

Continuing health care reform: Sustaining progress, confronting challenges and finding opportunities

Joint Select Committee on Health Care and
Behavioral Health Oversight

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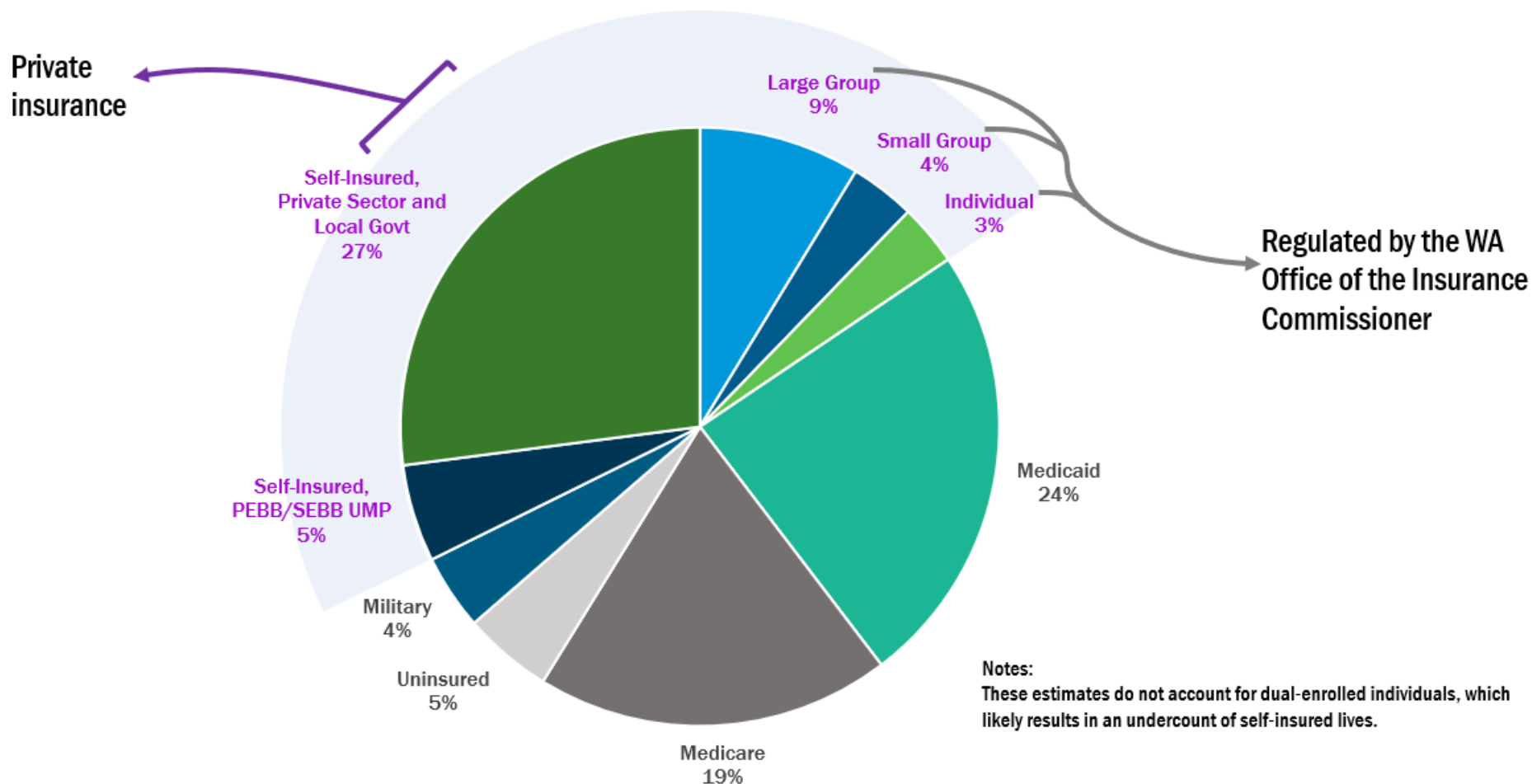
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Mich'l Needham

Chief Policy Officer
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Washington State
Health Care Authority

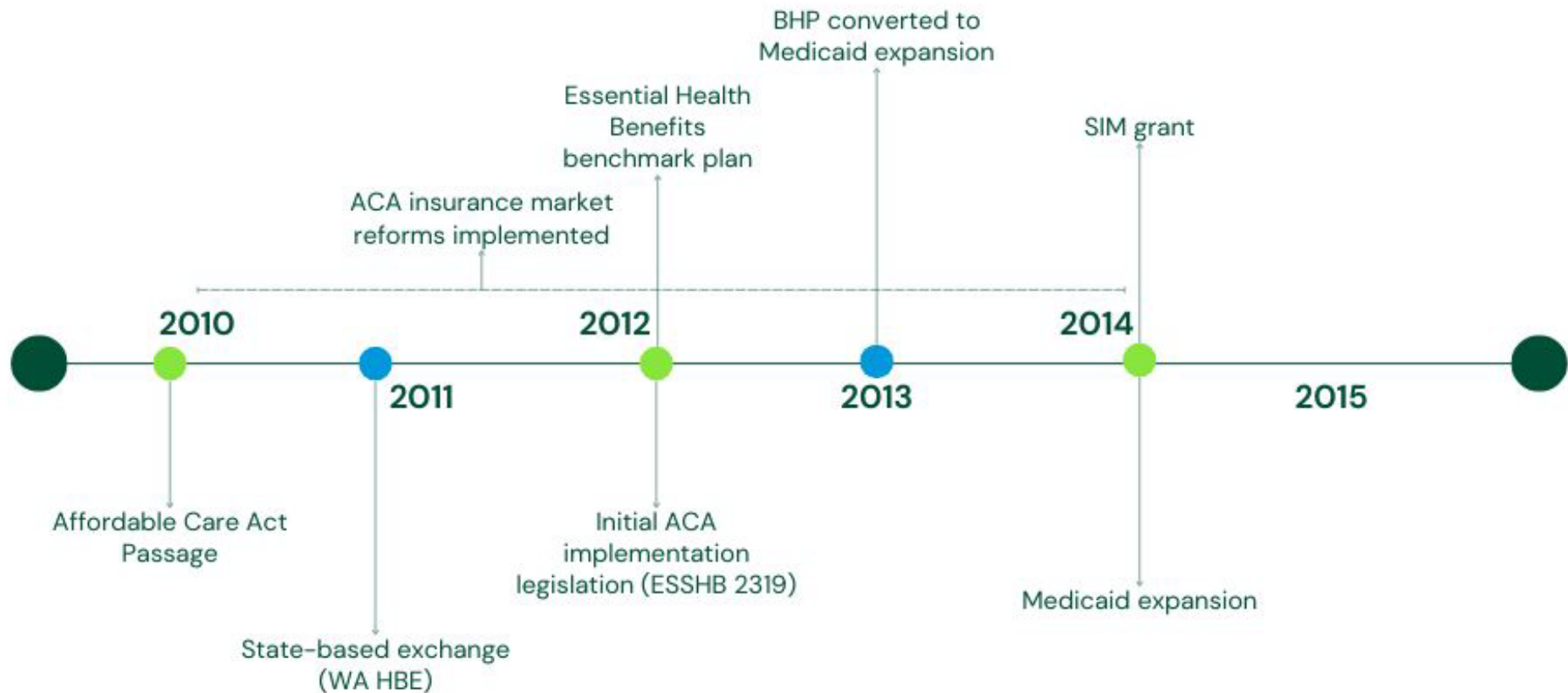
Source of Health Coverage for Washington Residents, 2025



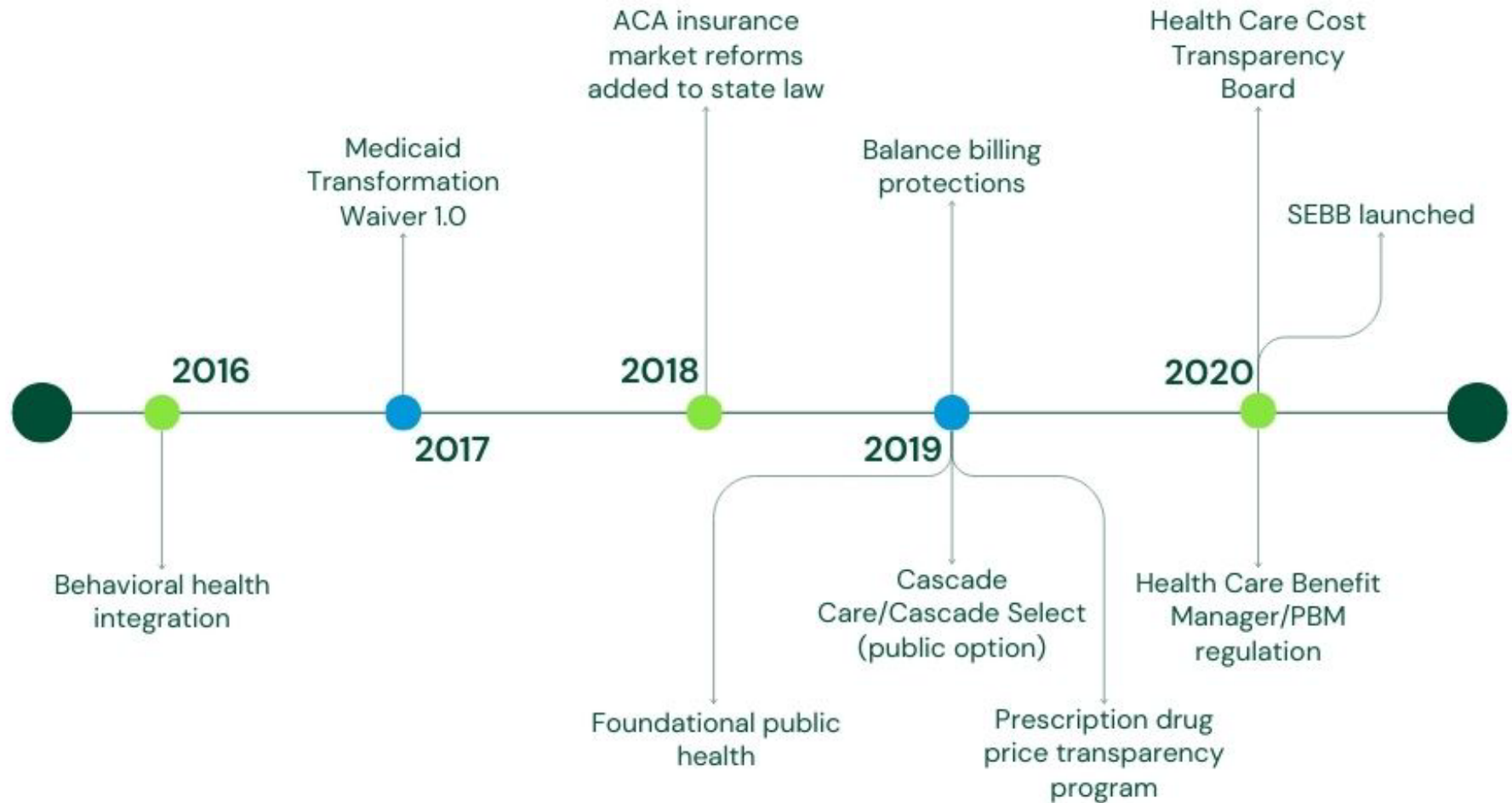
Background: pre-Affordable Care Act

- Washington has a long history of health care reforms enacted prior to passage of the Affordable Care Act (ACA) in 2010
 - Basic Health Program for low-income adults (1987)
 - Medicaid coverage for pregnant women – “First Steps” (1989)
 - Children’s coverage up to 250-300% of FPL (2007)
 - Universal Childhood Vaccines
 - Washington State Health Insurance Pool (WSHIP) (1987)
 - Hospital charity care (1989)
- Administrative simplification, evidence-based medicine, therapeutic substitution for prescription drugs

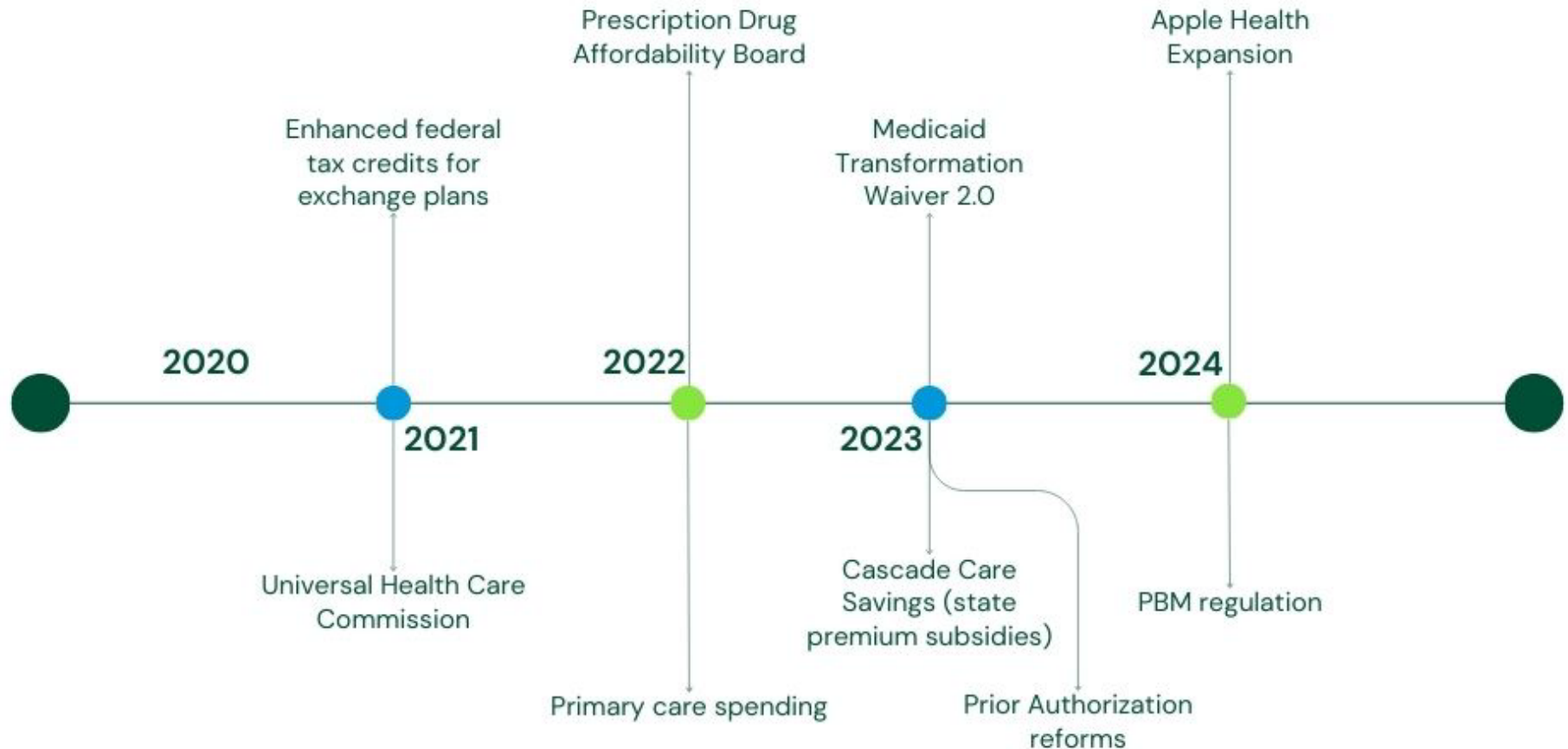
Timeline of health reforms: 2010-2016



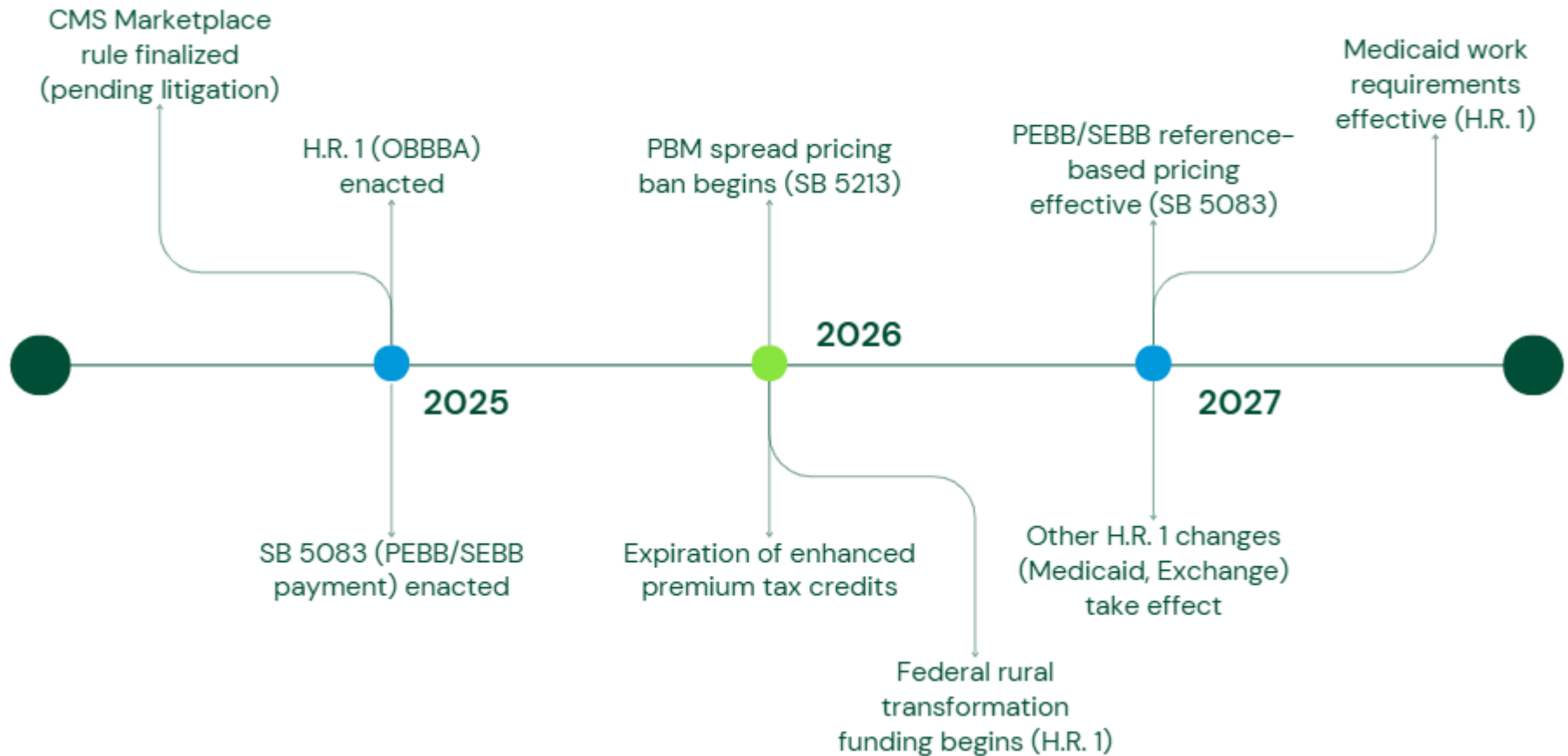
Timeline of health reforms: 2016-2020



Timeline of health reforms: 2020-present

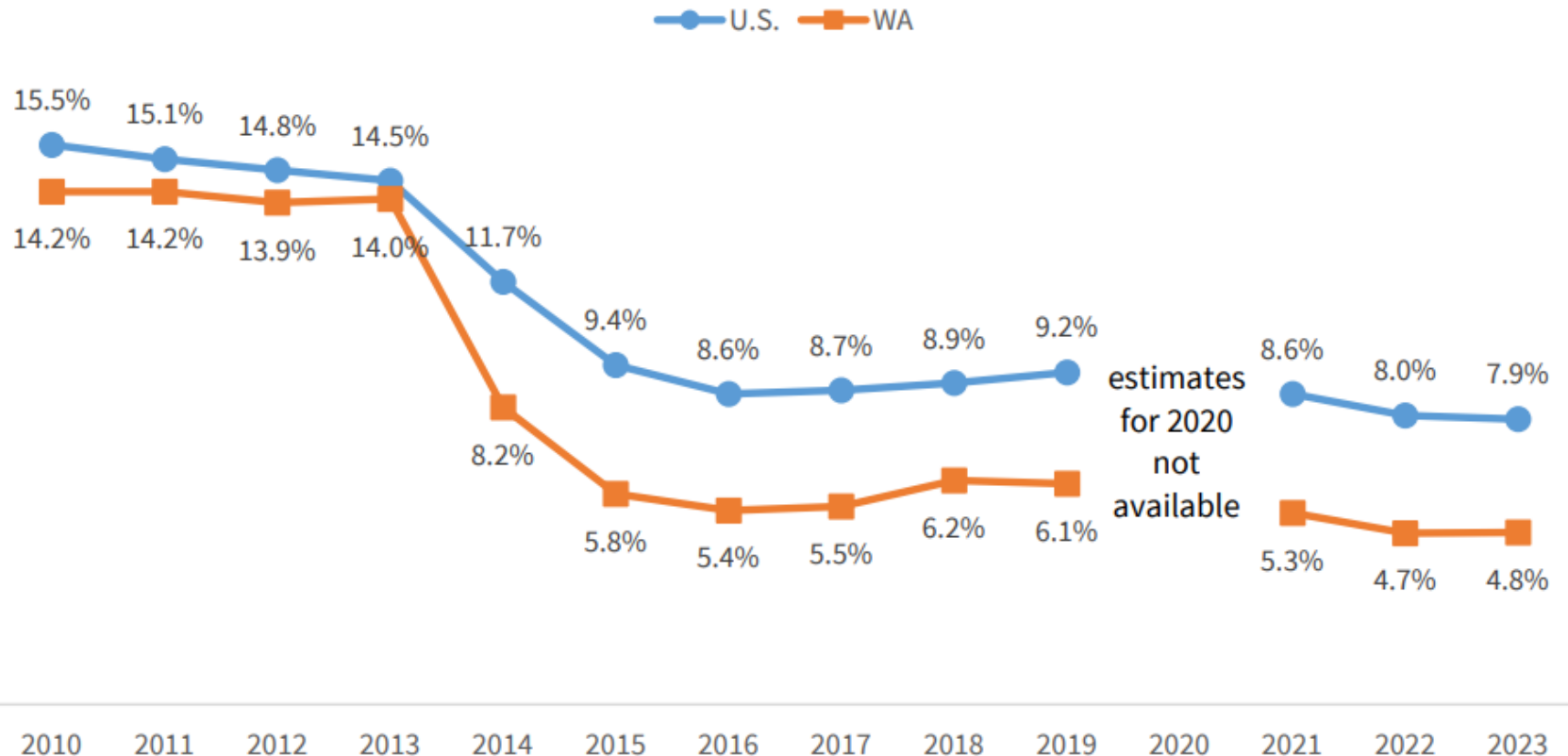


Timeline of health reforms: 2025 & upcoming



Washington state's uninsured rate since ACA

Figure 1. Washington and U.S. uninsured rates: Total population 2010–19 and 2021–23



Continued challenges since ACA

- Affordability
 - Prices paid for services
 - Utilization – number and intensity of services used
 - Industry consolidation and corporatization – both horizontal and vertical
- Gaps in coverage
- Utilization management practices, such as prior authorization
- Health care workforce needs

Federal actions threaten access to coverage and care

- H.R. 1 (OBBA)
- End of enhanced premium tax credits (without congressional action)
- Marketplace Integrity and Affordability rule
- **Effects:**
 - Fewer people covered. Being uninsured can lead to delayed care, costly emergency services, missed workdays, and medical debt — raising costs across system.
 - Higher costs for consumers and employers
 - Less stable health insurance markets
 - Greater challenges for rural and safety net providers

Responding to federal changes

- Submitted application for Rural Health Transformation Program (RHTP)
- Implementing eligibility changes
 - October 2026: Lawfully present non-citizens
 - December 2026: Work requirements and 6-month eligibility redeterminations
- Connecting state systems to allow for ex-parte eligibility determinations
 - Includes agency coordination with the Department of Social and Health Services (DSHS), Health Benefit Exchange (HBE), Employment Security Department (ESD), and others.
- Monitoring publication of guidance or rules from CMS
- Working with DSHS, OIC, and HBE on strategies to mitigate coverage loss and support patient transitions as their eligibility changes

Responding to federal changes, cont.

- Premium alignment rule (silver loading)
 - “Loads” premium tax credits to make plans more affordable, keep more people covered
 - Mitigation, not replacement of lost federal tax credits
- Enforcement of strong behavioral health parity rules
- Enrollee mapping (HBE)
- Navigators and Assistors (HBE)

Opportunities for creative thinking

- Administrative simplification to create consistency across Medicaid, commercial, PEBB/SEBB
- Focus on supporting primary care and behavioral health access
- Exploring ways to keep Washingtonians covered while moving forward to address broader problems (affordability, access, workforce, administrative complexity, etc.)

Opportunities for creative thinking, cont.

- Ensuring access to vaccines and preventive services as federal guidance changes
- Business oversight – monitoring and responding to corporatization and "middlemen" in the health care system, including private equity investment and acquisitions
- Challenges remain with consumer and employer affordability, patient access, and provider workforce gaps and strains

Questions?



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OIC's health care affordability webpage:

<https://www.insurance.wa.gov/health-care-cost-affordability>

Connect with us!

- Facebook: facebook.com/WSOIC
- Twitter: twitter.com/WA_OIC
- insurance.wa.gov



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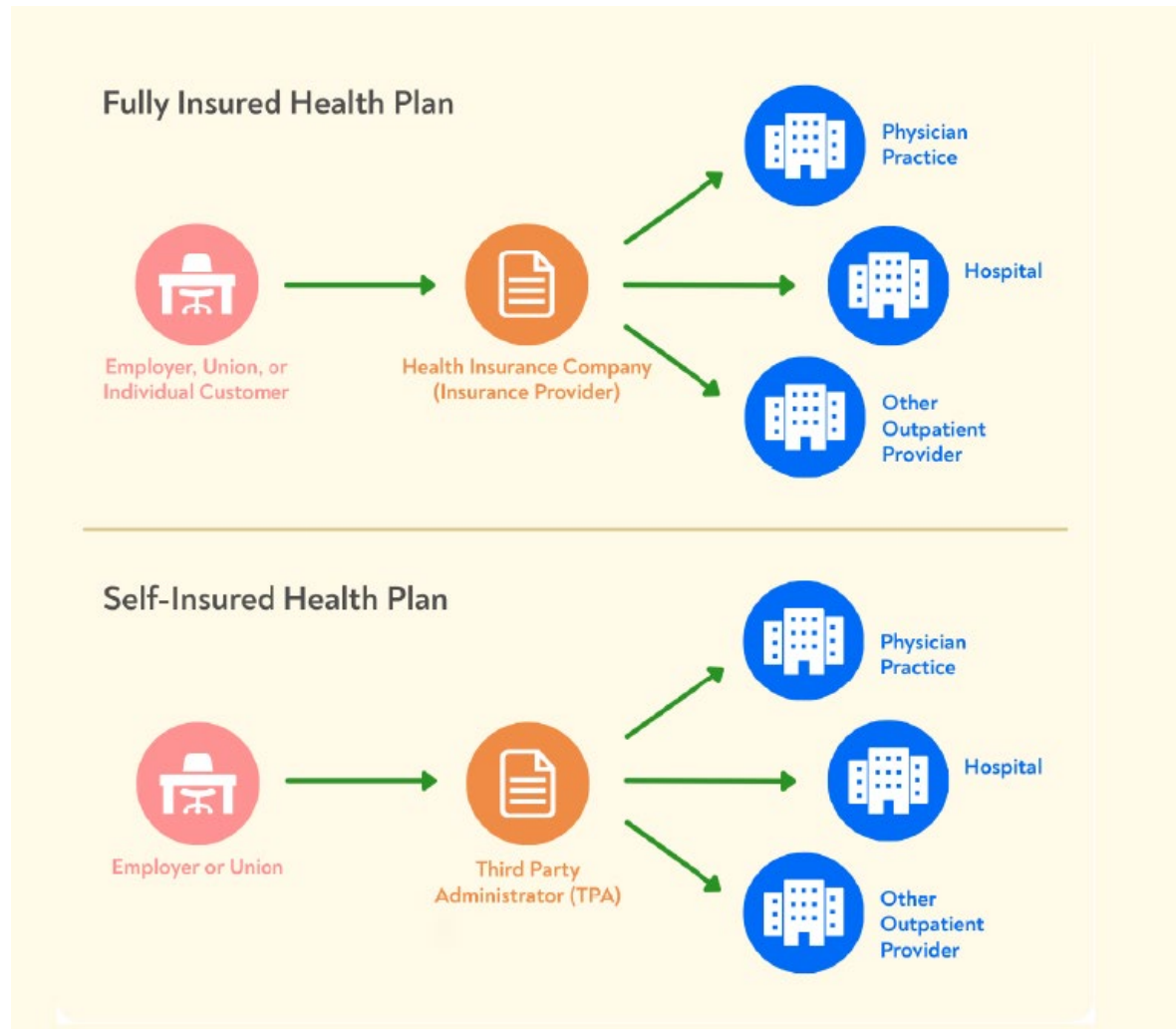
Learn more about HCA's efforts
hca.wa.gov

Appendix

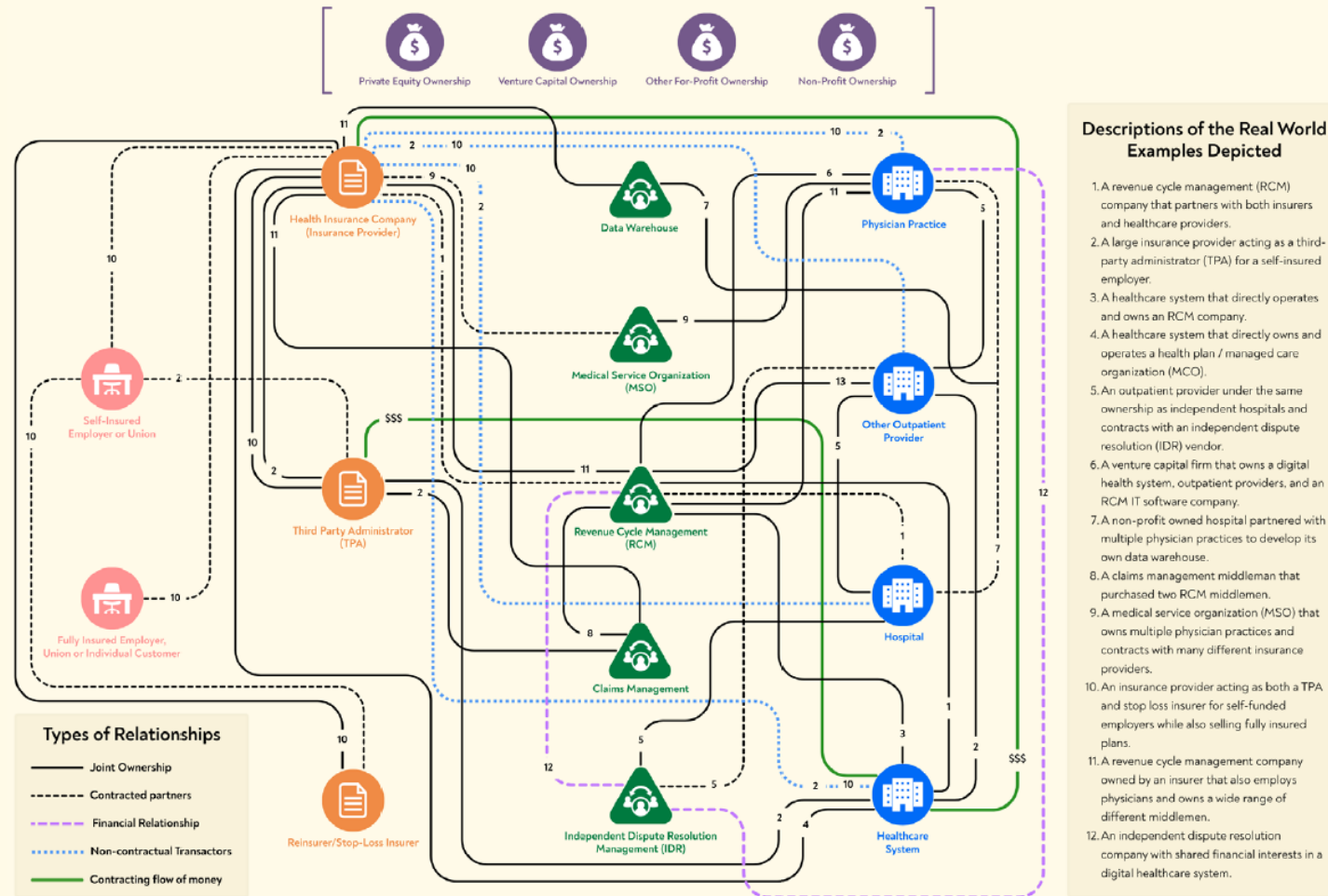
Medicaid policies in the federal budget

	Policy	Effective Dates
Restricts payment for protected health services	Restricts federally funded Medicaid payments for 1 year to nonprofit organizations that primarily engage in family planning services or reproductive services and provide abortion services. Likely to impact over \$11 million in funding.	Effective for 1 year, from date of enactment (July 4, 2025)
Funding for non-citizens	Changes Medicaid eligibility for refugee, asylee, and other non-citizen adults.	Oct. 1, 2026
Work requirements	Establishes work requirements as a new condition of Medicaid eligibility for adults aged 19-65 who receive full coverage. This makes coverage based on working, training, or doing community engagement 80 hours per month. Includes certain categorical exemptions.	Dec. 31, 2026, with option to apply for waiver to implement Dec. 31, 2028
Rural health funding	Allocates \$10 billion annually to states, which can be used to support rural health transformation projects with a focus on promoting care, supporting providers, investing in technology, and assisting rural communities.	States can apply in 2025; funding from 2026–2030
Increases the frequency of eligibility redeterminations	Requires states to redetermine eligibility for adults enrolled through Medicaid expansion every 6 months, instead of every 12 months.	Dec. 31, 2026
Retroactive coverage	Shortens period of retroactive coverage eligibility from 3 months to 1 month for adults and 2 months for other Medicaid and CHIP applicants.	Jan. 1, 2027
Restricts new state-directed payments (SDPs) from exceeding Medicare payment levels	Requires existing SDPs for hospital and nursing facility services and services provided at an academic medical center to reduce by 10% per year, beginning in 2028 until they reach Medicare levels.	10% reductions begin in 2028
Cost-Sharing	Requires adults to pay cost-sharing of up to \$35 for many services. Excludes primary care, behavioral health, emergency services, and services rendered in certain rural settings from the requirement.	Oct. 1, 2028
Address verification	Changes requirements for address verification.	Oct. 1, 2029
Removes good-faith waivers related to erroneous payments	Removes ability to waive federal penalties for a state's good-faith efforts to correct erroneous excess Medicaid payments under the Payment Error Rate Measurement (PERM) program and other state and federal audits.	Oct. 1, 2029

Simplified Models of Employer, Insurer, and Provider Relationships



The Complex Web: Illustrative Examples of Intertwined Financial Interests



The information on the examples in this figure was researched and documented by Akilul Blumberg-Woll, Undergraduate Research Assistant with the Center on Health Insurance Reforms, McCourt School of Public Policy, Georgetown University (June-August 2025)