



# Cascade Care – Washington’s Public Option

## Why we need Cascade Care

Washington State has experienced an alarming rate of patients dropping health coverage due to skyrocketing out-of-pocket costs. Over 43,000 Washington residents dropped health insurance coverage in 2018. People under 35 years old are most likely to drop coverage. Even for those with health insurance, patients too often ration their access to needed medical care and medication because of the financial strain. When patients forego medical treatment or drop insurance coverage, it not only harms individual health, it also raises health care costs for everyone across the board and strains tax-payer dollars. Further, the repeal of the federal individual mandate will exacerbate market instability.

## How Cascade Care Works

Cascade Care offers a bold solution by providing a new standard plan with low out-of-pocket expenses that will control costs, encourage people to keep insurance, and lead to universal coverage. It utilizes current infrastructure, fully leverages federal subsidies, and institutes predictable cost transparency practices along with enhanced customer service and quality. Implementation of Cascade Care will begin in 2021, when all insurance carriers will be required to offer at least one standard plan on the Washington Health Benefit Exchange. By 2025, only standard plans will be offered in the Exchange. In addition, state subsidies can be phased in to enhance affordability for lower- and middle-income Washington families.

## Background

In 2017, 443,000 Washington residents of all ages were uninsured. The majority are working age and in middle-class households above 200 percent of the Federal Poverty Level (FPL), with most of those in the 200-400 percent group (with incomes between about \$50,000 and \$100,000 for a family of four). However, overall rates of uninsurance remain highest for lower-income groups. Over two-thirds of uninsured 19 to 64 year olds were working in 2017, according to American Community Survey data.

**Washington Uninsured Rates by Federal Poverty Levels, Adults Ages 19 to 64, 2017**

	<b>Below 138% FPL</b>	<b>138-199% FPL</b>	<b>200-399% FPL</b>	<b>Over 400% FPL</b>	<b>Total</b>
<b>Number without insurance</b>	111,881	67,013	133,512	79,093	391,499
<b>Percentage without insurance</b>	16.9%	18.1%	10.9%	3.6%	8.8%

*Source: U.S. Census American Community Survey, 2017 1-year data*

## For those who are insured, out-of-pocket costs are too high

Individuals who do not have employer-provided or other health coverage purchase insurance on the Washington State Health Benefit Exchange. Qualified people with incomes below 138 percent of the poverty level have their costs fully covered. People with incomes between 138 and 400 percent FPL also may receive federal subsidies for premiums through the Exchange, with the subsidy level declining as income rises. Nevertheless, Washington residents with incomes above 200 percent FPL can spend about one third of their income on premiums and deductibles, in addition to other out-of-pocket costs. Middle-income families above 400 percent FPL currently receive no subsidies, but still often struggle with high health care costs, while lower-income households that do not receive subsidies may pay half or more on premium and deductible costs.

Subsidy Status	FPL	Number of Customers	Avg. % of Income Spent on Premium	Avg. % of Income Spent on Premium & Deductible
Subsidized	139-150%	15,217	6%	16%
	151-200%	42,941	7%	21%
	201-250%	27,767	8%	31%
	251-300%	18,723	9%	31%
	301-400%	24,469	9%	32%
Not Subsidized	139-150%	766	29%	58%
	151-200%	2,512	23%	49%
	201-250%	2,299	17%	40%
	251-300%	2,023	14%	33%
	301-400%	3,055	13%	33%
	401-500%	9,514	11%	29%
	501-600%	4,440	10%	24%
	601%+	7,984	4%	9%

Source: Washington Health Benefit Exchange (2018)

Under the current system, Washington's residents' needs are not being met. By improving affordability, Cascade Care expands health care access and affordability to individuals and families struggling to make ends meet. This approach will expand the insurance pool and control costs across the entire health care system. Businesses, individuals, and state and local governments will all benefit from lower costs and better health outcomes. Furthermore, Cascade Care launches Washington State on the path to an achievable universal system.

**Cascade Care improves long-term health outcomes and uplifts communities all across Washington**