WA SB 5526: Cascade Care

On April 27, 2019, the Washington legislature approved SB 5526 to create standardized benefit plan designs, require the state to contract with carriers to offer qualified health plans (QHPs) that meet additional benefit design criteria, and direct state agencies to develop recommendations for additional affordability measures.

Standardized Benefit Plans

The Exchange must establish standardized QHPs for each actuarial metal level (bronze, silver, and gold) that are designed to meet specified goals (i.e. reduce deductibles, maximize subsidies, etc.).

- The actuarial value (AV) of a non-standardized silver plan may not be less than the AV of the standardized silver plan with the lowest AV.
- The Exchange must provide a notice and comment period on the proposed designs.

Beginning January 1, 2021, carriers offering QHPs on the Exchange must offer one silver and one gold standardized plan.

- If a carrier offers a bronze plan, it must offer a bronze standardized plan.
- Carriers may also offer non-standardized plans.
- By December 2023, the Exchange must analyze the impact of allowing only standardized plans beginning in 2025.

Cascade Care: Selective Contracting and Reimbursement Caps

Beginning in 2021, the Washington Health Care Authority (HCA) must contract with carrier(s) to offer bronze, silver, and gold standardized QHPs on the Exchange that also meet the additional criteria described below ("Cascade Care plans").

- Carriers may contract to offer Cascade Care plans in one or multiple counties.
- Carriers offering Cascade Care plans may offer other individual QHPs on the Exchange and/or other individual market health plans outside the Exchange.

Plan Design

A Cascade Care plan must:

- incorporate health quality and technology recommendations;
- meet additional requirements to reduce barriers to maintaining and improving health;
- align to state agency value-based purchasing; and
- satisfy specified utilization review criteria.

A Cascade Care plan may use an integrated delivery system or a managed care model.

Reimbursement Cap

Statewide, a Cascade Care plan's total reimbursement of providers and facilities for all non-pharmacy covered benefits may not exceed 160% of the Medicare reimbursement.

- Critical access or sole community hospitals may not be reimbursed less than 101% of allowable costs, as defined by CMS.
- Primary care services may not be reimbursed less than 135% of Medicare.
- HCA may establish additional requirements to address pharmacy benefit expenditures.
- A carrier may not require a provider or facility to accept these reimbursement rates for health plans that are not Cascade Care plans.

HCA may waive the 160% aggregate provider reimbursement cap if:

- selective contracting will result in premium rates that are no greater than the Cascade Care plan's previous plan year rates; or
- a Cascade Care plan cannot form a provider network that meets network access standards, but can achieve premium rates that are 10% lower than the plan's previous plan year rates through other means.

Providers will receive a business and occupations tax exemption for amounts received for services performed on patients covered by a Cascade Care plan, including reimbursement from the carrier and any cost-sharing amounts collected from the patient.

Future Recommendations

The HCA must submit recommendations by December 2022 on:

- The impact of requiring any carrier participating in the public employees' benefits board (PEBB), school employees' benefits board (SEBB), and HCA programs also offer a Cascade Care plan on the Exchange.
- The impact of linking provider participation in Cascade Care plan networks with participation in PEBB, SEBB, and HCA programs networks.
- Whether a Cascade Care plan's utilization review process should align with HCA's clinical criteria.

Premium Subsidy Study

By November 2020, the Exchange must develop a plan to implement and fund premium subsidies for individuals whose income is less than 500% of the federal poverty level.

The Exchange must also assess providing cost-sharing reduction benefits to plan participants and the impact on premium subsidies on the uninsured rate.