eoi **Economic Opportunity Institute**

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Cascade Care, HB 1523

Cascade Care will make health care more affordable and accessible in the individual insurance market and for all Washingtonians.

The high cost of health insurance and deductibles results in delayed care, poorer health, medical debt, and people dropping insurance altogether. 6.1 percent of Washingtonians remain uninsured. As a result, people show up in the emergency room very sick. Hospitals across the state provided **$568 million dollars in charity care** in 2016. This uncompensated care costs the State and everyone in the entire health care system a lot of money.

What does Cascade Care do?

- Institutes standardized plans on the Exchange to reduce health insurance deductibles
- Drives down the cost of premiums by using Medicare reimbursements rates
- Emphasizes preventative and quality patient care to improve health outcomes
- Requires insurance carriers to offer plans in rural communities that are at risk of being without coverage (14 rural counties have only one insurance carrier on the Exchange)
- Enhances rural communities' access while increasing patient choice in health plans
- Simplifies shopping for insurance by creating uniformity across plans

Why Use the Medicare Rate?

Medicare has proven to be more effective in controlling costs[1] than private insurance. Between 2006 and 2017, **Medicare saw a 2.4 percent spending increase per enrollee versus 4.4 percent annually for the private marketplace.**[2] Medicare's purchasing power exceeds that of private insurers, and it uses its bargaining power to control expenses. Experience shows that lowering costs in the public insurance market leads to a reduction in costs on the private market.[3][4][5]

How does Cascade Care help all Washingtonians?

- Provides an affordable insurance alternative, reducing the number of those who are uninsured and who postpone treatment due to high deductibles
- Alleviates the strain on providers and the state budget from uncompensated care and costly emergency room visits
- Follows the lead of seven states that have already adopted standard plans and seen lower costs resulting[6]
- Improves health outcomes and represents a step in transforming Washington's health care system to universal coverage and accessibility

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[1] https://www.commonwealthfund.org/press-release/2003/medicare-outperforms-private-insurance-containing-health-care-spending-30-year

[2] https://www.urban.org/sites/default/files/publication/99748/rwjf451631_1.pdf

[3] White, C. (2013). Contrary to Cost-Shift Theory, Lower Medicare Reimbursement Hospital Payment Rates for Inpatient Care Lead to Lower Private Payment Rates. *Health Affairs*. 32(5). https://www.healthaffairs.org/doi/citedby/10.1377/hlthaff.2012.0332.

[4] White, C., & Wu, Vivian. (2013). How do Hospitals Cope with Sustained Slow Growth in Medicare Prices? *Health Services Research*. https://onlinelibrary.wiley.com/doi/pdf/10.1111/1475-6773.12101.

[5] Franky, A. (2017). JAMA Forum: Hospitals Don't Shift Costs from Medicare or Medicaid to Private Insurers. Retrieved from https://newsatjama.jama.com/2017/01/04/jama-forum-hospitals-dont-shift-costs-from-medicare-or-medicaid-to-private-insurers.

[6] Mitts, L. (2014). Standardized Health Plans: Promoting Plans with Affordable Upfront Out-of-Pocket Costs. Retrieved from https://familiesusa.org/product/standardized-health-plans-promoting-plans-affordable-upfront-out-pocket-costs.

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