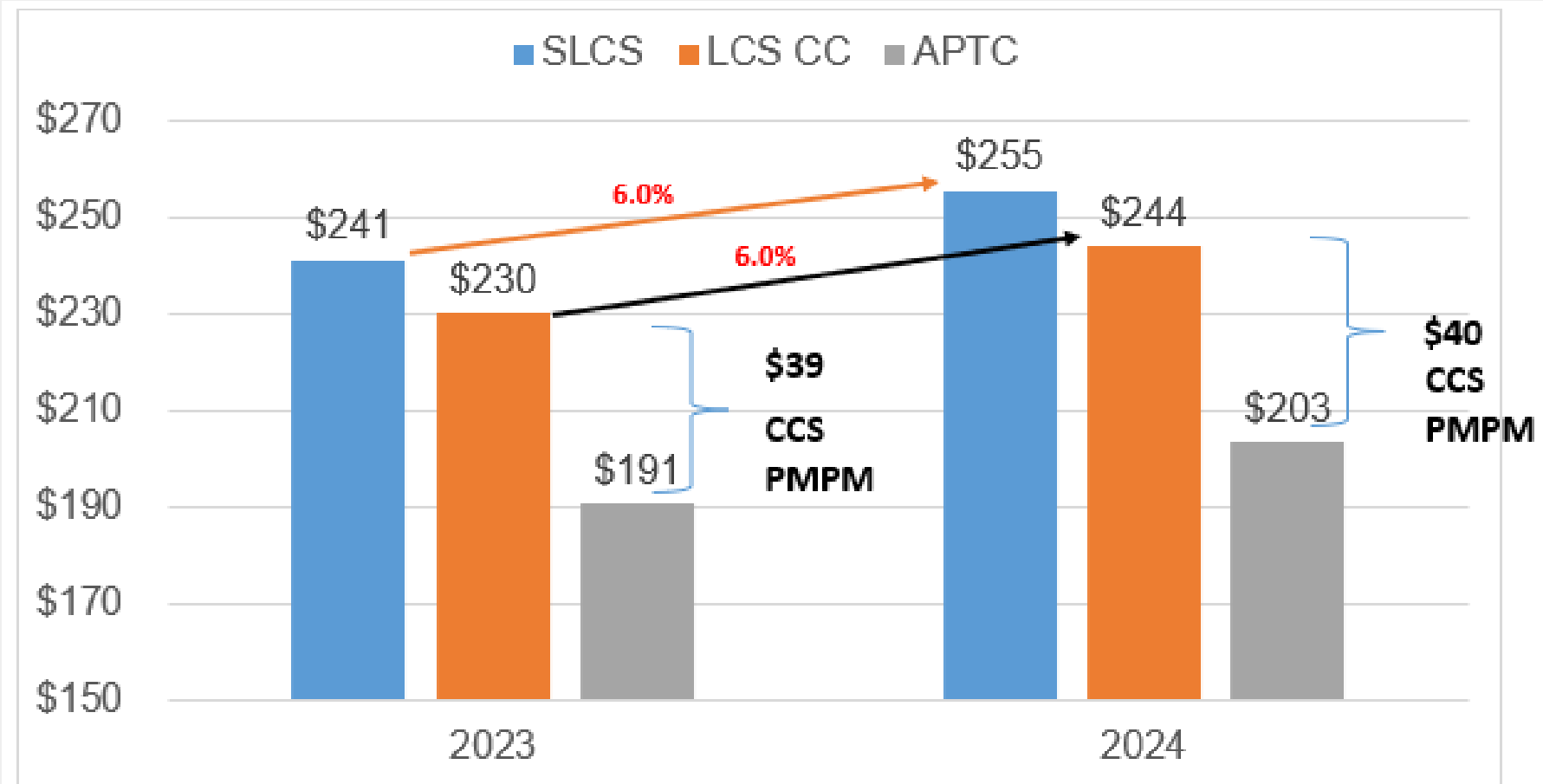
SLCS	4.0%
LCS CC	8.0%
CCS PMPM	26.7%



Illustrative Scenario 2

2023 to 2024 Changes:

SLCS	6.0%
LCS CC	6.0%
CCS PMPM	2.8%

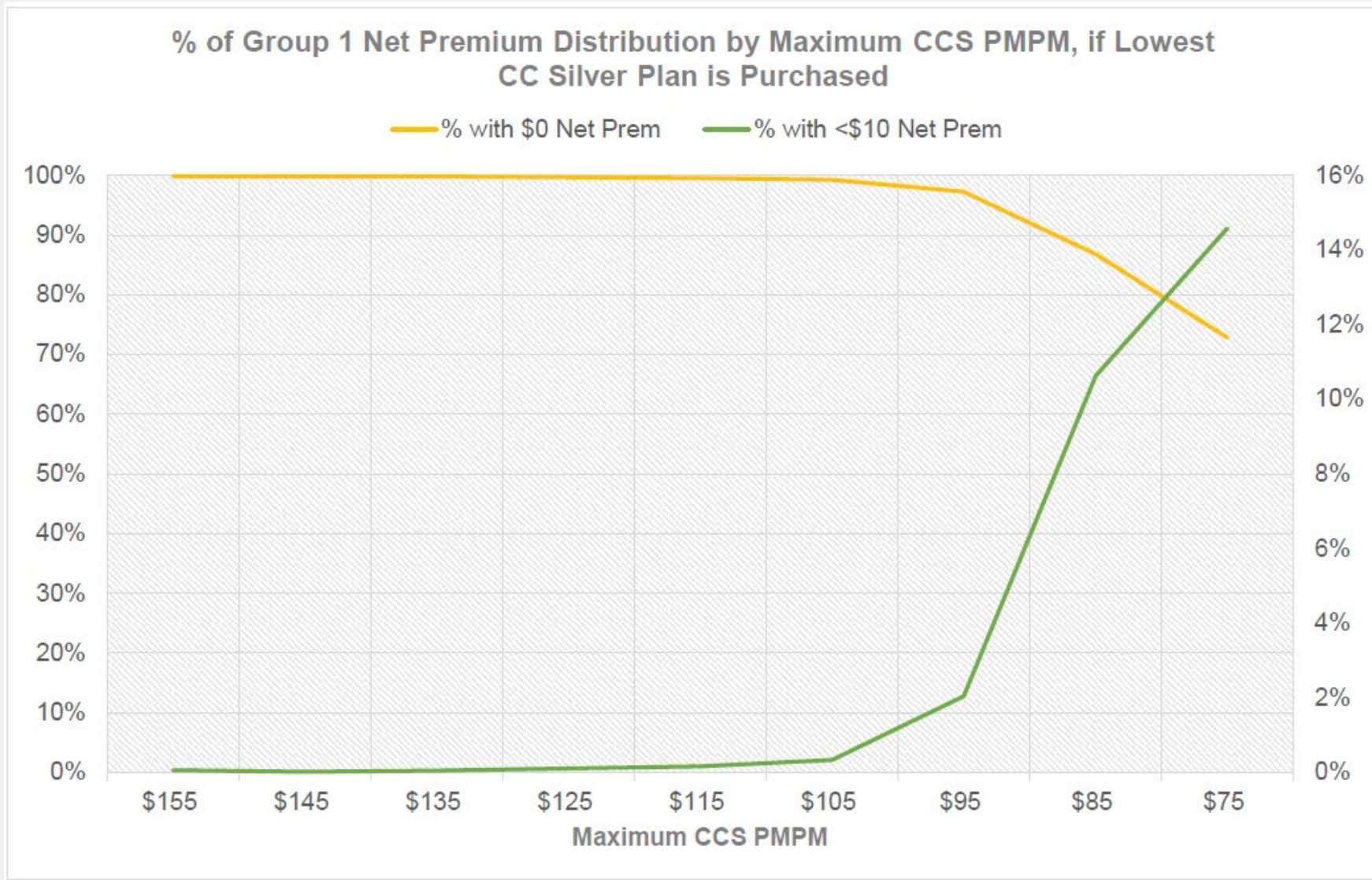


CCS Options Impact on Group 1 Affordability

Washington Health Benefits Exchange (WAHBE) 2024 Cascade Care Savings (CCS) Subsidy Amount Analysis Group 1 CCS Amount Impact on Net Premium

Group 1 2024 CCS Max PMPM:	% with \$0 Net Premium	% with <\$10 Net Premium
\$155	99.84%	0.06%
\$145	99.83%	0.02%
\$135	99.80%	0.05%
\$125	99.70%	0.10%
\$115	99.55%	0.17%
\$105	99.25%	0.34%
\$95	97.27%	2.04%
\$85	86.80%	10.62%
\$75	72.81%	14.58%

CCS Options Impact on Group 1 Affordability



Conclusions

- 2024 subsidy amounts will be updated with:
 - Final 2024 plan rates after Plan Certification in September
 - This will be the biggest driver of potential changes to the subsidy amounts
 - More recent 2023 enrollment reflecting actual Medicaid redetermination enrollment
- Option 1 (\$155/200) vs Option 2 (\$80/215) considerations:
 - Options developed with policy goals of: continuity with prior year, aligning with utilized subsidies, and equity focus
 - Option 1 results in no changes in the CCS subsidy for Group 1
 - Option 2 more closely aligns with utilized subsidies but results in >\$0 premium for a small proportion of Group 1 members
 - Option 2 likely to incentivize greater number of Group 2/3 population enrollment

Public Comment

Please raise your hand, and introduce yourself and your affiliation



Next Steps

- Public comment period is open now
 - July 19 – Aug 18
 - Provide public comments by 5 pm on Aug 18
 - Send comments to cascadecare@wahbexchange.org
 - Please include “Public Comment” in your subject line
- The final methodology will be informed by your comments, final rates, updated enrollment.
- The final methodology will be announced once plan year 2024 rates are final and certified by the Exchange Board.

Adjourn



Appendix



Appendix - Best, Low, High Enrollment Assumptions

The three scenarios (low, best and high) reflect the following assumptions:

Best scenario: This scenario reflects best estimate of market enrollment based on WAHBE experience and best estimates of assumptions for:

- Effectuation rates consistent with 2022 experience;
- Member persistency improvement due to CCS program;
- Enrollment growth in absence of CCS (organic growth) consistent with 2023 experience;
- Enrollment attrition due to premium changes consistent with 2023 experience;
- SEP and Medicaid redetermination impact on enrollment consistent with 2023 experience;
- CC plan switching consistent with 2023 experience;
- Uninsured take up consistent with 2023 experience;
- Undocumented take up with average dampening reflective of average hesitancy;
- 27% lower morbidity of the uninsured and undocumented taking up coverage.

Low scenario: This scenario reflects generally lower estimate of market enrollment, driven by higher premium increases and higher morbidity of those enrolling:

- Lower effectuation rates relative to the best scenario;
- Lower member persistency relative to the best scenario;
- Lower enrollment growth in absence of CCS (organic growth) relative to the best scenario;
- Higher enrollment attrition due to higher premium changes relative to the best scenario;
- Lower SEP and Medicaid redetermination impact on enrollment relative to the best scenario;
- Lower CC plan switching relative to the best scenario;
- Lower uninsured take up relative to the best scenario;
- Lower undocumented take up with the dampening reflective of higher hesitancy relative to the best scenario;
- 15% lower morbidity of the uninsured and undocumented taking up coverage.

High scenario: This scenario reflects generally higher estimate of market enrollment, driven by lower premium increases and lower morbidity of those enrolling:

- Higher effectuation rates relative to the best scenario;
- Higher member persistency relative to the best scenario;
- Higher enrollment growth in absence of CCS (organic growth) relative to the best scenario;
- Lower enrollment attrition due to higher premium changes relative to the best scenario;
- Higher SEP and Medicaid redetermination impact on enrollment relative to the best scenario;
- Higher CC plan switching relative to the best scenario;
- Higher uninsured take up relative to the best scenario;
- Higher undocumented take up with the dampening reflective of lower hesitancy relative to the best scenario;
- 36% lower morbidity of the uninsured and undocumented taking up coverage.

Limitations and Disclosures

Disclosures and Limitations

Responsible Actuary. I, Ksenia Whittal, am the actuary responsible for this communication. I am a Member of the American Academy of Actuaries and an Associate of the Society of Actuaries. I meet the Qualification Standards of the American Academy of Actuaries to issue this analysis. Michael Cohen, Darren Johnson and Ann Pogrebitskiy have made significant contributions to this analysis.

Purpose. The purpose of this analysis is to provide estimated changes in the Cascade Care subsidy (CCS) PMPM amounts for 2024 benefit year, incorporating impact of WAH expansion program effecting July 1, 2024, potential DACA enrollment, and the preliminary filed 2024 premium rates. The goal for this analysis is to facilitate discussions with stakeholders on potential revisions to the CCS PMPM amounts.

The estimates are based on 2023 experience data as of March 15, 2023 and 2024 projected market experience. Future market changes such as significant changes in the risk pool, metal mix changes, changes in the starting number of eligible persons (for Group 2 and Group 3 cohorts), regulatory and economic changes would impact these estimates.

Intended Users. This information has been prepared for the sole use of the Washington Health Benefits Exchange (WAHBE). It is our understanding that these results will be provided to members of the stakeholder group, including WA HCA, for review. This analysis cannot be distributed to or relied on by any other third party without the prior written permission of Wakely. This information is confidential and proprietary.

Risks and Uncertainties. The assumptions and resulting estimates included in this analysis are inherently uncertain, and numerous projection assumptions may be refined before the subsidy amounts are finalized for 2024. Users of the results should be qualified to use it and understand the results and the inherent uncertainty. Actual results may vary, potentially materially, from our estimates. Wakely does not warrant or guarantee the projected values included in the analysis. It is the responsibility of the organization receiving this output to review the assumptions carefully and notify Wakely of any potential concerns.

Conflict of Interest. The responsible actuaries are financially independent and free from conflict concerning all matters related to performing the actuarial services underlying this analysis. In addition, Wakely is organizationally and financially independent to WAHBE.

Data and Reliance. We have relied on others for data and assumptions used in the assignment. We have reviewed the data for reasonableness, but have not performed any independent audit or otherwise verified the accuracy of the data/information. If the underlying information is incomplete or inaccurate, our estimates may be impacted, potentially significantly. For some estimates, there are multiple sources of information, including public sources. In some cases, the different sources produce meaningfully different data/information. In this draft version of the model, we have reviewed the data for reasonableness, however, we continue to review the various sources of information and subsequent versions may incorporate adjustments to better reflect the market in Washington.

Subsequent Events. Changes to federal or state law or regulation could impact the results. Additionally, changes to economic conditions could material affect results. **Changes to the current 1332 waiver or its approval status as a result of the policy changes analyzed here were not included in the analysis and could materially impact the results.** There are no known relevant events subsequent to the date of information received that would impact the results of this report.

Contents of Actuarial Report. This document and the supporting exhibits/files constitute the entirety of actuarial report and supersede any previous communications on the project.

Deviations from ASOPS. Wakely completed the analysis using sound actuarial practice. To the best of my knowledge, the report and methods used in the analysis are in compliance with the appropriate Actuarial Standards of Practice (ASOP) with no known deviations. In developing these standard plan designs and the resulting actuarial certification, Wakely followed applicable Actuarial Standards of Practice (ASOP) including: ASOP No. 23 Data Quality; ASOP No. 25 Credibility Procedures; ASOP No. 41 Actuarial Communications; ASOP No. 56 Modeling.

Reliances

Wakely has utilized data provided by WAHBE as well as public data in the analyses described in this report.

- 2024 premium changes from initial rate filings as well as the change in the second-lowest cost silver (SLCS) plan by county, as provided by the state.
- 2023 enrollment data through March 15, including county, plan, metal level, premiums (before and after APTC), APTC, household, income, age, race, ethnicity, effectuation status
- OFM FPL and Immigration Status of the Uninsured: 2018 and 2019
- Information on implementation considerations and requirements for WAHBE to administer the programs discussed in this report

In addition to the data described above, Wakely relied on the following public data sources to inform the assumptions used in the analyses:

- Small Area Health Insurance Estimates: 2019
- Medical Loss Ratio Data: Public Use File for 2019
- Summary Report on Permanent Risk Adjustment Transfers for the 2022 Benefit Year
- Congressional Budget Office (CBO) Background Paper “The Price Sensitivity of Demand for Nongroup Health Insurance”
- CBO “How CBO and JCT Analyzed Coverage Effects of New Rules for Association Health Plans and Short-Term Plans”
- Kaiser Family Foundation Distribution of Nonelderly Uninsured Individuals who are Ineligible for Financial Assistance