

Cascade Care Savings Final Draft Policy Public Hearing

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Goals for today's discussion

- Cascade Care Savings context, value, and goals
- Cascade Care Savings implementation timeline
- Review of Final Draft Policy
- Next steps and public comment

Cascade Care Savings - Legislative Requirements

- **E2SSB 5377 (2021 Cascade Care 2.0)** – Established eligibility criteria and directed the Exchange, operating within Legislatively appropriated funds, to implement a state premium assistance program for federally subsidized and non-federally subsidized WA residents.

Statutory Eligibility Requirements

- WA resident
 - Income below a threshold set in the operating budget
 - Enroll in a Silver or Gold Cascade or Cascade Select qualified health plan (QHP)
 - Apply for and accept all available federal subsidies
 - Ineligible for minimum essential coverage through Medicaid or Medicare; not eligible for COFA premium assistance
 - Other eligibility criteria as established by the Exchange
- **ESSB 5092 (2021 Operating Budget)** – Appropriated \$50M in state funding for 2023, to provide premium assistance for residents with an income up to 250% FPL.

Cascade Care Savings

The Value it Will Bring

State-based premium subsidies in plan year 2023 for qualifying customers who:

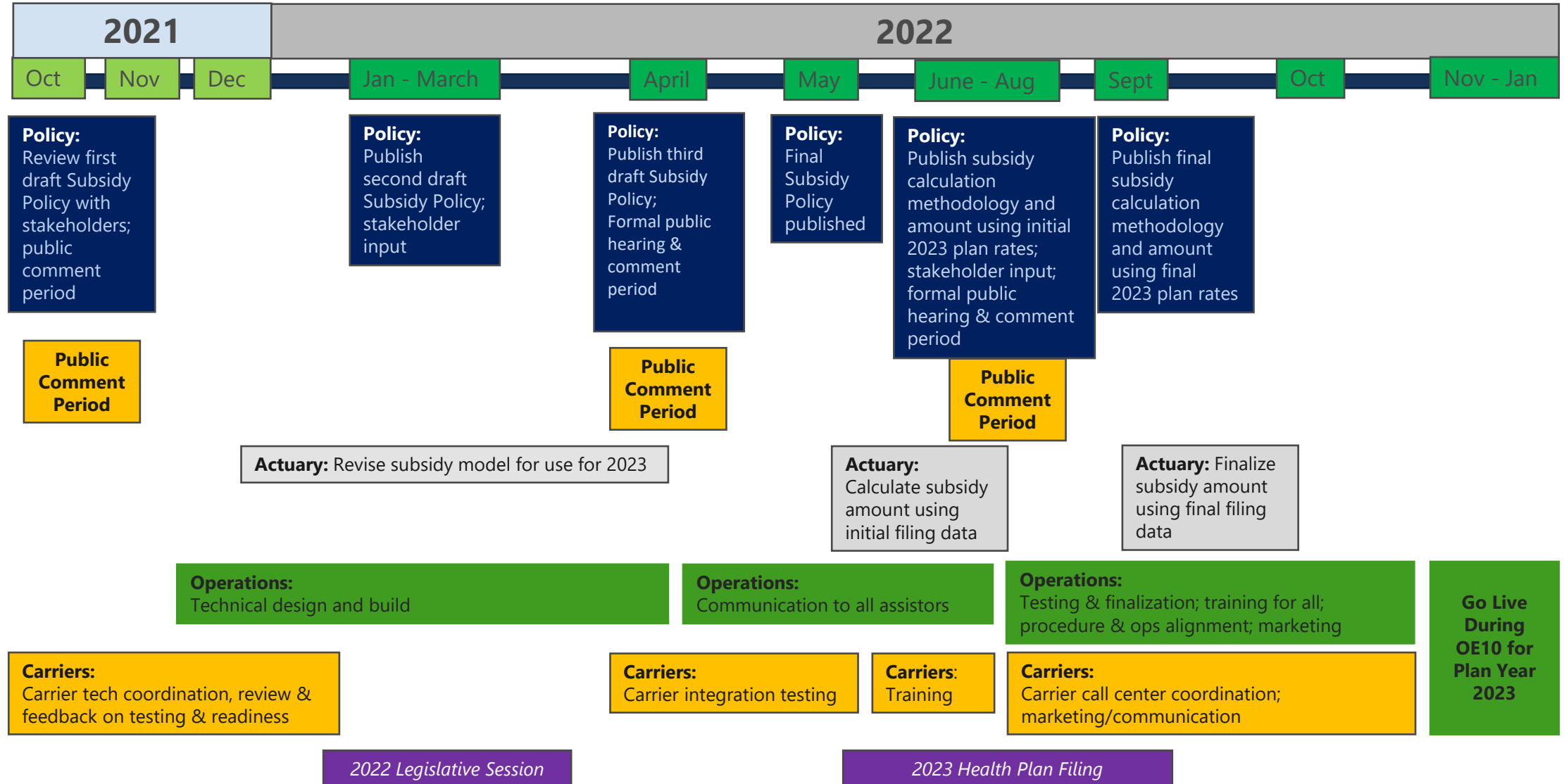
- Have incomes up to 250% FPL; and
- Choose a silver or gold Cascade Care plan

Early modeling estimates more than 90,000 Exchange customers will receive Cascade Care Savings, and those receiving both federal and state subsidies will have a net monthly premium of \$5 or less (assumes ARPA continues).

Cascade Care Savings Goals and Opportunities

- Serve the Exchange's core mission of reducing the uninsured in Washington
- Advance health equity
 - BIPOC communities in WA disproportionately experience having lower income and being uninsured. Reducing barriers to affordable health insurance reduces this inequity.
- Maximize impact of state investment into affordable individual market coverage
- Provide a bridge for individuals in WA who churn between Medicaid and QHP eligibility
 - Reduce barriers to continuous coverage for a population vulnerable to being uninsured
 - Particularly in 2022-2023, support the group transitioning off WAH as part of PHE unwinding
- Positively impact the individual market risk pool
- Grow enrollment
- Implement program in partnership with carriers
 - Exchange facilitates payments of state funds to carriers – together, we will be bringing a new premium reduction to shared customers
 - State subsidy wraps around available federal subsidies to reduce premiums for customers without reduction in "sticker price" of plans

Cascade Care Savings Timeline & Milestones



Cascade Care Savings Final Draft Policy Outline

- Eligibility
- Premium Assistance Amount
- Notice and Appeals Rights
- Extended Grace Period
- Special Enrollment Period
- Contingency for Low Funds

Eligibility

- Expansion upon statutory eligibility criteria: exception for American Indian/Alaska Native (AI/AN) enrollees
 - Initial Draft Policy provided that AN/AN enrollees are not required to enroll in a Cascade Care silver or gold plan in order to be eligible for Cascade Care Savings
 - Final Draft Policy retains exception for AI/AN plan selection without changes
- Additional eligibility criterion established by the Exchange in Final Draft Policy
 - Individuals eligible for Washington State's Health Care Premium Assistance Program for Employees of Child Care Facilities (Child Care Sponsorship Program) would not be eligible for Cascade Care Savings
 - Premiums for these enrollees are already 100% covered by the Child Care Sponsorship Program

Cascade Care Savings Amount

- Final Draft Policy approach to calculating Cascade Care Savings amount: Fixed-dollar per-enrollee maximum amount, calculated annually based on actuarial analysis of available funding, legislatively provided income requirements and other program eligibility criteria, projected enrollment, and QHP rates
 - Cascade Care Savings Amount
 - Per-enrollee fixed dollar maximum premium assistance amount
 - [Base fixed dollar amount] x [number of eligible enrollees in household]
 - Fixed premium assistance amount may then be reduced so as not to exceed net premium all enrollees would pay if enrolled in the lowest cost silver Cascade Care plan
 - In no case will the fixed premium assistance amount exceed the net premium after all available APTC is applied
 - Cascade Care Savings may cover portions of a household's premiums that are not attributable to essential health benefits
- Final Draft Policy revised to remove limit of three dependents on per-enrollee fixed dollar maximum premium assistance amount
- Final Draft Policy revised to include references to align with Section 1332 waiver application
 - E.g., provision of a reserve account to account for enrollment uncertainty

Notice and Appeals Rights

- Final Draft Policy revised Initial Draft Policy as follows:
 - Removed key provisions mirroring 45 CFR subpart F from Policy
 - Included references to separate Procedural Rules document
- The Exchange consolidated all provisions governing appeals into existing Procedural Rules governing federal programs
 - Updated Procedural Rules to address Cascade Care Savings throughout
- Procedural Rules are published for public comment through April 29

Extended Grace Period

- Final Draft Policy includes a requirement for carriers to provide a three-month grace period to Cascade Care Savings enrollees to make premium payments in full
- Aligns with 3-month grace period for enrollees receiving APTC
 - For individuals receiving APTC, federal grace period rules supersede state grace period
 - For individuals not receiving APTC, state grace period rules apply and align with federal grace period rules under 45 CFR 156.270, including requirements for issuers to:
 - Notify the enrollee that they are delinquent on premium payment.
 - Pay all appropriate claims for services rendered to the enrollee during the first month of the grace period and may pend claims for services rendered in the second and third months of the grace period.
 - Continue to collect payments of the state premium assistance from the Exchange on behalf of the enrollee during the three-month grace period.
 - If the enrollee exhausts the three-month grace period without paying all outstanding premiums:
 - Return payments of the state premium assistance to the Exchange for the second and third months of the grace period.
 - Terminate the enrollee's enrollment through the Exchange on the last day of the first month of the grace period.

Special Enrollment Period

- Initial Draft Policy provided a new special enrollment period for individuals who become newly eligible or ineligible for Cascade Care Savings
- Final Draft Policy provides a new monthly special enrollment period for new and existing customers up to 250% FPL to enroll in a Cascade Care silver or gold plan
 - Currently-enrolled customers may change carriers or plans within the same carrier if they are not currently enrolled in a Cascade Care silver or gold plan
 - Carriers required to honor customer accruals toward cost-accumulators for customers staying within same carrier
 - Exchange verifies eligibility for this SEP

Contingency for Low Funds

- It is possible, if enrollment vastly outpaces projections, program funding could run low/out
 - Exchange finance staff and actuaries will regularly update projected program costs to inform whether the program is reaching capacity
- Final Draft Policy retains approach proposed in Initial Draft Policy:
 - If projections show program expenditures are at risk of exceeding available funds for the plan year, Exchange will maintain assistance amounts for customers already in program and close premium assistance program to new enrollees
- Preserves premium assistance for current enrollees, ensuring that customers who enrolled in a QHP (or enrolled in a Cascade silver/gold plan) because of Cascade Care Savings do not lose assistance mid-year

Next Steps

- Public Comment Periods open now
 - Cascade Care Savings Policy comment period open through April 29
 - Procedural Rules also available for public comment
 - Section 1332 Waiver Application public comment period open March 31 – May 2
- Seeking to finalize Cascade Care Savings Policy by May 6

Public Comment



Adjournment



Appendix



Population Affected by Extended Grace Period

- Currently, 73% (176,000) of our customers are receiving APTC and have a federal 3-month grace period to pay premiums in full
- The population which *could* be eligible for the extended grace period (i.e., under 250% FPL and not receiving APTC) is about 1.5% of HBE enrollees (~4,000-4,500)
 - This group could include:
 - Enrollees experiencing the “family glitch”
 - Enrollees who do not file taxes, did not provide FTI consent for auto-renewal, or are married filing taxes separately
 - Individuals without a federally-recognized immigration status, starting in 2024

Data on Grace Period Utilization

- HBE Data*
 - When the Exchange last produced a grace period report, data showed that, of those falling into a grace period, at least 77% made a payment to catch up and fewer than 14% were terminated for nonpayment
- Other states with extended grace periods:
 - CA – 90-day grace period provided to state subsidy recipients not receiving APTC
 - MA – 90-day grace period for ConnectorCare enrollees who receive \$0 APTC (not otherwise eligible for federal 3-month grace period)

Grace Period – Summary of Stakeholder Feedback

- Several carriers expressed concern about extending the grace period to enrollees receiving Cascade Care Savings who do not receive APTC:
 - Concerns about lack of data to understand, quantify, and anticipate problems with the population
 - Believe the proposed grace period exceeds HBE's authority to create policy and procedures to support the implementation of the state subsidy granted to the exchange in SB 5377 and contradicts current state insurance laws for non-payment of premiums or claims payment timelines
 - Operational/technical concerns
- One carrier supported extended grace period
- WSMA was neutral/not opposed given small size of impacted population
- Consumer advocates strongly supported the extended grace period, noting that it:
 - Fairly splits financial risk attributable to payment delinquency by spreading any losses across enrollee, state payor, carrier, and provider
 - Minimizes complexity and consumer confusion
 - Poses minimal risk given small impacted population size

Population Impacted by Proposed Special Enrollment Period

- Current projections for PY 2023 estimate ~108,000 of our population would be under 250% FPL
- For context, 250% FPL for one-person household = \$33,975 annually*
 - Minimum wage in Seattle is ~\$35,000/per person annually

Data on Utilization of SEPs

- WAHBE 2021 ARPA SEP Data (May-August 2021)
 - 12,000 reported a change
 - 4,200 changed plans
 - 3,000 went up a metal level (93% of which went from bronze to silver)
 - 75% stayed with the same carrier
 - 58 utilized the SEP to change plans more than once
 - 28,000 new enrollees
 - 2021 SEP enrollees more likely to be Black and/or Hispanic and 10% more likely to be younger (than 35) compared to 2021 OE enrollees
- Covered CA
 - 2020 extended SEP data indicated that risk from SEP enrollees was lower than average Covered CA enrollees who enrolled during OE and much lower than pre-pandemic SEP
- MA Health Connector - SEP for individuals up to 300% FPL who are newly eligible for state subsidy
 - Data* show that:
 - This SEP results in net enrollment gain through the year, and
 - This SEP population is younger and healthier on average than rest of market, with best risk profile in individual market
- FFM
 - New enrollees seeking coverage 2/2021 – 8/2021: 3.8M (vs. 1.8M in 2020 SEPs)
 - % of new SEP plan selections identifying as African American: 9% in 2019; 15% in 2021
 - White: 76% in 2019; 71% in 2021
 - Age trend: Under 18 went down (21% of new SEP plan selections in 2019; 12% in 2021)
 - 18-38 stayed the same; 35-54 went up (29% to 36%); 55+ went up (20% to 22%)

SEP Implementation in Other States and FFM

- FFM
 - SEP for up to 150% FPL to enroll or change plans monthly with no plan/carrier restrictions
- California
 - Offered an SEP paired with implementation of state subsidy in 2020 for people who “learned of new subsidies”
 - Implemented 150% FPL SEP in February 2022; if ARPA subsidies made permanent will look at increasing the %FPL
 - SEP for up to 150% FPL to enroll or change plans monthly with no plan/carrier restrictions
 - Filter plans to show most generous CSR tier plan; consumer can remove filter to shop all plans
- Maryland
 - Ongoing SEP for up to 150% FPL to enroll (not available if currently enrolled)
- Massachusetts
 - SEP for up to 300% FPL who become eligible for ConnectorCare (60 days after becoming eligible)
 - SEP for up to 150% FPL to enroll or change plans monthly with no plan/carrier restrictions
- New Mexico
 - SEP for up to 200% FPL to enroll or change plans monthly with no plan/carrier restrictions
- Rhode Island
 - SEP for up to 150% FPL to enroll or change plans monthly with no plan/carrier restrictions

SEP – Summary of Stakeholder Feedback

- Several carriers expressed concerns about proposed SEP
 - Concern of adverse selection/“gaming the system” with monthly SEP
 - Concern about allowing consumers to change carriers
 - Monthly SEP for a subset of QHP population likely to cause consumer confusion
 - Concern about requirement for carriers to honor cost accumulators generally (administratively burdensome, invites fraud, beyond HBE’s authority), and specific concern about honoring accumulators when enrollees change to a different carrier within the same parent company
- One carrier supportive of proposed SEP
- WSMA neutral regarding the proposed SEP
- Consumer advocates strongly supported proposed SEP
 - Supportive of alignment with 150% FPL SEP implemented in FFM and several state exchanges
 - Citing an American Academy of Actuaries finding that the federal SEP would promote a healthy risk pool by pairing generous subsidies with ongoing enrollment opportunities
 - Viewed the proposed SEP as a critical safety net for the population transitioning off Medicaid at the end of PHE
 - Could consider modifications to the SEP as proposed (e.g., allowing bronze plan enrollment)