



Legislative Building
Olympia, WA 98504-0482

Washington State Senate

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May 6, 2021

The Honorable Jay Inslee
Office of the Governor

Dear Governor Inslee:

We, the undersigned lawmakers, urge you to sign E2SSB 5377 – also known as Cascade Care 2.0 – into law in its entirety.

Cascade Care 2.0 will build upon the nation's first public option and move us toward our shared goal of ensuring that Washingtonians have access to affordable, quality health care on the individual insurance market. Given recent events in the Colorado legislature, Washington's public option plan currently represents the only state-level public option plan in the initial stages of implementation.

Washington has been at the forefront of the fight to make health insurance more affordable. E2SSB 5377 will strengthen Cascade Care by reducing premiums and out of pocket costs for thousands of Washingtonians, increasing comprehensive provider networks for consumers and stabilizing individual market offerings. Were Cascade Care not to be successful, national efforts at additional health care reform through a public option, as President Biden has proposed, could be called into question. As you know from your time in Congress, any effort at changing the health care system always brings on vast political opposition and challenges, both ideological and stakeholder driven. Cascade Care has seen similar opposition from the time you first proposed it in 2019 to today. Thus, the stakes for this program are high, not only for the 220,000 people who could benefit in the individual market here in Washington, but also for others around the country because of the spotlight on this policy and the lessons that will be learned.

Despite the challenges of implementation during the COVID-19 pandemic, Cascade Care has seen success in its initial year. Over 33,000 Washingtonians have chosen a Cascade Care standard plan, benefiting from significant savings of as much as \$1,000 in out-of-pocket costs compared to similar, non-standard plans. Additionally, the legislature has now committed \$100 million over a two-year period starting in 2023 to fund Sections 1 through 4 of the bill – creating the Health Care Affordability Account, a state subsidy program. This program (envisioned in the original Cascade Care bill in 2019) will allow Washingtonians making up to 250% of the federal poverty level access to premium subsidies that will substantially lower their health care premiums and out of pocket costs. This bill makes meaningful differences to those covered under the threshold – whether it's an individual making \$32,200, or a single parent and their two children making \$54,900. Currently, an individual making \$32,000 in King County is paying about \$100 per month for Cascade Silver plan coverage through *Washington Healthplanfinder*. What this means, in real numbers, is that state premium subsidies, when layered on top of additional tax credits provided by the American Rescue Plan Act, will significantly reduce, or completely eliminate premiums for upwards of 100,000 Washingtonians in plan year 2023. With state premium subsidies layered on top of the American Rescue Plan federal tax credits, the individual in King County making \$32,000 – or 250% of the federal poverty level – would instead see premiums as low as \$1 per month. Similarly, a single parent supporting their two children, earning \$53,000 a year and living in Spokane County, who is paying about \$250 per month for Cascade Silver plan coverage would also see their monthly premium decrease to \$1 per month with the newly added state premium subsidies.



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While Section 5 was the most difficult part of this year's bill, it is vital to the proper functioning of Cascade Care moving forward. As you know, public option plans were available in only 19 out of our 39 counties this plan year, largely because carriers that wanted to participate were unable to get hospitals to contract, or in some cases, come to the negotiating table at all. Thus, carriers had difficulty forming adequate networks to be able to offer plans in many of these counties. Without a hospital, you can't have a network. Without a network, you can't have an approved health insurance plan for consumers to consider.

For this reason, when SB 5377 was originally drafted this year, it had two new contracting requirements related to hospitals. It required all hospitals that participate in PEBB, SEBB, or Medicaid to participate with all public option plans offered to them. It also proposed a hospital reimbursement rate formula that would have paid hospitals between 135-145 percent of Medicare, depending on whether they met certain criteria.

As the bill progressed, we heard from hospitals that the combination of these two requirements, especially the hospital reimbursement rate, would be problematic for a variety of reasons relating to contracting dynamics and feasibility. They also conveyed this would compound financial difficulties experienced by hospitals emanating from the pandemic. As a result, we removed the hospital reimbursement rate formula from the bill and amended the participation requirement (at the hospital association's request) so that only the largest hospital systems would be required to participate. This was the version that passed the Senate. Around this time, we also received private assurances from at least one of the major systems that, unlike 2020, they understood that their participation in public option networks was vital given the fact that they were operating in many different parts of the state.

As the bill went through the House, Section 5 received further refinement resulting in a different approach, but one that maintained our goal of ensuring that at least one public option plan would be available in all 39 Washington counties. The legislation now before you reflects this delicate balance from months of discussions. If a public option plan is not available in each county in plan year 2022, then beginning in plan year 2023 hospitals will be required to participate in at least one public option plan if offered in a county. While some stakeholders wanted this participation requirement to go into effect immediately, resembling the original bill, we decided against it. Ultimately however, this trigger still ensures that Washington state reaches its goal of statewide availability of a statewide public option in plan year 2023, at the latest. Furthermore, we gave the Health Care Authority the ability to selectively contract with public option carriers to allow for better plan offerings for consumers in the coming years and to help ensure that plans are approved in as many counties as possible.

Vetoing Section 5 of this bill would remove all the provisions that are vital to the creation of our state-based public option. This is a singular effort. Signing E2SSB 5377 into law not only ensures the advancement of a stronger Cascade Care program but also signals to our colleagues across the country and in DC that a public option is not only possible – it's the next step.

Thank you again for your leadership on Cascade Care and for your ongoing commitment to providing health care coverage for every one of our 7.7 million residents.

Sincerely,

Senator David Frockt

Senator Andy Billig



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