Prevention Alliance

ACCESS TO HEALTH CARE: CASCADE CARE 2.0

March 2021

Executive Summary

Access to quality, affordable health care is important for promoting and maintaining health, preventing and managing disease, reducing premature death, and achieving health equity. Despite the critical importance of having access to health care, almost 500,000 Washingtonians remain without health insurance coverage. This policy brief provides background on progress that has been made over the past decade in increasing access to health care, an overview of some of the remaining systemic barriers to accessing health care, and a summary of the main components of the Cascade Care 2.0 legislation (Senate Bill 5377) that seeks to address affordability of plans purchased through the Health Benefit Exchange (Exchange).

Background – Progress Made in Increasing Access to Health Care

Over the past decade we have made great strides toward improving access to health care for Washingtonians. The most significant advancements were made through the Affordable Care Act (ACA) at the federal level and Cascade Care 1.0 at the state level. The boxes below provide an overview of the key components of these landmark pieces of legislation.

Federal: Affordable Care Act

The passage of the Affordable Care Act in 2010 opened the door for expanded coverage to millions of people living in Washington. This expanded coverage was achieved through two main approaches – Medicaid expansion and the creation of an online marketplace where people who don't have other coverage options can purchase private insurance.

Medicaid Expansion

Medicaid expansion opened up coverage options to low-income people who make under 138% of the federal poverty level. This was a critical expansion in coverage to some of the most vulnerable members of society. Over 2 million people in Washington are currently enrolled in Apple Health (Medicaid).

Private Insurance Marketplace

Following the passage of the ACA, Washington established and continues to operate a state-based health benefit exchange called Washington Healthplanfinder. Through the online health insurance marketplace, individuals and families who don't have access to health insurance through other means, such as employer-based coverage, are able to compare and purchase individual health insurance coverage.

Affordability Assistance

The ACA also sought to provide financial assistance to people meeting certain income thresholds in order to make purchasing insurance more affordable. Individuals and families with household incomes between 100% to 400% of the federal poverty level are eligible for premium subsidies through Exchange plans, which helps bring down that monthly cost to purchase coverage. In addition, cost-sharing reductions are available to those between 100% and 250% of the federal poverty level who purchase silver level plans. These cost-sharing reductions help bring down the costs associated with utilizing coverage such as deductibles and copay/coinsurance.

The Exchange has been successfully operating in Washington since the first open enrollment period in 2014. In the most recent open enrollment over 222,000 customers used the online marketplace to purchase a qualified health plan (QHP) for the 2021 plan year.

State: Cascade Care 1.0

Since the ACA passed, the state legislature has taken additional steps to work towards addressing remaining barriers that are preventing people from attaining and utilizing coverage. In particular, in 2019 the legislature passed legislation (SB 5526), known as Cascade Care 1.0, that created standardized health insurance plans and the first public option in the country.

Standardized Plans: The standardized plans are designed to ensure more predictable costs for consumers, consistency between plans in what services are covered, and improved access to pre-deductible evidence-based and medically necessary services. Starting in 2021, any carrier offering a qualified health plan on the Exchange must offer one standardized silver plan and one standardized gold plan on the Exchange. In addition, if they offer a bronze plan on the Exchange, they must offer one bronze standardized plan as well. Carriers are allowed to continue to offer non-standardized plans on the Exchange.

Public Option: The public option plans were procured through the Health Care Authority, in consultation with the Exchange, with the goal of working towards ensuring that every county will have a plan option that is designed to maximize benefits and control costs for patients.

Affordability Assistance Study: In addition, the Cascade Care 1.0 legislation directed the Exchange to do a study on establishing state level people subsidies for people up to 500% of the poverty level with a goal of having consumers spend no more than 10% of their income on premiums.

In its first year, Cascade Care helped enable people in every county to have at least two insurance carriers to choose from. The thirteen carriers on the Exchange all offered the required standardized plans and five carriers offered public option plans across 19 counties. Additionally, Cascade Care has helped bring down the rate of premium increases and lowered deductibles on standardized plans. Overall, Exchange premiums are down 3.2% for 2021, and deductibles in Cascade Care standardized plans are about $1000 lower than deductibles in non-standardized plans.

See Cascade Care 1.0 Brief for more information on this legislation.

Remaining Barriers to Coverage and Care

The ACA and Cascade Care 1.0 combined have taken us a long way toward covering all Washingtonians, but there are still people throughout the state who do not have access to health care. Nearly 500,000 Washingtonians remain without health insurance[1], and many others who do have coverage struggle with rising costs.

Cost of Coverage and Care

Uninsured people at all income levels consistently cite cost as the greatest barrier to coverage.[2] This includes both the cost to purchase coverage through monthly costs (premiums), as well as out of pocket costs for care and prescription drugs (deductibles, co-insurance/copays, prescription drug costs) that prevent many people who do have coverage from actually utilizing it.

> *High Premium Costs:* While some progress has been made in slowing the trend of increasing premiums since the passage of Cascade Care 1.0, there are still people who cannot afford the monthly premiums to purchase coverage. 14% of Exchange enrollees now spend more than 10% of their income to buy a basic benchmark plan[3] and some even face premiums up to 30% of their income[4]. Cascade Care 1.0 set the goal of having consumers spend no more than 10% of their income on premiums. Strides have been made toward achieving that, and federal subsidies help households making between 100-400% of the federal poverty level, but some are paying more than that target percentage. And many with incomes just above that range are left with no federal assistance.
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> *High Deductibles & Other Out of Pocket Costs:* In addition to cost barriers to purchase coverage, many deductibles remain so high that patients have to pay thousands of dollars out of pocket for most services before their insurance kicks in. This is especially true on non-standardized plans where there are non-standardized silver plans that still have deductibles up to almost $7,000. According to the Exchange, deductibles for Cascade Care standardized plans are on average $1,000 below non-standard plan deductibles in the same metal tier.[5] This indicates that standardized plans have made critical progress in reducing out of pocket costs and increasing access to services before the deductible compared to non-standardized plans. But non-standardized plans are still prolific on the Exchange. In the 2021 plan year, there were 115 plans available to purchase in Washington and over half of those (64) were non-standardized.

Eligibility for Federal Programs

The are some people who remain ineligible for the federal subsidies and Medicaid expansion established under the Affordable Care Act. For example, there are people who fall under the ACA's "family glitch", which refers to an ACA rule that bases eligibility for a family's premium subsidies on whether available employer-sponsored insurance is affordable for the employee only, even if it's not actually affordable for the whole family.

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[1] Office of Financial Management, Estimated Impact of COVID-19 on Washington State's Health Coverage

[2] State Premium Subsidies – Cover Memo. November 13, 2020. Washington Health Benefit Exchange. https://www.wahbexchange.org/wp-content/uploads/2020/11/Subsidy-Study_Exchange-Cover-Memo.pdf

[3] Comparison Chart – WA State Subsidy Options. Washington Health Benefit Exchange.

[4] State Premium Subsidies – Cover Memo. November 13, 2020. Washington Health Benefit Exchange. https://www.wahbexchange.org/wp-content/uploads/2020/11/Subsidy-Study_Exchange-Cover-Memo.pdf

[5] *Cascade Care Preview.* January 28, 2021. Washington Health Benefit Exchange. https://www.wahbexchange.org/wp-content/uploads/2021/02/HBE_EN_210209-Cascade-Care-Preview.pdf

Another group of people ineligible for federal programs are those that fall into the "subsidy cliff", which refers to the steep drop-off of premium subsidies for those with an annual income of just over 400% of FPL. For people who are near that cliff, a slight change in income can cost a household thousands of dollars in lost subsidies. Those who do manage to purchase coverage may do so to the maximum extent of their budget, which could leave them without the means to use that coverage.

A third key group of people who remain uninsured are those who are ineligible for federal programs due to their immigration status. The high uninsured rates among undocumented people is a result of limited access to employer-sponsored insurance and eligibility restrictions that prohibit them from participating in Medicare, Medicaid, the Children's Health Insurance Program (CHIP), and the Exchange. During times of medical emergency, people who do not meet citizenship or immigration status requirements can access care through the AEM (Alien Emergency Medical) program. But this does not allow access to ongoing or preventive care; only emergency medical needs that meet certain circumstances. Without access to other federal programs or even the ability to purchase coverage through the Exchange, with or without subsidies, undocumented people are left with very few coverage options and remain a significant portion of the uninsured population.

Network Adequacy

Even with health coverage, many people still face barriers to accessing care due to inadequate provider networks. This can be a particular challenge in rural parts of the state where there might not be in-network providers, especially specialists, within an accessible distance. This has also been an issue in areas where a major health care or hospital system has opted to not contract with a particular carrier or particular plan, including the public option plans, which leaves people without access to that system. When a health insurance plan doesn't have a solid provider network for consumers, they face low access to care, and may face having to travel significant distances to access necessary care. This means people might have insurance but are not able to use it when and where they need it.

Number of Plan Offerings

Since the passage of the ACA there has been a concerted effort to make sure that all counties in Washington have plan options on the Washington Health Benefit Exchange. This is critical so that people are able to buy insurance regardless of which part of the state they live in. While some counties have fewer options than others, every county in Washington has had a plan option available every year since the Exchange first started operating. As the private insurance market has evolved, we have seen the concern of not having enough plan options swing to the other extreme of having too many plan options. For the 2021 plan year, 13 carriers offered 115 plan options. In some areas of the state there were up to 73 plans to choose from. Having options is important, but too many options is a barrier to figuring out the right plan to pick. Research shows that people prefer under 15 plan choices. In one study that examined consumer decision making, a choice set of 15 or fewer plans was associated with higher rates of enrollment. Providing between 15-30 plan choices did not lead to increased enrollment and offering more than 30 choices actually decreased enrollment.[6]

When looking at the impact of plan offerings on choice in that study compared to the 2021 plan offerings, most counties are far exceeding the level of choice that yields higher rates of enrollment *(see Table 1)*. This indicates that the number of Exchange offerings in most Washington counties is likely hindering enrollment rather than encouraging it.

[6] Too Many Health Insurance Choices Can Impair, Not Help, Consumer Decision Making. Consumers Union. https://advocacy.consumerreports.org/wp-content/uploads/2012/11/Too_Much_Choice_Nov_2012.pdf

Table 1: Washington County Plan Offerings by Enrollment Impact Level

	Under 15 Plan Choices *Increased enrollment rates*	**15-30 Plan Choices** *No increase in enrollment rate*	**Over 30 Plan Choices** *Decreased enrollment rates*
Number of WA Counties in 2021 with corresponding plan choice level[7]	3	7	29

COVID-19 & Health Coverage

The COVID-19 pandemic has exacerbated the health care affordability and accessibility crisis as workers, and in many cases their family members, lost their employer-sponsored health insurance. According to the Office of Financial Management, at the peak of unemployment claims (around May 23, 2020), the uninsured rate of the newly unemployed people reached 58%.[8] While may people did become eligible for Medicaid, there were others who were not eligible and faced unaffordable coverage options.

Many people facing unemployment ultimately ended up qualifying for Medicaid and under a maintenance of effort directive during the public health emergency[9], once a person is enrolled in Medicaid they will not be removed until after the public health emergency ends. This means that there are a significant number of people who might have churned off of Medicaid but are able to maintain their coverage for now, but there is anticipated to be a significant bow wave of people who will lose coverage once the public health emergency is declared over. Many of these people are likely to struggle with the cost to purchase coverage if additional affordability assistance is not provided.

A recent report from Families USA showed the close linkage between uninsured rates and COVID-19 cases and deaths. According to the report, research done from the early part of the pandemic through the end of August 2020 showed that each 10% increase in the proportion of a county's residents who lacked health insurance was associated with a 70% increase in COVID-19 cases and a 48% increase in COVID-19 deaths. In other words, people living in communities with very high uninsured rates were much more likely to contract the virus and to die than were people living in communities with relatively few uninsured. During the period covered by the study, health insurance gaps were linked to an estimated 2.6 million COVID-19 cases and 58,000 COVID-19 deaths. If the same relationships between health insurance rates and COVID-19 cases and deaths were extrapolated through February 1, 2021, health insurance gaps would be associated with an estimated total of 10.9 million COVID-19 infections and 143,000 deaths from COVID-19.[10] These stark results highlight the critical role of health insurance coverage and the devastating results of the remaining gaps in coverage.

2021 Session – Cascade Care 2.0

Senator Frockt has introduced Senate Bill 5377 this session, which relates to increasing affordability of standardized plans on the individual market. The bill, known as Cascade Care 2.0, builds on the legislation passed in 2019 by taking steps to establish new state affordability programs, narrow plan offerings with an increased focus on standardized plans, and improve network participation by hospitals in the public option plans.

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[7] *Cascade Care Preview.* January 28, 2021. Washington Health Benefit Exchange. https://www.wahbexchange.org/wp-content/uploads/2021/02/HBE_EN_210209-Cascade-Care-Preview.pdf

[8] Office of Financial Management, Estimated Impact of COVID-19 on Washington State's Health Coverage

[9] Medicaid "Maintenance of Effort" Protections Crucial to Preserving Coverage. May 13, 2020. Center for Budget and Policy Priorities. https://www.cbpp.org/blog/medicaid-maintenance-of-effort-protections-crucial-to-preserving-coverage

[10] The Catastrophic Cost of Uninsurance: COVID-19 Cases and Deaths Closely Tied to America's Health Coverage Gaps. March 2021. Families USA. https://familiesusa.org/wp-content/uploads/2021/03/2021-37_Loss-of-Lives_Report_AnalysisStyleB_Final.pdf

In its current form after passing off the Senate floor, the legislation includes the following components: premium & cost sharing subsidies, stabilization in market offerings, and ensuring network adequacy in public option plans.

Premium & Cost Sharing Subsidies

SB 5377 would create a state-level premium subsidies program to help consumers who make up to 500% of the federal poverty level purchase a silver or gold standardized plan. These subsidies would help people with the monthly premium cost to purchase insurance coverage. The amount of premium subsidies and the eligibility level are determined by the funding level provided in the operating budget.

PREMIUM & COST SHARING SUBSIDIES - REAL CONSUMER IMPACT | CYNTHIA, TACOMA

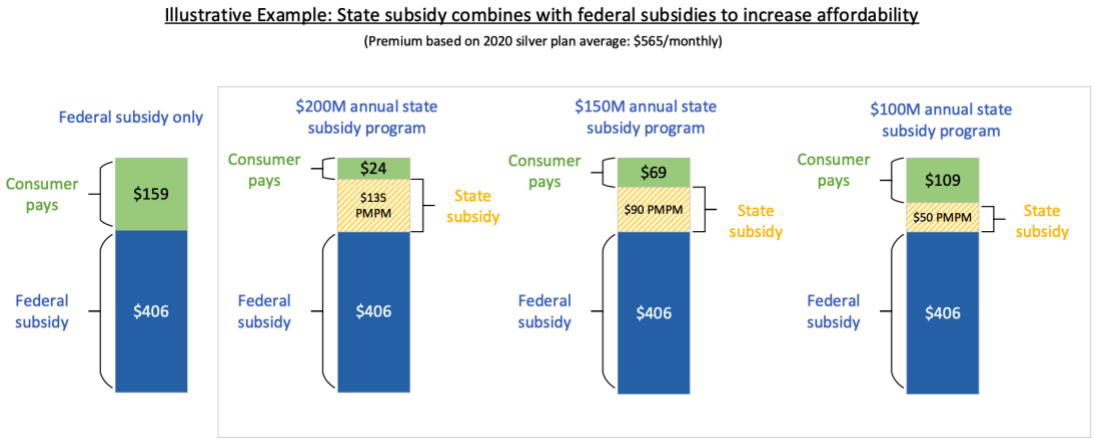
Cynthia is a lead teacher in a childcare center in Tacoma, where she provides care for 14 toddlers. She has been doing this work for over 20 years and loves working with kids, seeing them grow up and learn. But her employer can't afford to offer health insurance coverage. In order to get coverage through the Exchange, it would be $800 a month - which is completely unaffordable when you're making less than $20 an hour. On top of that - anyone who's worked with toddlers knows that means a lot of germs. Whether you're a teacher or a cook or working in transportation, you're exposed to germs, and as conscious as these workers are about prevention, they're still going to get sick. Even if Cynthia had insurance, she is worried she wouldn't be able to afford to go to the doctor if she gets sick because of the money she'd have to pay for the visit and any medications she gets prescribed.

IMPACT OF SB 5377

SB 5377 would help Cynthia by providing premium subsidies that would bring down the cost to purchase insurance by reducing the amount she has to pay for her monthly insurance premium. In addition, if the legislature provides funding to create a cost sharing subsidy, Cynthia would be able to actually use her insurance when she needs to seek care because she would have access to cost sharing subsidies that help with the cost of accessing health care.

The state subsidies will be considered the "last dollar in" after any available federal subsidies have been applied. In other words, the state subsidy would overlay any existing federal subsidy, in what is called a "subsidy wrap". So, for people who qualify for federal premium tax credits, a state premium subsidy would increase their overall level of financial assistance. Image 1 below provides an illustrative example of how the state subsidies would work in relation to federal subsidies and remaining consumer spending. The image also provides example scenarios of different state subsidy levels depending on amount appropriated by the legislature. It is important to note that this is just an example scenario and that state subsidy amounts will be determined based on the funding level provided by the legislature.

Image 1: State Subsidy Illustrative Example



Source: State Premium Subsidies – Cover Memo. November 13, 2020. Washington Health Benefit Exchange. https://www.wahbexchange.org/wp-content/uploads/2020/11/Subsidy-Study_Exchange-Cover-Memo.pdf

In addition to state premium subsidies, SB 5377 would also allow for state-level cost-sharing subsidies to help with the cost of out-of-pocket costs when consumers seek medical care (deductibles and copay/co-insurance for medical care and prescription drugs). Providing financial help with out of pocket costs will help people be able to actually use their coverage. The amount of cost sharing subsidies and the eligibility level are determined by the amount provided in the operating budget.

The Exchange is directed to seek federal waivers to maximize federal funds to help with the cost of these subsidy programs.

Stabilization of Market Offerings

SB 5377 takes steps to bring stability to market offerings with the goal of a more manageable shopping experience for consumers. As previously stated, some parts of the state have such a high volume of plan offerings that it is likely hindering, rather than promoting enrollment. Currently, any carrier offering a qualified health plan on the Exchange must offer one standardized silver plan and one standardized gold plan on the Exchange. In addition, if they offer a bronze plan on the Exchange, they must offer one bronze standardized plan as well. As long as they meet those requirements, there is no limit on the number of non-standardized plans they offer. The non-standardized plan offerings are driving the high volume of plan offerings. For example, in both Pierce and Thurston counties, there were 46 non-standard plans offered for the 2021 plan year.

STABILIZATION OF MARKET OFFERING REAL CONSUMER IMPACT | PATTY, SPOKANE

Patty is a sole proprietor who lives in Spokane and has had her business for five years. She is also a cancer survivor who had melanoma when she was 27 years old. This winter after 14 years of no cancer, she was diagnosed with melanoma again. This year when Patty went to buy her insurance through the Exchange, it was overwhelming at first because there were almost 70 options to choose from. Choice is an important aspect of buying insurance, but too much choice can be confusing and time consuming to work through. Luckily, Patty knew to look for the new standardized plan options so was quickly able to narrow in and find a plan. The process of shopping for insurance normally takes Patty three weeks, but because she knew to look for high value standardized plans, the process this year took her less than an hour. When she went to use her new standardized plan for her melanoma surgery, it was a significant improvement over her previous plan, because she had a good sense for what she was going to owe ahead of time and was able to budget for her treatment.

IMPACT OF SB 5377

SB 5377 would help consumers by focusing plan choice on high quality, standardized plans. The bill still allows for choice in offerings without overwhelming the marketplace to the point that it is too difficult to navigate.

Under SB 5377, beginning January 1, 2023, any carrier offering plans on the Exchange may only offer a limited number of non-standardized health plans. The maximum number of non-standardized plans allowed per county are as follows: 2 gold non-standardized plans, 1 silver non-standardized plan, 2 bronze non-standardized plans, 1 platinum non-standardized plan, and 1 catastrophic non-standardized plan in each county.

This limitation on the number of plan offerings is intended to focus the market on high quality standardized plans while still allowing for the option to offer a managed number of non-standardized plans. The goal of this component is help make the shopping experience more manageable for consumers, ensure there is quality in plan offerings, and maintain consumer choice when shopping.

Ensuring Network Adequacy

SB 5377 works to ensure network adequacy with major hospital systems in public option plans by ensuring hospital participation across the public option plans available in different parts of the state. When a health insurance plan doesn't have a solid provider network for consumers, they face low access to care. As the new public option rolled out in Washington, there were areas of the state where the public option plans' provider networks didn't include key hospitals.

Beginning in plan year 2022, hospital systems that own or operate four or more hospitals in the state must contract with at least two public option plans of the hospital's choosing in each geographic rating area in which the hospital system operates a hospital. The hospital is only required to comply with this contracting requirement if it receives offers to contract from at least two carriers. If the hospital receives only one offer to contract, it is only required to contract with one plan. This requirement is intended to achieve the goal of network adequacy with hospitals on the public option plans.

ENSURING NETWORK ADEQUACY REAL CONSUMER IMPACT | HAYDEN, THURSTON COUNTY

Hayden is a diabetes patient who lives in Thurston County and buys his own insurance because he's a student and works part-time at a grocery store so doesn't have insurance through his job. When Hayden went to buy his insurance through the Exchange last fall, he was hoping to buy one of the new public options plans available in Washington because he knew it would be a high quality plan that is designed to maximize benefits and control costs. But when he logged in, there were no public option plans to choose from. Part of the reason why the public option isn't available in Thurston County is because a major hospital system in the area didn't contract with the public option plan, which meant they couldn't achieve the network adequacy needed to offer a public option in that county.

IMPACT OF SB 5377

SB 5377 would help ensure major hospital systems are part of the provider networks for public option plans, which will help make sure that public option plans are available in every county.

Federal COVID-19 Recovery Legislation

While the Washington state legislature goes through the process of considering Senate Bill 5377, the U.S. Congress has also been considering approaches to address affordability of health insurance coverage through a COVID-19 recovery bill. The American Rescue Plan Act of 2021 (H.R. 1319) includes several provisions impacting affordability, access to coverage, and other federal assistance for people who buy insurance coverage through the Exchange. As of the writing of this brief, the legislation has passed both chambers of Congress and awaits the President's signature. President Biden is expected to sign in the coming days.

Among the many provisions in the legislation, the Act builds on the ACA by providing the following affordability assistance relating to health insurance[11]:

- Increases the federal premium subsidy amount for those already eligible for assistance (meaning those who buy coverage through the Exchange and make between 100-400% of the federal poverty level) for Plan Years 2021 and 2022.
- Extends federal premium subsidies to people who make more than 400% of the poverty level (with no upper limit) to ensure that nobody who buys coverage through the Exchange pays more than 8.5% of their income to purchase coverage for Plan Years 2021 and 2022. This would help address the "subsidy cliff" for those who make too much to qualify for subsidies but still struggle with the cost of coverage.
- Provides maximum federal premium subsidy amount, including no-premium coverage, for Plan Year 2021 for any customer who was approved for or received unemployment compensation (UI) benefits for any week in 2021.

This federal legislation is the most significant effort to build on the ACA since that landmark legislation first passed. The affordability assistance included in the measure bolsters the ACA and improves access and affordability to health coverage for millions of Americans.

[11] CBO Analyzes American Rescue Plan Coverage Expansions. February 18, 2021. Health Affairs. https://www.healthaffairs.org/do/10.1377/hblog20210218.859560/full/

As the state legislature considers Senate Bill 5377, it will be important to factor in these critical, though temporary provisions in the federal bill. Some of this is already built into the Cascade Care 2.0 legislation in that the state subsidy is designed to sit on top of any federal subsidies. In other words, SB 5377 requires that all available federal subsidies are first maximized, which means the state subsidies are the last dollar in.

It is also very clear that even with the increase in federal assistance, there is still need for the affordability assistance provided through Senate Bill 5377. Most notably, the provisions in the federal stimulus bill are temporary with some being just for plan year 2021, and others being limited to plan years 2021 and 2022. It would take congressional action to extend this increase, which has been framed as temporary.

In addition, while these temporary changes will help many people, there are still gaps. The proposed federal changes will not provide help for certain populations who are not currently eligible for federal tax credits, such as those subject to the "family glitch" or undocumented people. Also, even with access to increased subsidies, some may continue to be unable to afford coverage. A state subsidy is scalable and could be targeted to help address remaining gaps. Depending on the funding provided, the state could also choose to focus some or all of the state funding on cost sharing subsidies given the federal proposal doesn't address out of pocket costs for deductibles or copays/co-insurance for medical care and prescription drugs. The federal legislation provides a very important, though temporary investment, which can work in tandem with state funding to provide significant affordability supports that have the potential to dramatically improve peoples' ability to access health care.

Conclusion

Significant progress has been made over the past decade at both the federal and state level in improving access to quality health care. Cascade Care 2.0 legislation (Senate Bill 5377) that is before the legislature this session will help address some of the biggest remaining barriers: affordability to purchase and utilize coverage, network adequacy of hospitals in public option plans, and stabilization of market offerings with a focus on high quality standardized plans. This legislation has the potential to help many of the nearly 500,000 people in Washington who remain uninsured get covered as well as helping those who have coverage but struggle with rising costs.

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This publication was supported by National Center for Chronic Disease Prevention and Health Promotion of the Centers for Disease Control and Prevention under award number NU58DP004830. The content of this publication is solely the responsibility of the authors and does not necessarily represent the official views of the Centers for Disease Control and Prevention.