

**Testimony of Pam MacEwan
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Thank you Chairman Neal, Ranking Member Brady, and members of the committee, for the opportunity to testify about reaching universal health coverage and meaningful steps that can be taken to provide consumers with lower cost, higher quality health care coverage. I am the Chief Executive Officer of the Washington Health Benefit Exchange — a state-based marketplace, governed by a bipartisan Board, that connects one in every four Washingtonians to health coverage. Our state has made remarkable progress expanding coverage under the Affordable Care Act, with 800,000 newly covered lives through Medicaid expansion and commercial plans, and we are now about to embark on implementing the first state-based public option in the nation.

I appreciate that across our country — at the local, state, and national level — policymakers are grappling with how to make health care coverage more affordable and more accessible to their constituents. As someone who has served on a governor-appointed commission to implement state-based universal coverage in Washington, and as an executive in a major integrated health plan and delivery system for over sixteen years, I can appreciate that there are no easy answers and that finding common ground will continue to be a challenge. I hope Congress can look to Washington state as an example of how progress can be made when lawmakers, advocates, carriers and delivery system partners work together on data-driven, actionable solutions.

I am encouraged that the House of Representatives is highlighting this topic and am grateful for the opportunity to share our experience today in the “other Washington.”

Affordable Care Act Implementation in Washington

Following enactment of the Affordable Care Act (ACA), Washington state launched a bipartisan effort that fully embraced all aspects of the new law. We acted quickly to establish a state Exchange and expand Medicaid. These early decisions led to a 60 percent decrease in the state’s uninsured rate — one of the largest in the country. Today, the percentage of people in our state without health insurance is down to 5.5 percent.

The ACA is not perfect, but it has had a major positive impact on our state, providing life-saving benefits and financial security to hundreds of thousands who do not have the option of employer-sponsored coverage. These positive impacts include:

- **More covered lives:** After the ACA was implemented, 800,000 Washingtonians newly gained Medicaid and commercial coverage through the Exchange, with the greatest gains occurring in rural and lower income parts of the state.
- **More covered veterans:** Over 24,00 veterans and their spouses gained coverage as a result of ACA coverage expansion.
- **Fewer delays in accessing needed care due to cost:** From 2013-2015, the number of adults delaying care due to costs dropped by 28 percent.
- **Treatment for residents battling opioid and substance use disorder:** In 2015 alone, over 30,000 newly covered residents under the ACA received substance use disorder treatment, including thousands who received treatment for opioid use disorder.
- **Treatment for residents battling cancer:** In the years immediately after implementation, over 20,000 newly covered residents under the ACA received treatment for their cancer diagnoses.
- **Benefits to hospitals and the state economy:** Over 50,000 jobs were created or saved as a result of ACA implementation. In addition, uncompensated care, including charity care and bad debt in hospitals, decreased by over \$1 billion.

Since 2014, Washington state has enjoyed a relatively stable and competitive individual health insurance market. Strong leadership at the state level — from our governor, our insurance commissioner, our state legislature and our partners all across the healthcare system — have helped preserve our coverage gains and protect our consumers from federal actions that have undermined the integrity of the ACA. We are also fortunate to have local, regional and national carriers who have made a strong commitment to our state and their members. Washington’s significant investments in marketing and outreach, combined with smart policy choices at the state level, have contributed to a risk pool healthier than the national average.

Today, our marketplace is much stronger than before implementation of the ACA. Both the number of participating insurers and the number of available plans have increased. Average premium increases were markedly lower after ACA implementation — 6.7 percent between 2015-2017, compared to 18.5 percent between 2008-2010. Overall, in 2018, Washington’s average premiums were 15 percent lower than the national average.

However, there is much more work to be done in Washington state and across the nation to reduce health care costs and achieve universal coverage. High out-of-pocket costs are hollowing out coverage for many Americans. Too many in the middle class are paying higher premiums for policies that offer less. These challenges have been exacerbated by recent federal policy actions — including the federal elimination of payments for cost sharing reductions and the penalty for the individual mandate with no effective substitute, the promotion of short-term limited duration insurance plans, termination of federal reinsurance, the reduction in marketing and outreach at the federal level, and the renewed threat of ACA repeal — which have all undermined the health and stability of our market. It’s time to turn toward solutions that build on the coverage gains and other successes states have achieved under the ACA.

Washington’s Efforts to Safeguard and Strengthen the Individual Market

Around 250,000 people in Washington state, or about 4 percent of our population, purchase their own individual health insurance coverage. Most work for employers who don’t offer health insurance, are self-employed, or are early retirees. People who buy individual insurance often have no other option for coverage, and the individual market is their safety net. That’s why Washington has taken strong steps over the past two years to protect the gains that have been made in our state, in the face of federal actions that have injected instability and uncertainty into our market.

Among the steps our state leaders and state legislature have taken are:

- **Extending the open enrollment period and securing state funding for marketing and outreach** in Washington’s Exchange, when the sign-up period and marketing and outreach at the federal level was restricted.
- **Permitting insurance carriers to modify their silver plan premiums (a practice known as ‘silver loading’)** when federal funding for cost-sharing reductions was terminated. .
- **Protecting consumers from short term limited duration insurance plans** by establishing minimum standards and limiting short-term policies to three months, through rule-making by the state insurance commissioner, when federal rules were issued that permitted the expansion of short-term limited duration insurance policies that are largely unregulated and threaten the stability of the individual market.
- **Codifying consumer protections in state law** in response to ongoing federal threats to the ACA, including protections for pre-existing conditions, essential health benefits, non-discrimination protections, caps on out-of-pocket costs, open enrollment periods, and prohibitions on annual and lifetime caps on care.
- **Ending the practice of surprise medical billing** with a new law that protects consumers and establishes a process for carriers and providers to address billing disputes.
- **Actively responding to consumer confusion and complaints**, such as recent actions taken by our insurance commissioner to prevent organizations falsely claiming to be health sharing ministries from engaging in deceptive business practices.

Evidence shows that protective measures like these have been effective. Our Exchange recently released a joint analysis with Covered California and the Massachusetts Health Connector, which highlights the stark difference between the experiences of consumers who live in states that have been committed to using the tools of the ACA and those who are now relying on the federal marketplace.¹ Since 2014, the cumulative premium increase that consumers in states served by the federally marketplace have risen by 85 percent, while in our three states the

¹ “Exploring the Impact of State and Federal Actions on Enrollment in the Individual Market: A Comparison of the Federal Marketplace and California, Massachusetts, and Washington,” March 2019.

increase has been less than half of that.² Had the federal marketplace experienced similar premium growth, the federal government could have seen cumulative savings of approximately \$35 billion, based on reduced expenditures on federal premium subsidies.

This year's insurance carrier filings in Washington are further evidence that our full adoption of the law and the steps we have taken are critical to reducing costs and expanding coverage. For 2020, thirteen health insurers filed a record-low average proposed rate increase of less than 1 percent for the individual health insurance market. Two new insurers are joining Washington's market for next year. Coverage will be available through the Exchange in every county, and over half of Exchange enrollees will be able to choose a plan from among six carriers.³

While this is positive news for Exchange consumers, particularly in comparison to trends in federal marketplace states, recent federal policy actions have contributed to our first decline in enrollment in 2019. We have faced particular challenges among younger people and consumers who do not qualify for subsidies. New enrollment dropped this year, and a survey of 2018 consumers who decided to leave the Exchange illustrates that for over 30 percent it was not because they obtained other coverage, but simply because they could not find a plan that they could afford.

Everyone in our market and our nation, particularly those who remain without coverage, would benefit from Congress working immediately to strengthen the ACA and help us improve affordability and financial stability in the individual market. We in Washington state have a strong base on which to build — and we're not waiting. Our state is moving forward with innovative strategies at the state level to tackle costs and continue moving toward universal coverage.

The Nation's First Public Option: Cascade Care

State-based marketplaces like Washington can play a valuable and innovative role in reducing the rate of uninsured Americans, fostering competition, maintaining a healthy risk pool, helping make premiums more affordable, and driving improvements in quality and delivery system reform. Our recently enacted, first-in-the-nation public option, "Cascade Care," is one such innovation.

While premium increases appear to have stabilized in our state this comes after two years of double-digit increases. Current premiums coupled with high deductibles are still pricing younger and unsubsidized consumers out of the market. Unsubsidized Exchange consumers are paying up to 32 percent of their income on premiums. In addition, over 60,000 Exchange

² Ibid.

³ [Washington Health Benefit Exchange Issues Statement on Proposed 2020 Health Insurance Plan Filings](#), June 2019; [Thirteen health insurers request record-low increase of less than 1%](#), June 2019.

consumers are in a plan with a deductible for many covered services over \$9,000. We can and must strive for better.

On May 13, 2019, Governor Inslee signed into law our comprehensive “Cascade Care” legislation to improve the affordability and quality of products in the individual market and enhance the ability of consumers to compare and choose wisely.⁴ It is the result of months of hard work and negotiation among various stakeholders, and achieves three main things:

1. Creates standard plan options for consumers: The bill requires that the Exchange design and implement standardized qualified health plans beginning in the 2021 plan year. These plans will use “best in class” benefit design to make premium dollars go further to achieve lower deductibles, more services available before the deductible, and more predictable and transparent cost-sharing. The coverage and cost-sharing for standard plans will be consistent across all carriers — so consumers can more readily compare their options based on price, provider access, quality, and customer service. Washington will be the eighth state to offer standard plans to consumers.
2. Creates nation’s first public option for consumers regardless of income: The bill requires the Washington State Health Care Authority — our state agency that currently administers the Medicaid and CHIP programs, as well as employer-based coverage for state employees and many public K-12 schools, colleges and universities — to work with the Exchange to contract with private carriers to offer state-procured health insurance plans through the Exchange, which will be known as Cascade Care. These plans will be an enhanced version of the standard plans. In addition to meeting standard plan benefit design requirements, Cascade Care plans must meet additional quality and value requirements that are expected to lower premiums by up to 10 percent, by paying providers no more than 160 percent of Medicare rates. The bill also establishes special payment floors for primary care providers and rural hospitals to ensure patients across the state have access to the care they need.
3. Requires an implementation plan for a state premium subsidy program up to 500 percent of the Federal Poverty Level (FPL): The bill requires the Exchange to develop and submit a plan for implementing state-based premium subsidies through Exchange to consumers up to 500 percent of FPL, which is about \$60,000 for a single person. The goal of the plan must be to enable participating individuals to spend no more than 10 percent of their income on premiums, including middle-class consumers receiving little or no financial assistance.

Passage of Cascade Care was a tremendous accomplishment and our state is proud to be at the forefront of innovative approaches to expanding coverage and controlling costs. We at the Exchange are eager to get to work implementing it. Once fully implemented, it will help ensure

⁴ SB 5526, [Increasing the availability of quality, affordable health coverage in the individual market](#).

Washingtonians have affordable insurance options, while strengthening and improving our existing market. We hope it can serve as an example to other states looking to improve their health care systems. And as Congress looks for ways to build on the ACA nationally, we hope it can be a model for possible federal action as well.

Congress Should Take Steps to Strengthen the ACA

It is imperative for the federal government take steps to help build on the progress we have made.

In the state of Washington, we know that every American deserves comprehensive health care they can depend on, at a price they can afford. We understand that Congress is currently weighing a number of possible long-term solutions to achieve universal health coverage in the United States, and we are heartened to see this and other committees having such an important conversation. Our state stands ready and willing to assist in the development of that long-term solution. But as that process moves forward, there are also immediate steps Congress can and should take to help expand coverage and reduce costs in this country.

We applaud the efforts the House has made to protect and strengthen access to affordable, quality coverage by: restricting the sale of short-term insurance plans; helping more states establish state-based Exchanges; restoring outreach and education activities that help consumers find a health plan that works for them; and tackling the high cost of prescription drugs. For Americans across the country without insurance, these improvements would make a meaningful difference in breaking down barriers to coverage. We are also supportive of efforts to increase the number of consumers eligible for ACA advance premium tax credits on the Exchange. Particularly given the high number of unsubsidized middle-income consumers in Washington state who purchase coverage through the Exchange, but face affordability challenges without subsidies, this is one of the best ways for Congress to strengthen the ACA.

Another effective way to help strengthen individual markets and improve affordability is to provide federal funding through reinsurance. By covering a portion of medical costs for enrollees who experience extremely high medical claims, a reinsurance program lowers plan costs — thus lowering premiums for all plans sold in the individual market. As a result, reinsurance can have a profound effect on the affordability of coverage, particularly for those who receive little or no premium assistance.

There are many additional steps Congress and the Administration can take, and our state is eager to work with you on solutions to protect consumers and improve their coverage.

Healthcare is top of mind for Washington residents. I hope the work states like ours are doing to promote affordability and accessibility in our marketplaces can serve as a roadmap for federal policy in both the short- and long-term, as Congress further explores the pathway to universal coverage.

I want to thank you again for the opportunity to testify on behalf of Washington state. Over my past six years at the Exchange, I have been fortunate to work with 12 peer state-based marketplaces. Although our states' markets, stakeholders, political environments, and sizes may vary, we share a common commitment to being there for the residents of our states who need high-quality coverage. Please do not hesitate to reach out to us if we may provide you with any information or lessons learned that can assist you as you consider health care proposals that come before you in Congress.

I look forward to answering any questions you may have.