



Washington Health Benefit Exchange

NAHDO

November 2019

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Exchange Operations

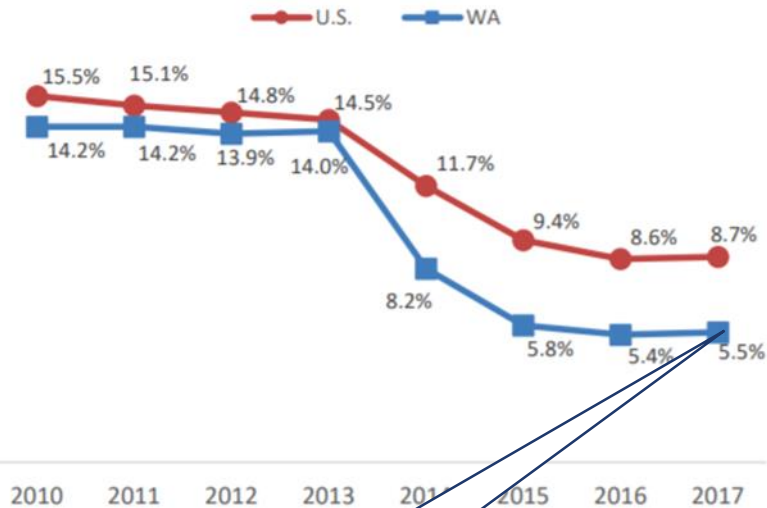
- The Exchange operates *Washington Healthplanfinder*, a single integrated online portal to apply and shop for MAGI Medicaid (1.5 million) and commercial individual market coverage (200,000)
- Quasi-governmental organization with ~135 staff reporting to bi-partisan board. Close coordination with Insurance Commissioner and Medicaid agency
- \$60 Million operating budget from carrier assessments and Medicaid
- *Washington Healthplanfinder* offers Washington state residents:
 - Tax credits or financial help to pay for co-pays and premiums
 - Local customer support – state-wide Navigator and Broker enrollment assistance programs, Spokane Call Center



1 in 4 WA residents use Healthplanfinder to obtain medical and dental coverage

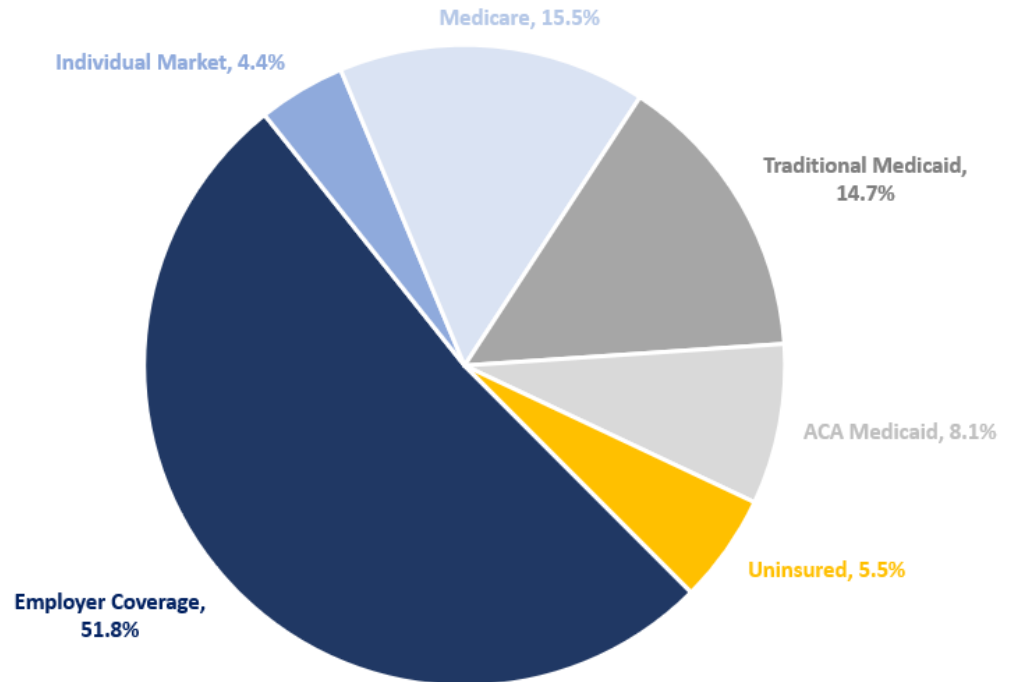
Health Coverage in Washington

Chart 1. Washington and U.S. Uninsured Rates: Total Population, 2010-17



Roughly 400,000 WA residents remain uninsured

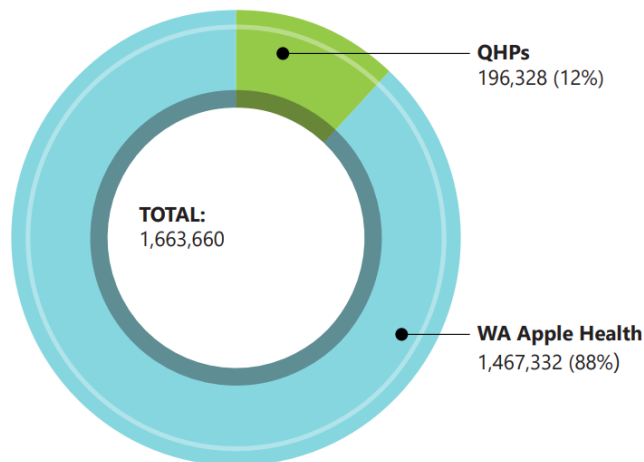
HEALTH COVERAGE IN WASHINGTON STATE, 2017



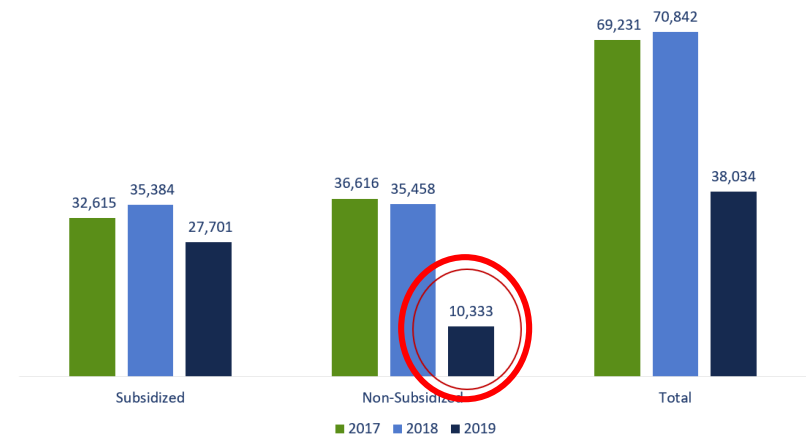
Enrollment Through *Washington Healthplanfinder*

| Year | QHP Enrollment | Total Enrollment |
|-----------|----------------|------------------|
| 2014 OE 1 | 139,700 | 604,247 |
| 2015 OE 2 | 152,517 | 1,599,811 |
| 2016 OE 3 | 166,098 | 1,697,500 |
| 2017 OE 4 | 204,334 | 1,760,122 |
| 2018 OE 5 | 209,802 | 1,725,780 |
| 2019 OE 6 | 196,328 | 1,663,660 |

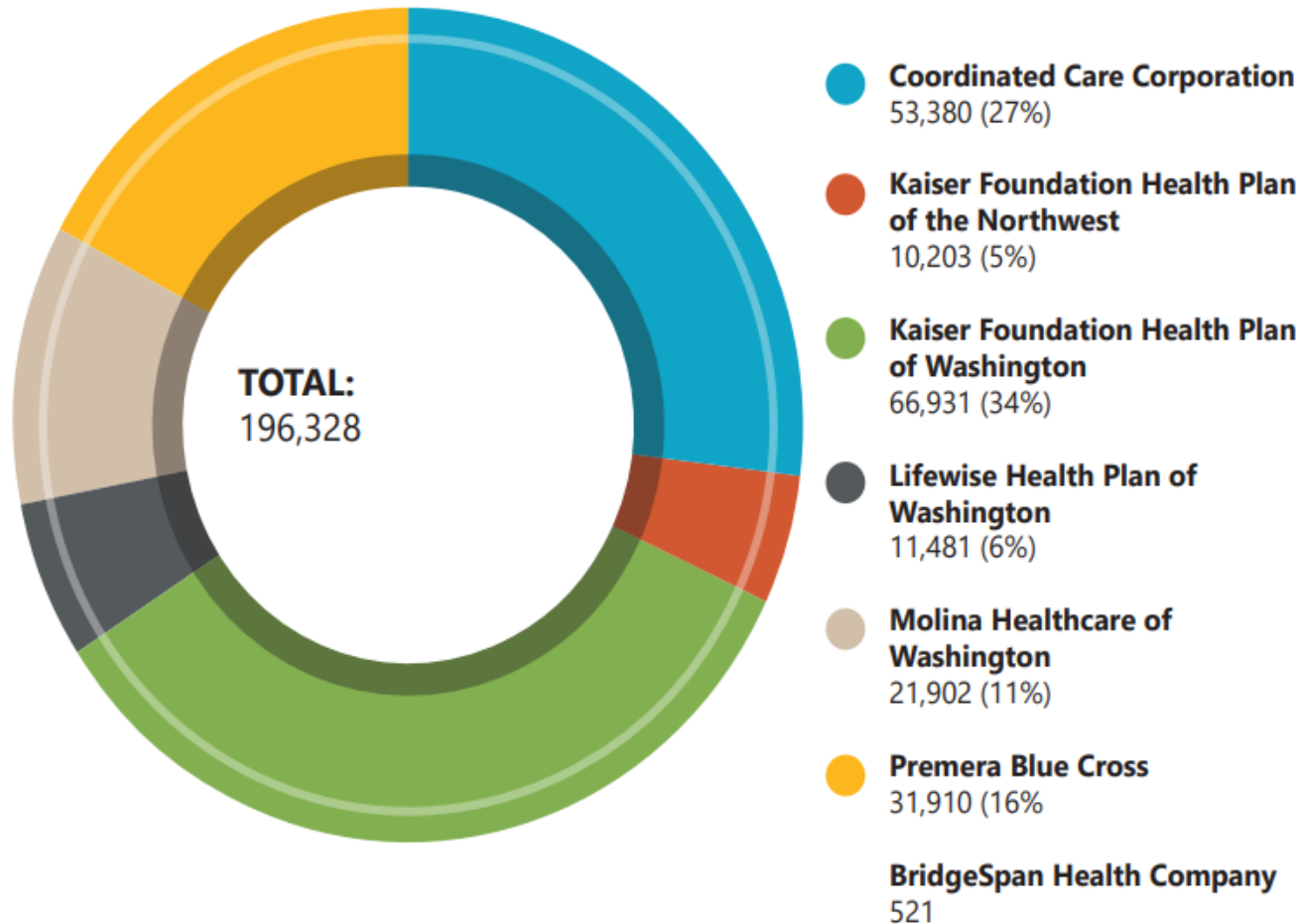
By Coverage Type



QHP Decrease Driven by Decline in New Enrollees (Particularly Non-Subsidized)



7 Carriers Currently Participate in Exchange Market



Source: HBE Health Coverage Enrollment Report, Spring 2019, available at:
<https://www.wahbexchange.org/about-the-exchange/reports-data/enrollment-reports-data/>

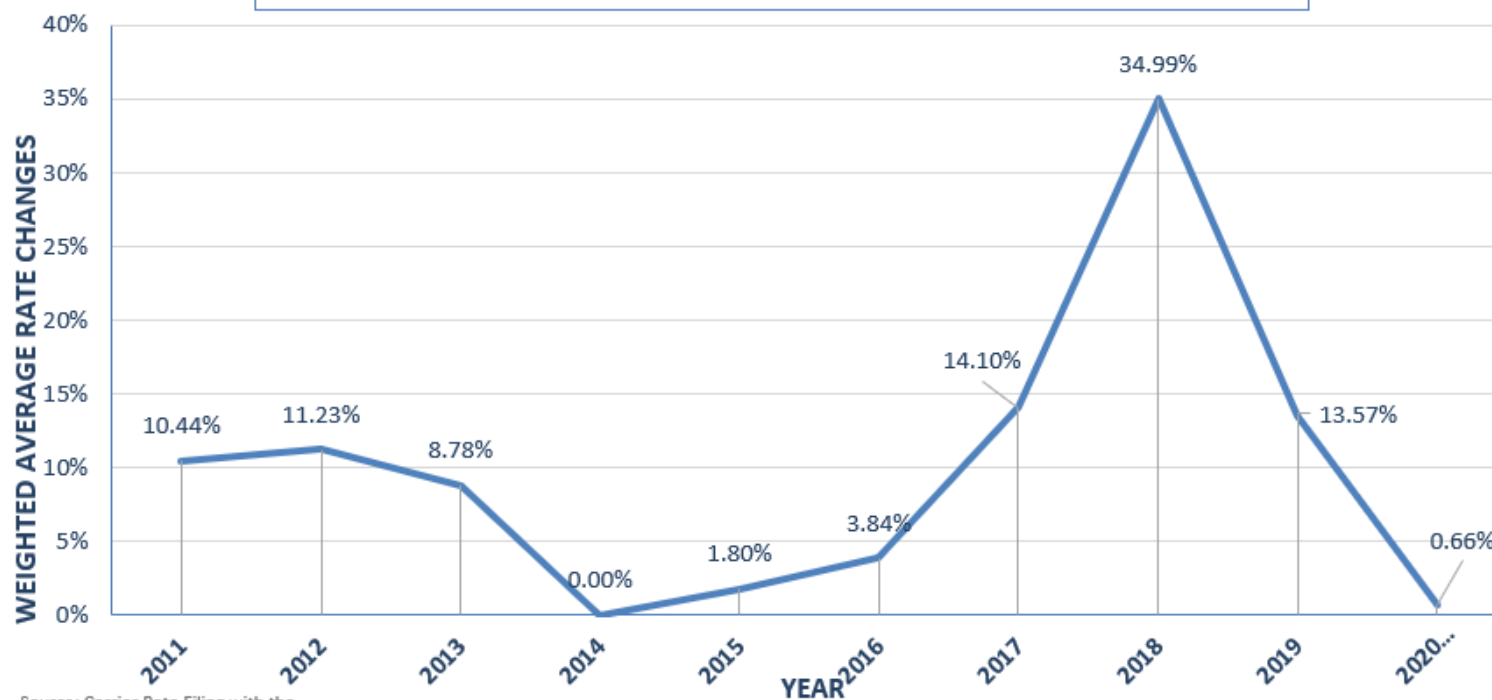


Market Challenges: Instability

| Federal Action | WA Proposed or Final Response |
|---|---|
| Limit open enrollment period and reduce ACA marketing | State response: Extend Open Enrollment and use state funding for marketing |
| Cost-sharing reduction (CSR) payments to carriers terminated | State response: Allow carriers to build cost of CSR's into silver plan premiums |
| Expanding short-term limited duration (STLD) insurance policies | State response: OIC rules to limit STLD medical plans to 3 months. Minimum standards set. |
| Zeroing out of individual mandate penalty | <i>State mandate proposed in 2018 and 2019 session – not successful</i> |
| Discontinuation of federal reinsurance program | <i>State reinsurance program proposed in 2018 session</i> - Not successful based on financing |
| Expand association health plans | OIC emergency rules and WA in multi-state legal challenge. |
| Allow use of HRA to pay for individual health plans | Under review. |
| Repeal non-discrimination rule (Section 1557) | Existing WA State law does not allow discrimination based on gender identity. |
| Public Charge Rule and Presidential Proclamation | WA leads multi-state legal challenge. |



WA INDIVIDUAL MARKET WEIGHTED AVERAGE RATE CHANGES

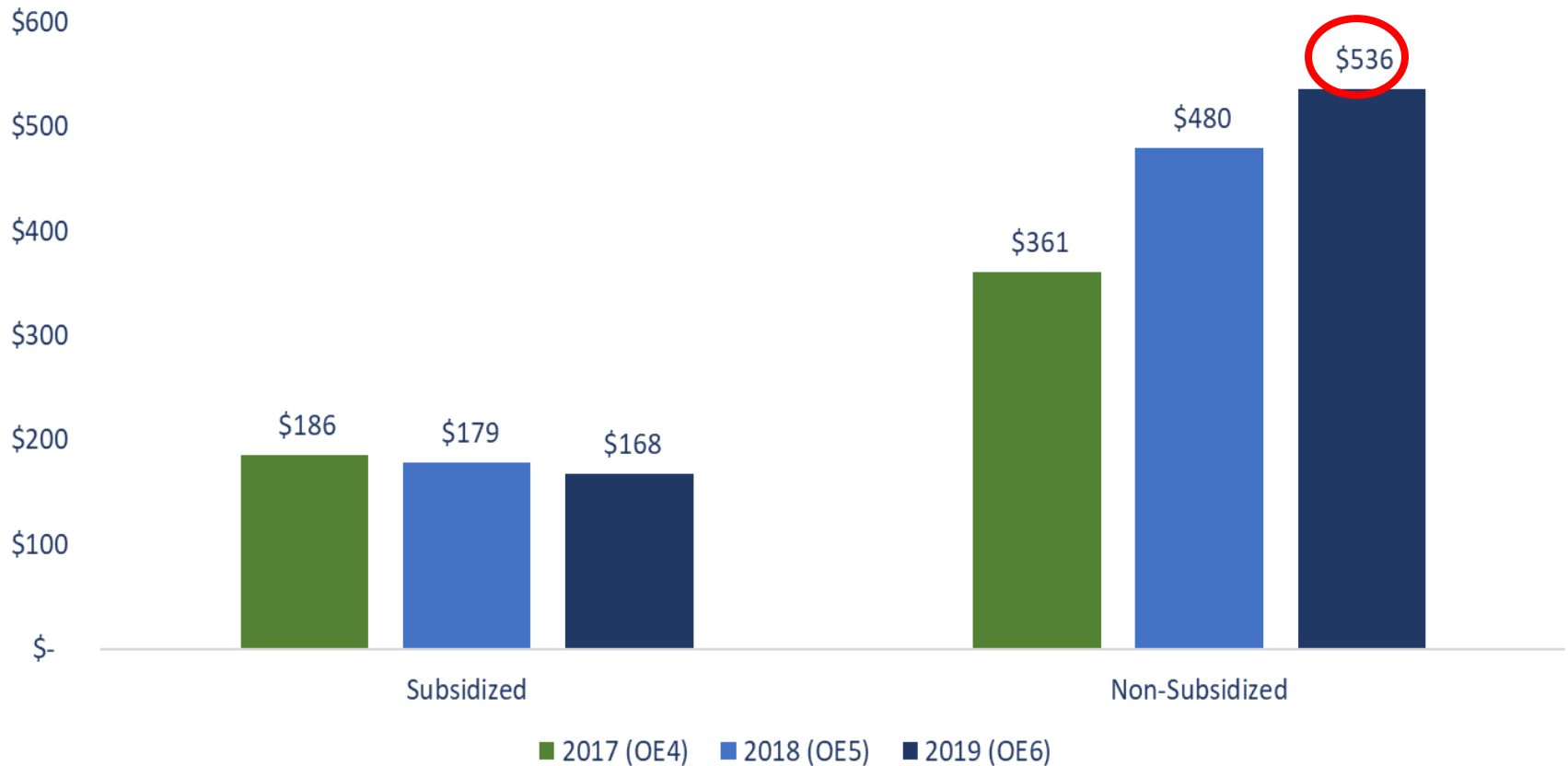


Source: Carrier Rate Filing with the
OIC

Methodology: This graph represents the annual change in rate for continuing plans on the individual market as approved (rather than requested) by OIC. Year 2020 weighted average rate change is projected based on the market share of 2019. The average rate changes are weighted by observed enrollment as of March of the earlier year and expected enrollment for the following year.

Affordability at Risk

Significant Premium Increases for Non-Subsidized



- Nearly 60k Enrollees in Plan with >\$9k Deductible
- 37% of consumers who dropped coverage reported that it didn't meet their budget



Public Option

Cascade Care ([Chap. 364, Laws of 2019](#))

Response to rising premiums and deductibles and declining enrollment in the individual market and failure to enact reinsurance

- Standard Plans: Goal to make care more accessible by lowering deductibles, making cost-sharing more transparent, and providing more services before the deductible.
- Public Option Plans: Goal to make more affordable (lower premium) options available across the state, that also include additional quality and value requirements
- Subsidy Study: Goal to develop and submit a plan for implementing premium subsidies through Exchange for individuals up to 500% FPL (report due Nov. 15, 2020)



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 | | ✓ | 10 |

Public Option Details:

Reimbursement Rate Requirements

- Public Option plans will be private health plans that are selected by state agency and then listed on the Exchange
- Carrier and provider participation is voluntary
- Carriers must meet additional requirements focused on increasing quality and value
- Provider reimbursement rates are tied to Medicare rates, expected to lower premiums
 - Aggregate Cap: Total amount carrier reimburses providers and facilities cannot exceed 160% of Medicare
 - Primary Care Physician Floor: Reimbursement for primary care services (defined by HCA) may not be less than 135% of Medicare
 - Rural Floor: Reimbursement for services provided by rural hospitals (critical access hospitals or sole community hospitals) may not be less than 101% of Medicare (allowable costs)



Preliminary Analysis Attributes

WA-APCD medical claims for WAHBE members in 2016 were \$752,352,778 total allowed amounts (including pharmacy).

The analysis linked to publicly available Medicare fee for service schedules for professional, inpatient, and outpatient services using the WA state modifier where applicable.

The analysis linked 46% of total WAHBE spend in the following:

- 3,964 inpatient stays (279 MS-DRGs)
- 118,856 outpatient hospital facility services (200 APCs)
- 951,282 professional medical services (3,871 CPTs)



Overview of APCDs in WA

The WA-APCD was established in 2015 by the WA Legislature to increase quality and effectiveness of health care delivered in WA. Managed by a WA state agency.

This database includes required participants:

- Commercial market
- Medicaid
- Medicare
- L&I
- PEBB
- Individual Market

Historical claims data from 1/1/14

WA Health Alliance APCD was formed in 2004. The purpose was to stem rising cost of care, reduce the misuse of care and improve quality, rather than cut benefits or shift costs to employees (initial focus on King County).

This database includes voluntary participants:

- Commercial market (inc. Self-funded)
- Medicaid
- PEBB

Historical claims data from 2004 for earliest participants.



Reimbursement Rate Analysis

- Leveraged early access to WA APCD; compared data to Medicare fee schedule and preliminary findings from other major state purchasers

| WA State Program - 2016 | Population | Annual Spend | Ratio to Medicare |
|-------------------------|------------|--------------|-------------------|
| Exchange-Ind. Mkt | 166K | \$752M | 174% |
| Public Emp-UMP only | 182K | \$1B | 163% |
| Workers Compensation | 152K | \$545M | 156% |
| Medicaid | 1.6M | \$7.4B | 68% |

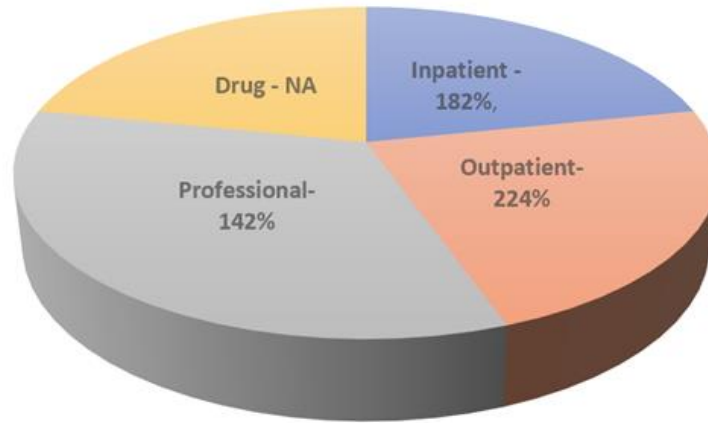
Note: findings are preliminary and agency methods varied

- HBE estimated that a 150% of Medicare cap on non-drug medical spend would reduce premiums 5-10%
- Milliman study (commissioned by Association of Washington Health Plans) estimated that a 100% of Medicare cap would reduce premiums 20% - 35%



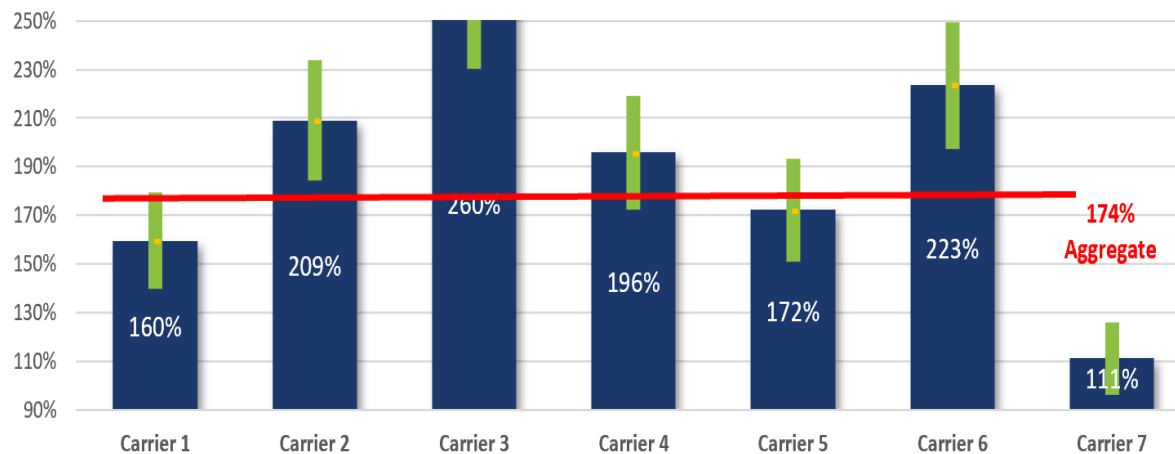
Reimbursement Rate Analysis

WA HBE - Medicare Ratio by Provider Type



WA commercial reimbursement is 140% to 190% for professional and 200% to 350% for facility, with Individual market estimated lower. *AWHP Milliman Report.*

2017 Medical Cost Percentage Above Medicare Rates - By Carrier
(5% Confidence interval)



Note: HBE estimated carrier variation by comparing carriers public rate submission files, normalized to the APCD medical cost aggregate



Sample WAHBE Inpatient Services Comparison

| MS-DRG | MS-DRG Description | WAHBE Discharges | WAHBE Total Allowed Amount | WAHBE Average Allowed Amount | Medicare Average Payment | Percent Difference WAHBE to Medicare |
|--------|--|------------------|----------------------------|------------------------------|--------------------------|--------------------------------------|
| 470 | MAJOR JOINT REPLACEMENT OR REATTACHMENT OF LOWER EXTREMITY W/O MCC | 388 | \$11,048,680 | \$28,476 | \$16,751 | 70% |
| 871 | SEPTICEMIA OR SEVERE SEPSIS W/O MV >96 HOURS W MCC | 140 | \$4,152,204 | \$29,659 | \$14,184 | 109% |
| 460 | SPINAL FUSION EXCEPT CERVICAL W/O MCC | 66 | \$3,268,167 | \$49,518 | \$34,535 | 43% |
| 853 | INFECTIOUS & PARASITIC DISEASES W O.R. PROCEDURE W MCC | 41 | \$3,099,789 | \$75,605 | \$45,200 | 67% |
| 330 | MAJOR SMALL & LARGE BOWEL PROCEDURES W CC | 64 | \$2,370,093 | \$37,033 | \$21,258 | 74% |



Sample WAHBE Outpatient Services Comparison

| APC | APC Description | WAHBE Services | WAHBE Total Allowed Amount | WAHBE Average Allowed Amount | Medicare Average Payment | Percent Difference WAHBE to Medicare |
|-------|---|----------------|----------------------------|------------------------------|--------------------------|--------------------------------------|
| 05361 | LEVEL 1 LAPAROSCOPY | 600 | \$5,036,697 | \$8,394 | \$4,001 | 110% |
| 05024 | LEVEL 4 TYPE A ED VISITS | 6,313 | \$4,972,558 | \$788 | \$327 | 141% |
| 05312 | LEVEL 2 LOWER GI PROCEDURES | 2,532 | \$3,832,109 | \$1,513 | \$753 | 101% |
| 05532 | LEVEL 2 ULTRASOUND AND RELATED SERVICES | 8,324 | \$3,131,172 | \$376 | \$154 | 145% |
| 05123 | LEVEL 3 MUSCULOSKELETAL PROCEDURES | 315 | \$3,128,526 | \$9,932 | \$4,969 | 100% |
| 05023 | LEVEL 3 TYPE A ED VISITS | 5,880 | \$3,085,816 | \$525 | \$196 | 168% |
| 05025 | LEVEL 5 TYPE A ED VISITS | 2,577 | \$2,922,672 | \$1,134 | \$486 | 133% |
| 05213 | LEVEL 3 ELECTROPHYSIOLOGIC PROCEDURES | 84 | \$2,534,779 | \$30,176 | \$15,561 | 94% |
| 05572 | LEVEL 2 COMPUTED TOMOGRAPHY WITH CONTRAST AND COMPUTED TOMOGRAPHY ANGIOGRAPHY | 1,718 | \$2,271,135 | \$1,322 | \$348 | 280% |



Sample WAHBE Professional Services Comparison

| CPT | CPT Description | WAHBE Services | WAHBE Total Allowed Amount | WAHBE Average Allowed Amount | Medicare Average Payment | Percent Difference WAHBE to Medicare |
|-------|---|----------------|----------------------------|------------------------------|--------------------------|--------------------------------------|
| 99214 | OFFICE OUTPATIENT VISIT 25 MINUTES | 108,005 | \$16,975,483 | \$157 | \$116 | 36% |
| 99213 | OFFICE OUTPATIENT VISIT 15 MINUTES | 113,941 | \$12,202,774 | \$107 | \$79 | 36% |
| 90837 | PSYCHOTHERAPY PATIENT &/ FAMILY 60 MINUTES | 54,892 | \$6,721,003 | \$122 | \$131 | -7% |
| 99203 | OFFICE OUTPATIENT NEW 30 MINUTES | 23,411 | \$3,981,696 | \$170 | \$116 | 47% |
| 99204 | OFFICE OUTPATIENT NEW 45 MINUTES | 14,891 | \$3,686,870 | \$248 | \$175 | 41% |
| 99215 | OFFICE OUTPATIENT VISIT 40 MINUTES | 11,723 | \$2,346,865 | \$200 | \$155 | 29% |
| 99285 | EMERGENCY DEPT VISIT HIGH SEVERITY&THREAT FUNCJ | 7,244 | \$2,166,265 | \$299 | \$177 | 69% |
| 59400 | OB CARE ANTEPARTUM VAG DLVR & POSTPARTUM | 485 | \$1,746,908 | \$3,602 | \$2,155 | 67% |
| 99205 | OFFICE OUTPATIENT NEW 60 MINUTES | 4,895 | \$1,458,284 | \$298 | \$219 | 36% |



Public Option Implementation Challenges



Defining benchmark calculation (160%)



Carrier participation



Provider participation/network adequacy



Premium impact



Ongoing federal and regulatory activity and impact on consumers



Questions?



Appendix

How the Exchange plans to Use APCD

1. Exchange v. other markets

- a) How does the risk profile of the on-Exchange market compare to the off-Exchange market and other relevant markets?
- b) What are the monthly and yearly claims costs (PMPM), and how do they compare across market segments?

2. Variability within the Exchange Market

- a. Is the market at risk in certain geographic regions due to high claims (examining both utilization and the price of services)?

3. Longitudinal Analysis of Exchange Enrollees/Examining Continuity of Coverage

- a) Where do Exchange enrollees come from? Where do they go? When are they leaving?
- b) Does utilization vary as individuals move into and out of the Exchange/individual market?



Sample Utilization Findings (2017)

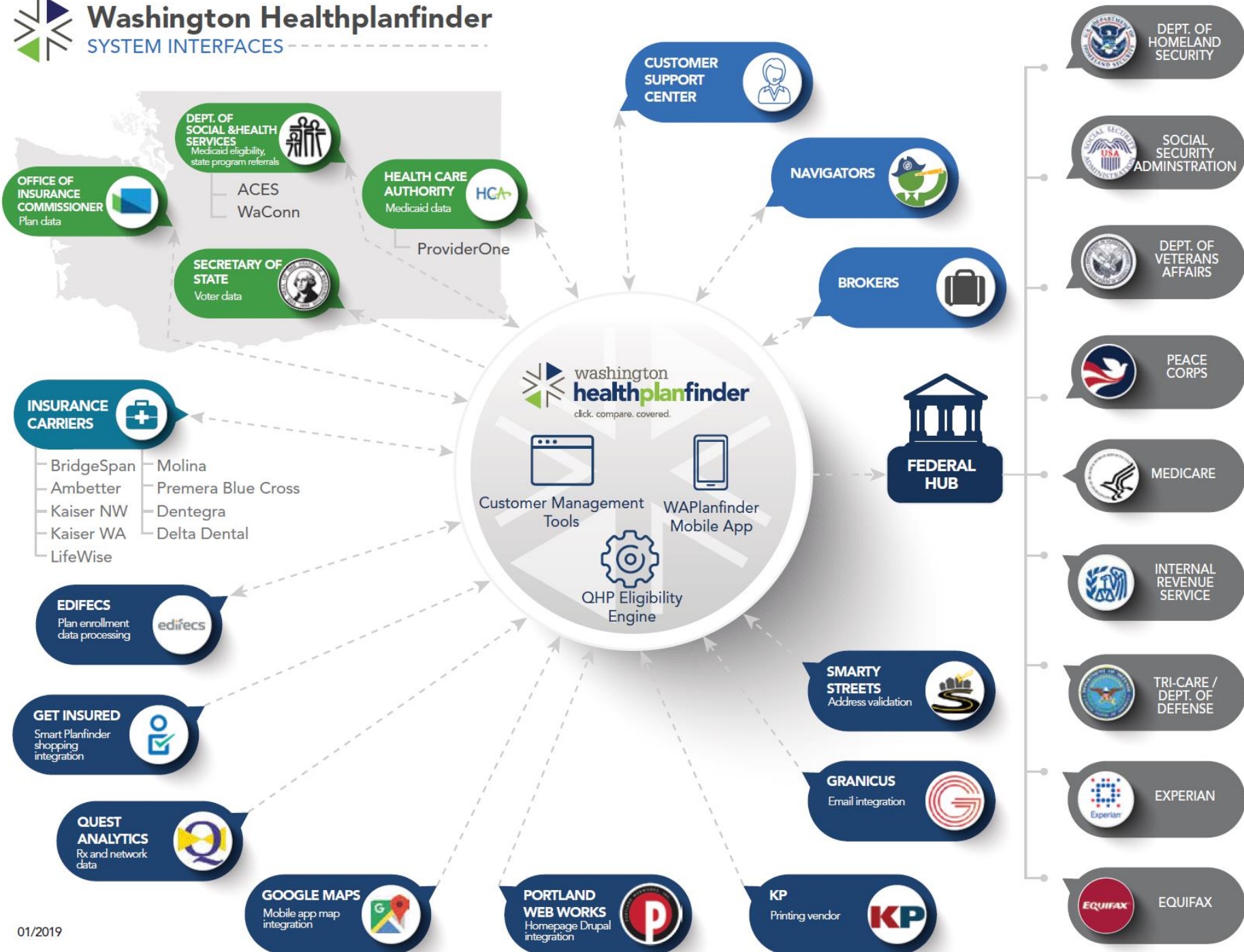
- About 171,500 Enrollees with \$615 Million in spend
- 72% of Enrollees had claim costs under \$1,500
 - Includes ~46,000 or 27% of Enrollees with no claims
- 5% of QHP enrollees accounted for **72%** of total medical claim costs
 - Equals ~12,500 enrollees with median claim cost of ~\$19,000
- Utilization and rates vary significantly by geographic region

| County | Utilization Rate | Average Cost per claim |
|-------------------|------------------|------------------------|
| Statewide Average | 53% | \$524 |
| Franklin | 29% | \$849 |
| Pacific | 64% | \$825 |
| Lewis | 21% | \$800 |
| Cowlitz | 71% | \$762 |
| Grays Harbor | 69% | \$724 |



Washington Healthplanfinder

SYSTEM INTERFACES



2020 Exchange QHPs - Metal Level Overview

9 QHP Issuers | 66 QHPs

Gold

76%-82% AV

- 9 Issuers
- 15 Plans

Silver

66%-72% AV

CSRs available

- 9 Issuers
- 21 Plans

Bronze

56%-65% AV

- 9 Issuers
- 26 Plans

Catastrophic

Only through the Exchange
Under age 30 or hardship
No tax credits

- 4 Issuers
- 4 Plans



Deductibles for 2020

| | 2019 | 2020 |
|-------------------|-------------------|-------------------|
| GOLD | | |
| Deductible Range | \$0 - \$2,925 | \$0 - \$2,925 |
| Median Deductible | \$1,175 | \$1,200 |
| SILVER | | |
| Deductible Range | \$2,000 - \$7,150 | \$2,000 - \$7,500 |
| Median Deductible | \$4,500 | \$4,750 |
| BRONZE | | |
| Deductible Range | \$4,750 - \$6,500 | \$5,000 - \$7,000 |
| Median Deductible | \$5,600 | \$6,350 |

Deductibles shown are for an individual.

Silver deductibles presented in this graph are for a standard silver plan (no cost sharing reductions).





washington
healthplanfinder

click. compare. covered.