

Briefing Report:

Washington Health Benefit Exchange Options

Legislative Auditor's Conclusion:

Many part-time K-12 and higher education employees would likely pay more if insured through the Exchange

John Woolley and Eric Thomas, JLARC Staff

Joint Legislative Audit & Review Committee

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Report is first phase of possible two phase study

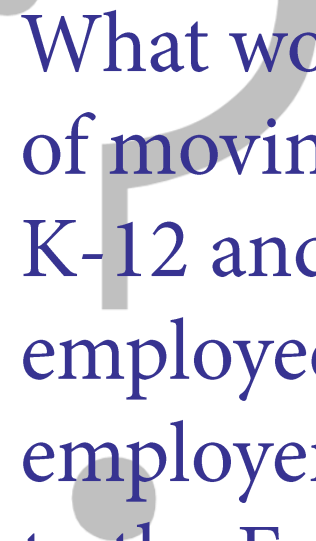
Report estimates impacts of shifting coverage: not an audit of Washington Health Benefit Exchange

Original design: possible two phase study

Question for JLARC:

Is preliminary information sufficient, or does JLARC wish to attempt a more precise answer with a second phase?

Washington
Health Benefits
Exchange
**offers
marketplace
for individual
insurance
plans**



What would be the effect
of moving part-time
K-12 and higher ed
employees from
employer group coverage
to the Exchange?

Estimate: Many likely to pay more if purchasing coverage through Exchange

Older part-time employees could pay higher premiums on Exchange

Many employees unlikely to qualify for subsidies to help reduce higher premiums

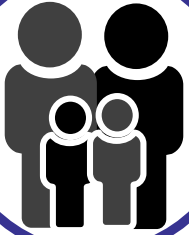
Needed for exact answers: age, where employee lives, household income, # of dependents, spouse's access to coverage—some of this key information not available

Part-time employees currently have employer group coverage



\$275M state and local dollars for health care

3 analyses to estimate potential impact of shifting part-time employees



“What if?” scenarios:
Some could pay less, others more

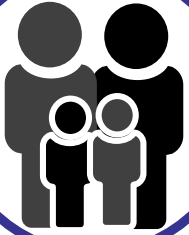


Data-driven estimates:
Many employees likely to pay more



Policy considerations:
Potential for additional impacts

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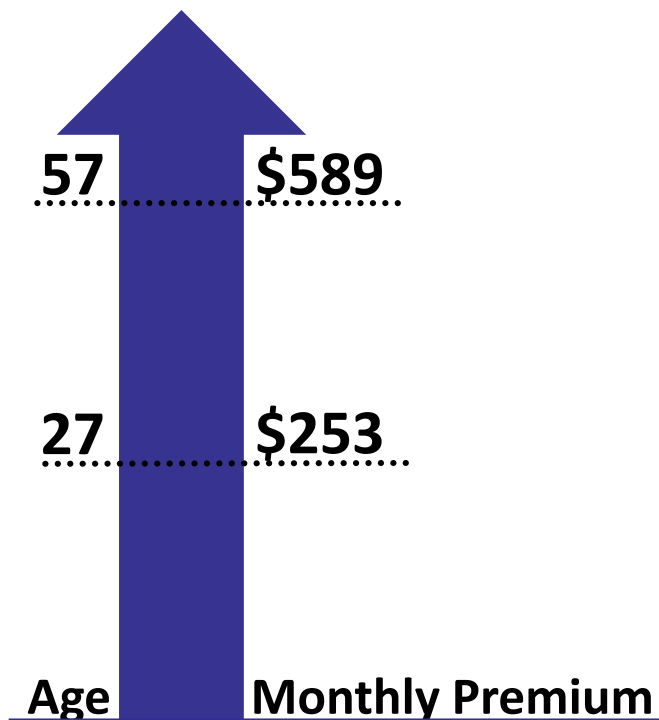


Policy considerations:
Potential for additional impacts



Scenarios model effects of age and income

Premiums Increase with Age on Exchange



Comparable plan to PEBB

Federal Subsidies are Based on Income

Premium Assistance

Less than 400% of federal poverty level

- Scaled based on income
- \$47K for an individual
- \$95K for a family of four

Out of Pocket Expenses

Less than 250% FPL

- Scaled based on income
- \$29K for an individual
- \$61K for a family of four



Some may pay less: Lower premiums, subsidies available



Age	35
Family Income	\$23K
Percent FPL	143%



Premium assistance subsidy



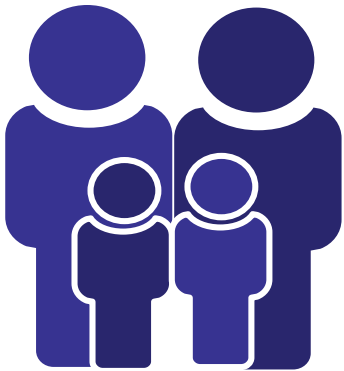
Employee pays \$48 less per month than current premium



Out of pocket expense subsidy



Some may pay more: Higher premium despite subsidy



Age	45
Family Income	\$94K
Percent FPL	388%



Premium assistance subsidy



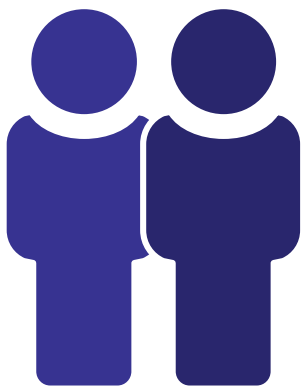
Employee pays \$728 more per month than current premium



Out of pocket expense subsidy



Some may pay more: Higher premium, no subsidy



Age	60
Family Income	\$94K
Percent FPL	590%

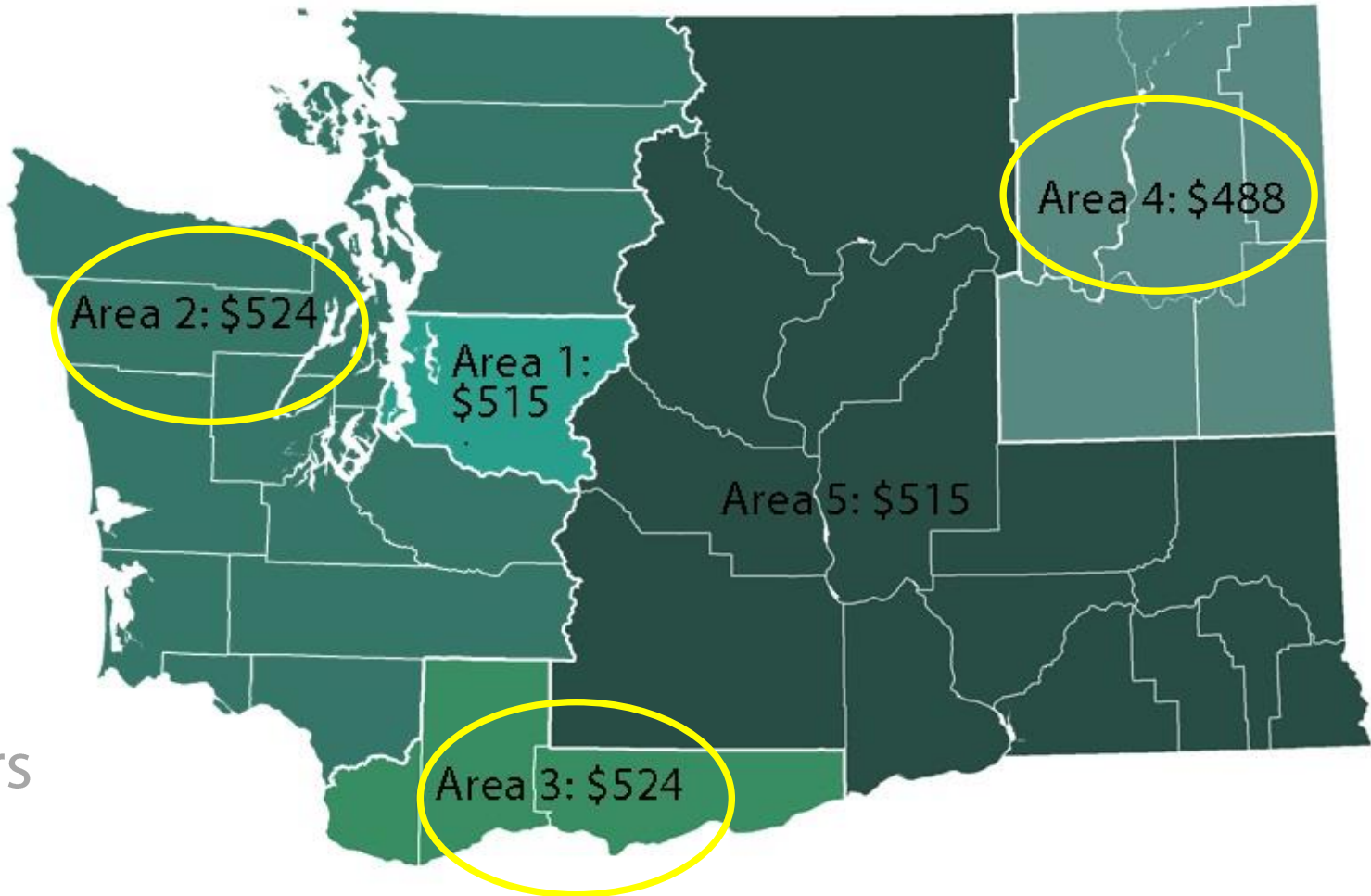
X Premium assistance subsidy

X **Employee pays \$1,193 more** per month than current premium

X Out of pocket expense subsidy



Rates for the same plan on the Exchange vary by location



35
years
old

3 analyses to estimate potential impact of shifting part-time employees



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Policy considerations:
Potential for additional impacts

Answering question requires data that the state does not collect

	Part-time K-12	Part-time higher ed
Factors that affect premiums		
Age	✓	✓
Where they live	Incomplete	✓
Factors that affect eligibility for subsidies		
Household income	✗	✗
Dependents	Incomplete	Incomplete
Spouse's access to coverage	✗	Incomplete



Older employees could pay higher premiums

Premium Cost

Age

65



57



47



37



27



26

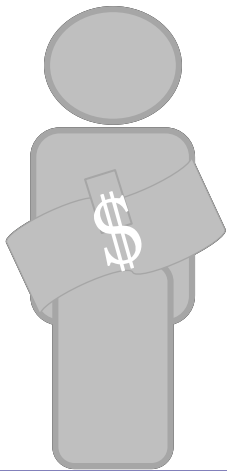


42-64% of K-12 and Higher Education employees are **older than 47**



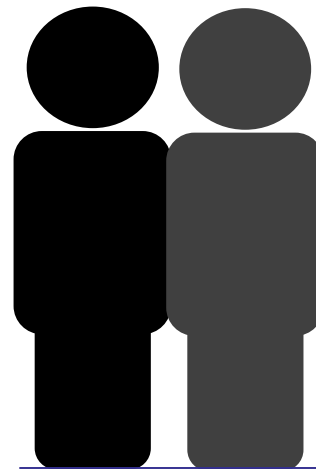
Many employees are unlikely to qualify for subsidies

42-61%



Live in households **above 400% of the federal poverty level**

44-67%



Have working spouse who **may have access to other coverage**

3 analyses to estimate potential impact of shifting part-time employees



“What if?” scenarios:
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Policy considerations:
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Policy issues for Legislative consideration

Reimbursement

- IRS ruled that employer cannot reimburse portion of premium or out of pocket costs for Exchange

Insurance

- Adult vision and dental coverage
- Unknown impact to PEBB and districts' risk pools

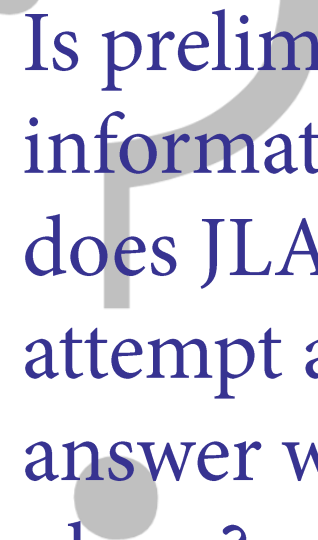
Personnel

- Recruitment and retention
- Equity: employees performing similar work treated differently

McCleary decision

- May be implications, employee benefits are part of compensation

Next steps



Is preliminary information sufficient, or does JLARC wish to attempt a more precise answer with a second phase?

Additional study does not guarantee more accurate answer

Proposed Approach

\$30-\$40K for social science research firm

\$630K for health care actuary

Risks



Same data challenges – key data not collected



Propose using older, national level data.
Accurate for WA?



Propose voluntary survey of employees for personal data.
Response rate?

Summary: Many likely to pay more if purchasing coverage through Exchange

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Many employees unlikely to qualify for subsidies to help reduce higher premiums

Needed for exact answers: age, where employee lives, household income, # of dependents, spouse's access to coverage—some of this key information not available

Contact information

John Woolley, Project Supervisor

john.woolley@leg.wa.gov

360-786-5184

Eric Thomas, Research Analyst

eric.thomas@leg.wa.gov

360-786-5182

John Bowden, Research Analyst

john.bowden@leg.wa.gov

360-786-5298

