Federal Health Care Rollbacks: Washington Legal Strategies

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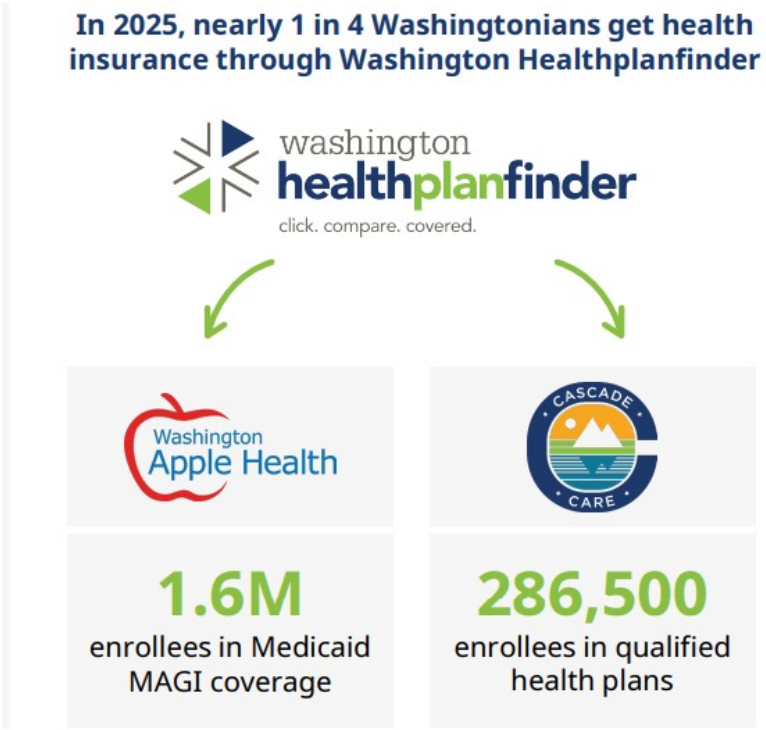
Washington Health Benefit Exchange

washington healthbenefitexchange
powering washington healthplanfinder

About Washington Health Benefit Exchange

- The Exchange is a public-private partnership established by the Washington State Legislature in 2011.
- Our mission is to radically improve how Washington residents access health and dental coverage.
- The Exchange operates *Washington Healthplanfinder*, the integrated, online portal that can be used by all Washingtonians, regardless of immigration status, to obtain health and dental insurance coverage, and federal and state subsidies.



Requested Topics

- Federal changes impacting marketplace
  - Fact sheet: Federal health care changes in the marketplace
- Population specific impacts
  - Deferred Action Childhood Arrivals (DACA) Recipients
  - Certain Lawfully Present Immigrants
- Impacts on health affordability & access

Federal Changes Overview

Federal policy changes impacting marketplaces

Finalized June 20, 2025

2025 Marketplace Integrity and Affordability Rule

Passed July 4, 2025

H.R. 1 – Reconciliation Bill

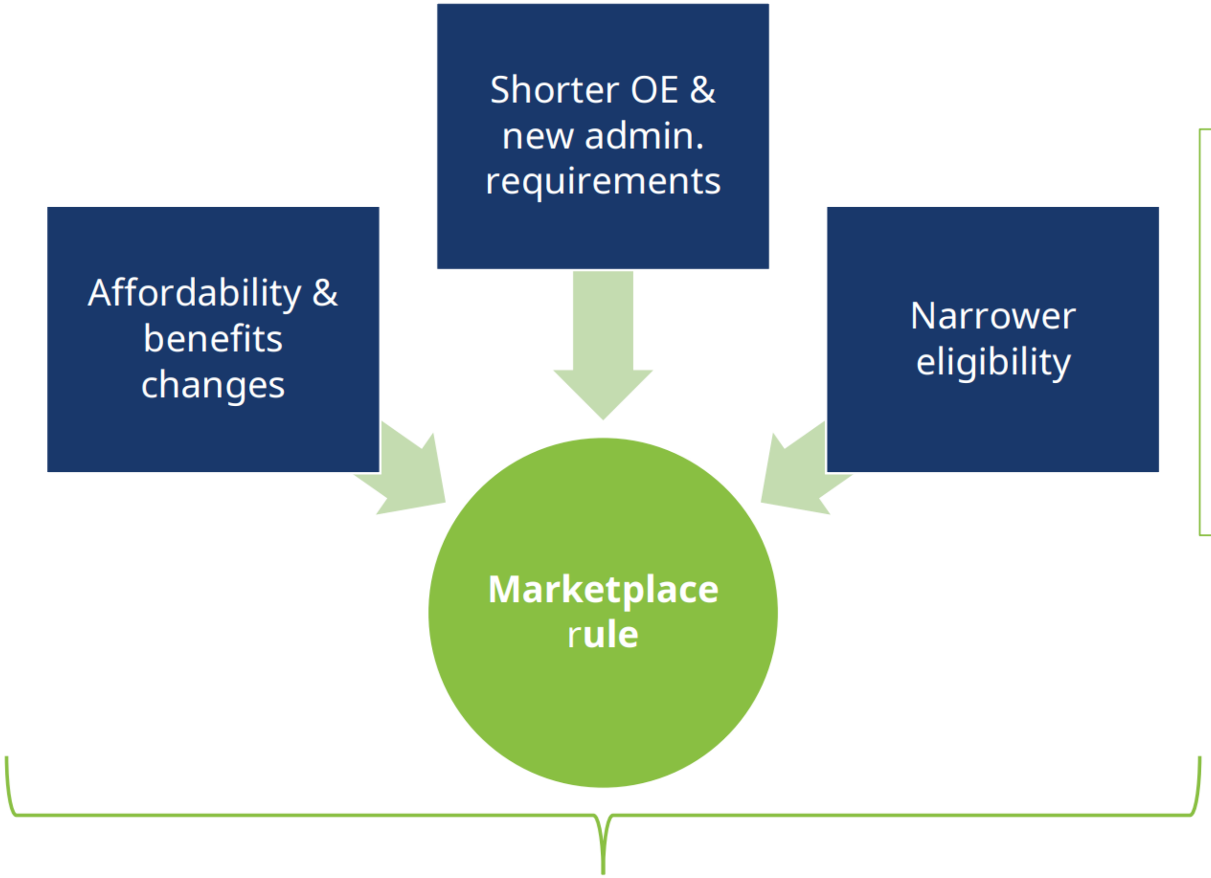
Expires Dec. 31, 2025

Enhanced premium tax credits (ePTC)

Estimated combined impact in Washington state*

- QHP enrollment reduction of 35% to 50% (up to 140,000 customers)
- QHP premium increases of up to 15%
- Ripple effects across the health care system, including higher premiums, rising uninsured rates and an increase of $100M or more in uncompensated care for hospitals and other safety net providers

Marketplace rule – policies & impacts



Most implementation is paused due to pending litigation

Estimated rule impact in Washington

- Enrollment reduction up to 23%
- Premium increase by 4.5%

HR 1 – Marketplace policies & impacts

2026

- Restrictions on APTC for low-income, lawfully present, non-citizens
- Recapture excess APTC

2027

- Increase APTC eligibility restrictions for lawfully present, non-citizens

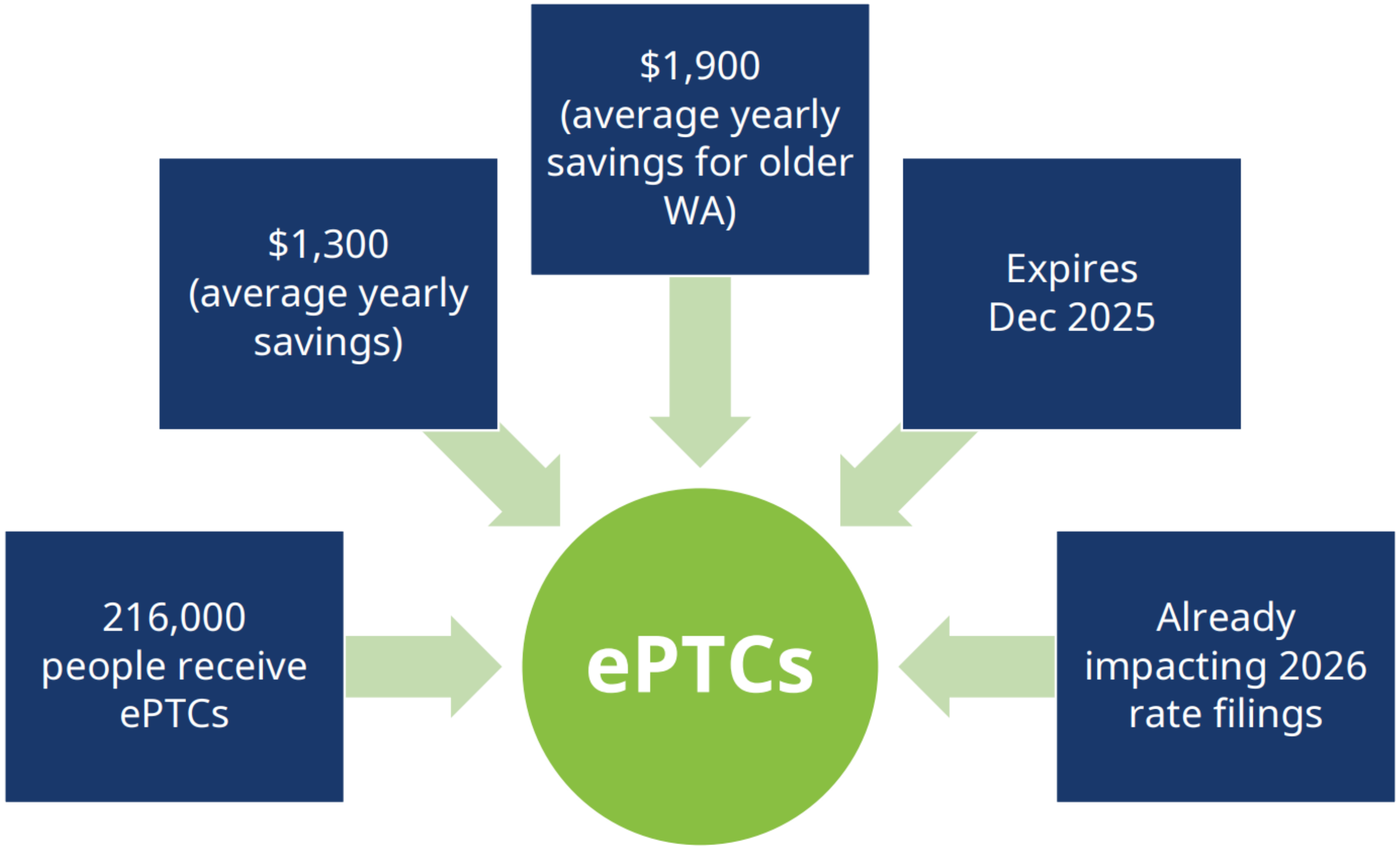
2028

- Pre-enrollment verifications
- Eliminate APTC during verification periods
- Restrictions to autorenewal
- File and reconcile income every year

Estimated HR 1 impact in Washington

- Enrollment reduction of 25% - 50%
- Premium increase of 5.4%

Enhanced tax credits – overview & impacts



Estimated ePTCs expiration impact in Washington

- Enrollment reduction of 80,000
- Average net premium increases by 65%
- Loss of $285M in federal funds (tax credits)

Key Marketplace Changes

Plan year 2025

- Eliminating tax credits for DACA population as of Oct. 1, 2025. Remain in QHP coverage through state's immigrant health coverage program.

Plan year 2026

- Eliminating federal subsidies for lawfully present immigrants with incomes below 100% FPL.
- Removing APTC repayment caps.
- Enhanced premium tax credits expire.

Plan year 2027

- Shortening open enrollment period.
- Eliminating federal subsidies for many lawfully present immigrants.
- People denied Medicaid eligibility due to work requirements also denied QHP federal subsidies.

Plan year 2028 & beyond

- Eliminating automatic re-enrollment and conditional eligibility for federal subsidies.
- Canceling APTCs for failure to reconcile after one year.

Population Specific Impacts: Lawfully Present QHP Customers

(1) DACA customers – will lose federal subsidies as of October 1, will maintain QHP/QDP coverage

- DACA | Washington Health Benefit Exchange

(2) Lawfully Present Customers <100% FPL – losing APTC (starting Jan. 1, 2026)

- Includes "Qualified" Immigrants (subject to 5-year bar) & "Non-Qualified" Immigrants (designated statuses)
- See the HCA **Citizenship and Immigration Status Guide** for detailed information regarding about these groups

(3) Lawfully Present Customers 100% FPL and above who are not in the categories below – losing APTC (starting Jan. 1, 2027)

- Lawful permanent residents (LPRs) 100% FPL and above who do not qualify for Medicaid
- Cuban Nationals/Citizens
- COFA

(1) DACA Implementation

- On June 20, 2025, the Centers for Medicare & Medicaid Services (CMS) released a final rule that prevents DACA recipients from getting federal savings through Washington Healthplanfinder, effective August 25, 2025.

- The federal rule excludes DACA recipients from the definition of ”lawfully present” for the purposes of getting health and dental coverage under the Affordable Care Act.

- As a result, DACA customers in WA will lose access to federal premium tax credits and cost-sharing subsidies.
  - This is a reversal of a prior federal rule that allowed access.
  - Impacted DACA customers were sent notices in May and June in their preferred languages informing them of this federal change, and had their applications updated in late August.

- **All affected DACA customers will lose their federal subsidies effective October 1, 2025.**

DACA Implementation - WA State Specifics

All DACA recipients in Washington state who can afford to, can continue to purchase health and dental insurance through Washington Healthplanfinder.

- In states outside of Washington, DACA recipients have lost access to marketplace coverage.
- Washington state has a 1332 waiver that allows continued access to marketplace coverage.

- DACA recipients are losing access to federal subsidies, but those with incomes up to 250% of the federal poverty level (FPL) remain eligible for Cascade Care Savings.
  - Existing DACA customers who are both losing federal savings and receiving Cascade Care Savings may see an increase in their Cascade Care Savings amount when their application is updated.
  - New customers will not receive Cascade Care Savings in 2025 but can receive them with 2026 plans.

(2) Lawfully Present Customers <100% FPL

- **As of 1/1/2026**, persons who would otherwise be Medicaid-eligible but for their immigration status and are under 100% FPL, are no longer considered to have income at 100% FPL, and therefore are <u>no longer eligible for federal subsidies.</u>
  - Those between 100% to 138% FPL in an expansion state (includes WA) remain eligible for federal subsidies
  - Those <100% FPL can continue to purchase coverage through Washington Healthplanfinder (likely affordability barrier for many)

(3) Lawfully Present Customers 100% FPL+

- **As of 1/1/2027**, only three categories of non-citizens can access federal subsidies (any income level):
  - (1) Lawful Permanent Residents;
  - (2) Cuban/Haitian Entrants
  - (3)COFA migrants

- Can continue to purchase coverage through Washington Healthplanfinder (likely affordability barrier for many)

Additional Changes to Non-Citizen Eligibility (HR 1)

Medicaid

As of 10/1/2026, Medicaid eligibility is limited to the same three categories of non-citizens:

- Lawful Permanent Residents (Five-year bar provision remains in effect)
- Cuban/Haitian Entrants
- COFA migrants

Medicare

As of 7/4/2025, Medicare eligibility for new enrollment is limited to the same three categories of non-citizens:

- Lawful Permanent Residents (Five-year bar provision remains in effect)
- Cuban/Haitian Entrants
- COFA migrants

Persons that are already enrolled in Medicare that are non-citizens and are not one of the above categories will be disenrolled as of 1/1/2027.

Impacts & Considerations

- New and significant affordability challenges for already vulnerable populations (low-income, seniors, non-citizens)
- Communication challenges (language access, timing differences in effective dates for Medicaid, Medicare, Marketplace)
- Potential Tax liability risks – changes to immigration-status-based eligibility could lead to ineligible members receiving federal subsidies (pay back risk upon reconciliation)
- Immigration enforcement considerations

Health Care Affordability – Mitigation Activities

- Federal level
  - Continuation of federal subsidies?
  - 1332 waiver contingency planning

WA Pathways

- State level
  - Premium alignment to maximize federal tax credits
  - Community-focused OE outreach: CBO funding and multicultural campaign
  - Leveraging sponsorship program (to utilize private/non-state funding)
  - Requesting increased state funding for premium assistance (Cascade Care Savings)
  - Market curation to ensure meaningful choice, affordability and access
  - Continuity of coverage for those churning off Medicaid/Medicare

Key Implementation Dates

Customer communications

Targeted and general outreach has begun to keep existing and new customers updated on federal changes that impact coverage and affordability options for Washingtonians. Open enrollment communications will soon be underway to encourage customers to shop and get covered early.

- **Mid-Aug.** Customers receive information about federal changes and upcoming open enrollment
- **Early Sept.** Public release of final rates
- **Sept.–Dec.** Open enrollment marketing campaign
- **Late Oct.** Customers receive renewal notices with 2026 premiums and APTC amounts

Nov. 1–Jan. 15

Open enrollment

Customer outreach using:

- Direct mailers and emails
- Earned and paid media
- Social media
- Washington Healthplanfinder website

Questions?

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Appendix

Resources

- Customer support
  - Trained, free, local, insurance specialists: **Navigator search**
  - Customer Support Center at **1-855-923-4633**
- Key HR 1 Provisions
  - Sec. 71301. Requiring verification of eligibility for premium tax credit.
  - Sec. 71302. Disallowing premium tax credit during periods of Medicaid ineligibility due to alien status
  - Sec. 71202-71305. Further limits on premium tax credits
  - Sec. 71201. Limiting Medicare coverage of certain individuals

Expiration of enhanced premium tax credits

- Exchange is continuing to highlight the importance of these subsidies for our customers and for the market.

- The Exchange is gathering and sharing real customer stories like this one:

> "Without the enhanced premium tax credits, I wouldn't be able to afford health insurance. I'm the director of a nonprofit here in Washington that survives solely on donations. Our focus is helping others, but there's no possibility for the organization to cover health benefits for staff like me. These credits make it possible for me to take care of my health while continuing to serve my community. I'm truly grateful for this support — it makes a real difference in my life."

Cecilia, Central Washington

Federal changes that will impact Exchange customers in PY2026

Provision	Source	Rule effective date	Customer effective date
DACA Rollback	Marketplace Rule	Aug. 25, 2025	Oct. 1, 2025
Eliminate APTC eligibility for <100% FPL	H.R. 1	Jan. 1, 2026	Jan. 1, 2026
APTC repayment caps removed	H.R. 1	Jan. 1, 2026	Jan. 1, 2026
Premium adjustment percentage index (PAPI) change*	Marketplace Rule	Jan. 1, 2026	Jan. 1, 2026

* *CMS updates may be limited, but the component affecting contribution percentage from the IRS will be in effect.*

Additional federal changes that will impact Exchange customers in PY2027

Provision	Source	Impact date
Open enrollment period dates	Marketplace Rule	PY2027
Additional restrictions on immigrant population APTC eligibility	H.R. 1	Jan.1, 2027
AV de minimis changes	Marketplace rule	PY2027*
Bronze and Catastrophic plan HSA compatibility	H.R. 1	PY2027*
Medicaid changes	H.R. 1	PY2027
Require verification prior to reenrollment with APTC	H.R. 1	PY2028
Eliminate conditional eligibility for APTC	H.R. 1	PY2028
Return to 1-year FTR	H.R. 1	PY2028

**AV de minimis and HSA plan compatibility changes are effective in regulation for PY2026 but potential plan design changes will not occur until PY2027 because regulation was not finalized until after initial plan filings.*

Many provisions of the marketplace rule will not change customer experience in WA in 2026

Provision	Details
Gender affirming care	Still required by state law; costs may be defrayed
Coverage denials for past due premiums	Still prohibited by state guidance
Cross mapping	Washington in compliance
<150% FPL SEP	Washington in compliance
Income verification when tax data is unavailable	Washington in compliance
Additional 60-days for DMI resolution	Washington in compliance
Income verification under 100% FPL	Implementation delay*
Return to 1-year FTR	Implementation delay*
SEP verification (75%)	Not applicable for SBMs
Annual eligibility redetermination ($5)	Not applicable for SBMs
Revised standards for brokers	Not applicable for SBMs

**Implementation delay pending additional guidance; funding; operational capacity and/or outcome of litigation.*