

**CALIFORNIA HEALTH BENEFIT EXCHANGE BOARD**

**January 17, 2012**

**East End Complex Auditorium**

**1500 Capitol Ave.**

**Sacramento, CA 95814**

**Agenda Item I: Call to Order, Roll Call, and Welcome**

Chairwoman Dooley called the meeting to order at 10:02 a.m.

Board members Present:                   Diana S. Dooley, chair  
  Kimberly Belshé  
  Susan Kennedy  
  Robert Ross, MD

**Agenda Item II: Closed Session**

**Agenda Item III: Announcement of Closed Session Actions**

Chairwoman Dooley called the meeting to order at 12:29 P.M. and noted that no conflicts needed to be disclosed.

Mr. Lee wished everyone a happy new year and acknowledged that Martin Luther King Jr. Day had just passed, noting that Dr. King was in many ways a “patron saint” for those working on health reform given his frequent identification the need to assure full access to health care and for a pause to recognize his good work.

Mr. Lee reported on the Closed Session of the Board, noting that the Board reviewed stakeholder comments and made revisions to the CalHEERS Solicitation, noting that the complete solicitation would be released January 18, 2012. He said that the Board delegated authority to the Executive Director to finalize and release the solicitation, to be released in partnership with the Department of Health Care Services (DHCS) and the Managed Risk Medical Insurance Board (MRMIB). He noted the Board also delegated authority to the Executive Director to negotiate lease options for permanent office space.

**Public Comment:** None.

**Agenda Item IV: Approval of December 20, 2011 Minutes**

Chairwoman Dooley asked for a motion to approve the minutes from the December 20, 2011 meeting.

Presentation: [Board Meeting Minutes - December 20, 2011](#)

**Discussion:** None.

**Motion/Action:** Ms. Belshé moved to approve the December 20, 2011 minutes. Dr. Ross seconded the motion.

**Public Comment:** None.

**Vote:** Roll was called, and the motion was approved by a unanimous vote.

#### **Agenda Item V: Report from the Executive Director**

Mr. Lee presented an update of the contracting processes under way.

Presentation: [Presentation - Contracting Update](#)

Mr. Lee noted that the Exchange's actions are grounded in evidence-based policymaking, as discussed at previous meetings.

#### **Discussion: Personnel Matters**

Mr. Lee announced that three staff people have joined the Exchange effective January: David Panush, Director of Government Relations; Sharon Stevenson, General Counsel; and Renee Cannon, Administrative Assistant. Mr. Lee noted that recruiting continues and said the Board appreciated receiving a letter from a coalition of groups representing diverse groups in California, CPEHN, and others, noting their willingness to help with recruitment to ensure staff is diverse. He said that creating a diverse staff is key as the Exchange continues forward and that the Board looks forward to participants assisting with recruitment. Mr. Lee noted that the Exchange has posted the nine senior positions to the website.

#### **Discussion: Administrative Update**

Mr. Lee said the Exchange posted notice of an additional January Board meeting for January 26, 2012, noting that the Exchange is working with state partners to develop joint comments on the federal Essential Health Benefits Bulletin at the meeting. Mr. Lee said the Exchange had received comments from dozens of groups on many different elements of the CalHEERS solicitation and noted that if issues arise during the vendor process addendums and updates can be made and the Board can clarify the work of the vendor, expressing how important public comment is to the Exchange.

Mr. Lee noted that there was concern about Board meeting dates conflicting with the Assembly Health Committee and said the Board would consider adjusting the calendar at the next Board meeting, commenting that it is impossible to avoid conflicting with everything but that the Board wants to be mindful of people's dueling demands.

**Public Comment:** Beth Capell, Advocate, Health Access California, commented that she appreciated the Board's interest on changing meeting dates to avoid conflicts and noted that Health Access would be submitting comments on the CalHEERS solicitation in writing. She said the documents shared were thoughtful and that in regards to the qualified health

plan and delivery reform contract solicitation, assuring good consumer protections will be especially important.

Mr. Lee said the Exchange would release a standard set of questions to get input on Qualified Health Plans and on other issues in the future.

Ellen Wu, Executive Director, California Pan-Ethnic Health Network (CPEHN), thanked the Board for acknowledgment of the diversity letter and said CPEHN would submit comments on the CalHEERS solicitation in writing.

Monica Blanco Etheridge, Executive Director, Latino Coalition for a Healthy California, commented that the Board addressed some concerns in regards to contracting with individuals who will be sensitive to cultural and linguistic competency issues. She noted that the Exchange, as a public/private partnership, needs to ensure private sector participation is sought and retained.

Cristy Boisvert, National Psoriasis Foundation, provided comment through the conference line. She described psoriasis and noted that many with the condition struggle to find treatments that work for them, saying that the Exchange would allow those with conditions such as psoriasis to find treatment without the current restrictions including rigid preauthorization policies and high out-of-pocket expenses. She said that the Foundation would like to work with the Board to develop a patient-centered Exchange with a comprehensive benefits package.

#### **Agenda Item VI: Presentation of CalHEERS Solicitation Update and Potential Exchange Enrollment Data**

Yolanda Richardson, Senior Consultant, California Health Benefit Exchange, and Dianne Koelzer, Interim IT Project Director, CalHEERS, presented an update of the CalHEERS Solicitation and Ken Jacobs, Chair, UC Berkeley Labor Center, presented potential eligibility and enrollment estimates.

Presentation: [Presentation - CalHEERS Update](#)

Yolanda Richardson and Diane Koelzer gave the presentation. During the presentation, Ms. Koelzer introduced Ken Jacobs who presented the enrollment and eligibility estimates. He thanked the board for allowing UCLA and UCB to participate and thanked the California Endowment for their support. He said in the prior week, the exchange staff pulled together a very productive meeting on health care simulation and microsimulation models and noted that estimates will be released in upcoming weeks.

Mr. Jacobs explained how the microsimulation model works. The model predicts firm behavior in insurance offerings in individual behavior and coverage offerings, in response to changes in policy, based on best available evidence from the literature. The basic assumption is that firms act rationally. The question is are employees better off receiving higher pay or benefits through the firm? They found a very small overall impact on employer offers.

He said the main factors affecting individual behaviors include current insurance coverage, income, change in insurance costs under new policies, health status, and insurance offerings available to

them. They incorporated new policy elements in the most recent model, a major one being a more stringent eligibility for those who have job-based coverage. Coverage offered by employers affects eligibility for subsidies. He said they had fewer families overall in the exchange-eligible guidelines than some other data said, so that made one change; thus experts said they should reweight some of the DLS data looking at household income. The second area of change they raised was what they project forward as premiums increase. Advice they received from Washington and experts said they were projecting too high (probably 6.5% instead of projected 7.5%). He said other aspects were important that depend on what individuals do. They were looking at high and base Medicaid take-up scenarios; the base take-up model was based on 57% of newly eligible and 10% of already eligible. On the high end, they used 70% and 40%. Urban Institute puts them at a high of 75%. Currently, it is about 50% to 60%, and Massachusetts goes up to 80%.

He noted that their modeling needed to consider issues such as what is the phase-in period, as people actually enroll. They started by assuming that 50% will phase in the first year, and the rest will phase in over 5 years. People connected to the system can affect that. Do we expect a larger group to come in up front? He pointed out the microsimulation mode is constructed based on what we know of individual behavior in the current world; there are things the exchange can do to increase coverage in the exchange that would change the results. There is a significant churning of who the uninsured are over the course of a year—a half to two-thirds leave their insurance due to job losses, moving, and leaving a job. He said mechanisms could be designed that capture people in those circumstances and make the transition seamless. The percentage of insured can rise. They are trying to decide what those parameters are as well.

Also, he pointed out their simulation model is a point-in-time estimate, but the individual market is largely a transitional market—one in which people come in after losing job-based coverage, stay, and then phase back out. About 60% of the transfers are between job-based coverage, and about 20% is between the individual market and public programs. Survey found in a two year period, only 12% were in the individual market for the whole two years; 17% stayed in it between one and two years, and 71% were in it less than one year. When they are considering what they need in terms of IT and personnel, they won't just be enrolling those who are eligible, but who that is will move over the period. He said they look forward to continuing to work with the staff and the board on this.

Ms. Koelzer returned and discussed the next steps and the timeline.

**Discussion:** Dr. Ross gave compliments, saying he knows there is a lot more work to do. He gave kudos to Mr. Lee and the staff for taking a complicated solicitation and trying to make the best of it with all the comments. Second, he said he marvels at the ability of the advocates and advocacy organizations to quickly turn around constructive comments. They are especially helpful and useful when the organizations get together and organize their comments under the same banner. He thanked Elizabeth Landsberg from the Western Center and the rest of that group for getting comments together on that matrix, even over the holidays. He said it gives him a sense of comfort that those in the boat with them really want to make the exchange work. Last, he said thank you in advance for bearing with the board on the oppressive time frame. He pointed out that every few weeks the exchange can save in terms of process is another couple of weeks it buys on the implementation side as January

2014 approaches. He wished there was more time for stakeholder input, but he said they are doing the best they can, balancing speed and inclusion. He said Mr. Lee is doing a good job.

Ms. Belshé said she had questions for Mr. Jacobs. She expressed appreciation for the presentation. She asked for help from those who have worked through these models and assumptions in understanding—how does the model account for the fact that the world envisioned by the ACA and the world required of the ACA is very different than the one we've all experienced? She said she was thinking principally in terms of single streamlined applications, automated verification, real-time enrollments—some of the new rules and requirements create a very different context. How does the modeling account for the different context in a 2014 environment?

Mr. Jacobs said that's part of why they looked at different take-up parameters. He said 57% is where we are in today's world in terms of Medicaid take-up. In a new world, what does that go up to? Various literature speaks to how outreach changes enrollments, and we can look at other states. But some of it is unknown. For the exchange enrollment, especially of the uninsured, what share are going into the subsidized exchange? They are using elasticities from literature on change in price, and taking into account the individual mandate, but all of these other elements will matter as well. In the end, that part of the modeling is an art, not a science. Based on what we know about the world, how many parameters do we want to test? If we do this right, how much can we boost it?

Ms. Belshé said that's important to remember: we can make a significant impact on what those numbers would be. For example, one example of decisions Mr. Jacobs cited as an exchange decision was in relation to churning and continuity of coverage. She asked, are there other policy decisions impacting enrollment he would encourage the exchange to pay attention to?

He said as someone applies for unemployment insurance online, it could be added as another forced question on the form: do you have health insurance? In line at the DMV, which is a sign someone has moved and thus may have lost insurance—do you have health insurance? If we track those things out, there is a whole series of places where, for a low cost, we can catch people and move them in. Other things that have been brought up too, the no-wrong-door—all the things that make it easy for people to get and stay in coverage. That is a new world, and should change enrollment significantly. And finally, the outreach efforts; you see the biggest increases in enrollment in terms of outreach is amongst non-native English speakers. We must reach people in their own languages, having people who are culturally competent in reaching people where they are; all of that strongly impacts enrollment.

Ms. Belshé said the board recognizes some aspects of federal law itself will strongly affect who's in and who's out. Some of that is evolving. All these issues around ease of enrollment and outreach/education are opportunities for the exchange to make a difference and will strongly affect enrollment.

**Public Comment:** Elizabeth Imholz, from Consumers Union, said her group appreciates the solid product and the process that allowed the public to comment on the draft, highly unusual, and something that makes the California exchange stand out in a good way. She

said they like a lot of what they've heard today, it sounds very responsive. She wanted to call out in terms of language access that the Medi-Cal threshold language as well as privacy and security will be really critical issues to the success and trust of the exchange. She said privacy and security are evolving, and that the law has not really caught up with structures under health care reform including exchanges. She appreciated the recognition Yolanda talked about and the importance of keeping up with best practices. She said her group looks forward to working with the exchange and providing what help they can in developing best practices and places where there may need to be changes in law to address privacy and security.

Beth Capell, on behalf of Health Access California, said she had a few points on the solicitation and on the microsimulation. On the solicitation, her group appreciates the clarity on governance, which troubled us, the greater clarity on DHCS as the sole state agency for Medicaid. They would like to see the MEDS system updated, but didn't think this was the appropriate vehicle for accomplishing that. With respect to the microsimulation model, she said in addition to the point Ms. Belshé made about the opportunity for the exchange to make a difference, she pointed out that we have a natural experiment here, saying we can make predictions and see if they come true or not. The numbers are predictions about what the impact of the experiment will be. Her group has worked on what the response of employers will be in this new world, and they have wildly varying opinions. For instance, if many cease offering benefits, it would result in very different situation than the one predicted, a very different world. She said her group will work with the UC team as well and encourage the exchange board and the other state agencies to also ask these questions of what the world could and should look like.

Elizabeth Landsberg, director of legislative advocacy from the Western Center on Law and Poverty, expressed that they appreciate ability to comments. She said an excellent product has been put out, and they look forward to seeing continued development. On governance, she said not a lot was clarified for her today. She appreciates the clarification that each agency will keep having oversight over their own programs. To the extent that an upgrade of MEDS is included—she was not sure if this would be part of the CalHEERS solicitation. She asked for clarification of roles—for instance, if there were a disagreement about how the contractor is programmed in magi, it would affect millions on Medi-Cal, for example. They wonder what the formal process would be when DHCS and the exchange disagree, saying it's not a theoretical argument. She said they share the desire to modernize MEDS and understand it may be a longer process. She hopes for more specification in this RFP or maybe another process. She said it's also helpful to hear that mail, in person, and by phone applications will be processed by the service center and looks forward to additional detail on integration with the statewide automated welfare systems (SAWS).

Cathy Senderling, of the County Welfare Directors Association of California, said she looks forward to seeing final RFP. She said it's clear a lot of thoughtful changes were made. Her group didn't see it expressly mentioned in PowerPoint today, and wanted to repeat—they are assuming the focus on RFP is to ask bidders to bid on a central rules system, and not on to receive bids on a distributed model, i.e., using SAWS. They do urge again to ask for the distributed option to be bid. Her group has given the board much information on why that would be advisable. She said considering all of those transitions and all that movement

across programs, from the customer service aspect, leveraging and building on what we already have will be the best. She said the board should look at all these options, but ask all those options to be bid on to give themselves the best information to make the best decisions possible. She said clearly we are moving from IT to operations. She said we need to make sure the outreach and the operations are where we want them to be.

Kim McCoy Wade, from the Alliance to Transform CalFresh, one of groups who coordinated a sign-on letter of 16 groups said she was happy to see that in there. She said her group is concerned that the current language in there is that CalHEERS will transmit data, which would be a step backward. People who currently apply for Medi-Cal and Health Families are connected to nutrition, automatically at the counties with SAWS. She said it's wonderful to be creating a world-class consumer oriented system, but said this is actually creating a separation. She asked that three things be considered—starting the application process, not just creating a data dump, and said why not complete the application, saying most states and counties have online applications for CalFresh and it wouldn't be that hard to add to CalHEERS. Also, she suggested CalHEERS could deliver eligibility information back to other folks. She said all of that needs to be building on the county integration of these supports for families and not separating them out. She urged the board to make sure we are stepping forward.

Ellen Wu from CPEHN said thank you for considering her group's comments. She said it was good to hear about using the Medi-Cal threshold languages and that the website will be in Spanish. She said please consider translating it into Chinese, noting that the whole thing doesn't have to be translated, just portions until there is a greater need and more resources are available. She noted that, if someone doesn't speak English or Spanish and goes on the website, there somehow has to be a place for them to go to get help. She encouraged the board to put up a very prominent notice in at least fifteen languages on all the pages directing people to oral help or a translated document, a list of assisters or something, trying to decrease the difference between who's eligible and who ends up enrolled, really reaching out to communities of color who are most impacted. Also she said the language on the website should be very accessible and friendly and use plain language because of health literacy issues. In regards to the marketing RFP, she said they understand that there will be focus groups in English and Spanish, but hopes focus groups will be held in other languages despite the fast timeline. Her group is working with UCLA funded by the California Program on Access to Care, doing group interviews, and they will share information with the board. She said for the marketing RFP, Medi-Cal managed language threshold languages should be used with marketing and outreach materials as well and underscored the importance of working with vendors who are familiar with multicultural needs.

Lucy Quacinella, on behalf of Maternal and Child Health Access, said she appreciated the opportunity to comment. She wanted to point out a few items don't believe other commenters pointed out. One, they think the CalHEERS system is excellent opportunity to have a way to track and monitor aggregate cost sharing for consumers. This functionality exists in Medicare part D copayment tracking. The government pays subsidies, and the consumer is responsible for a certain amount of cost sharing, and for low-income people, there is an aggregate. They tell clients to keep receipts and come see them if they think they've hit their cap. Medicare part D has automated that, on the other hand. It would be

great to include that kind of functionality from the get-go. Similarly, another functionality they think would be a major improvement: Medi-Cal is a payer of last resort, and when others have other coverage, have to go to that first. The system in California today for informing consumers and providers about whether they have other health coverage, with the example of single moms with kids who have court-ordered medical support—how is the family informed about the scope of their coverage and the cost-sharing of that coverage? There are major barriers to access, and for CalHEERS, there are databases they can be accessing. Others have addressed transparency and accountability, which are very important. To her group it's clear that individual departments are still in charge of their programs, unless there is a change in law, but she wondered what the role of the executive committee will be, in terms of where consumers and others can go to report problems with the CalHEERS system. If there is a glitch in screening for Medi-Cal, you can take it to the department, but if the executive committee and exchange board are involved overall, what will that interface be? How do you get problems fixed quickly or prevented? If she were a vendor, she would want to know where the chains of command are. The public will be on the lookout for problems and want time-sensitive changes.

Leticia Alejandrez, executive director of the California Family Resource Association, which represents over 200 family resource centers in all 58 counties commented on service center planning partners and the assisters. She reminded the board to expand its thinking and to really integrate and include community-based family resource centers, often in low-income communities, who work very closely with families, and are well aware of the needs of people of color. They also want to second the importance of finding vendors who are familiar with communities of color and their needs.

Dr. Ross noted that the issue of ongoing the governance of the CalHEERS system still needed further clarification issue. In response to a question from Dr. Ross, Chairwoman Dooley said about the roles and responsibilities under new law, there are places that are unclear. The commitment the Exchange has made is to work cooperatively to meet the objectives of the ACA and the CalHEERS structure has been to work toward collaboration and consensus decision-making. She said there are clear places in the law where Healthy Families, Medi-Cal, DMHC, etc., have clear authority. She expressed her commitment to resolving any issues where there was unclarity or overlap in as cooperative a way as possible, but said at the end of the day, areas of Medi-Cal administration will be managed by Medi-Cal, etc. She noted her personal appreciation for the collaborative work of individuals such as Toby Douglas, Janette Casillas, and Bret Barnhardt, and leadership from the California Department of Insurance, who have worked with Mr. Lee and Exchange staff on a wide range of issues and she was very impressed with how everyone has worked together to find right answer. When and if there are disagreements, she said they would find a way to cross those bridges. But she doesn't think they have yet found an impediment and she plans to avoid impediments. Dr. Ross noted that when in doubt, the tiebreaker is the law.

Mr. Lee said in the discussions they have had with DHCS and MRMIB, they are examining the comments they have gotten about the issue of governance of the CalHEERS system and the partners are exploring establishing an Memorandum of Understanding (MOU) or other mechanism to clarify relationships between the three partners. He noted that the comments are helpful in seeing how they will deal with pieces in the gray overlap (acknowledging that

there will certainly be issues of overlap) to reflect the spirit of collaboration that has been evidenced to date. He said the more they can be clear with a vendor, the public and each other on where the lines are, the better.

On the phone: Sylvia Yee, staff attorney with Disability Rights Education and Defense Fund, said she wanted to echo the appreciation that accessibility and simplified language will help for those who are capable of using CalHEERS on their own. She wanted to draw attention to what might be a narrow problem: for those who have guardians or helpers, she said it is important that there be a way for those individuals to also use the website. It is important that they not run into problems where it asks questions that are difficult to answer. There should be an option for people who are answering the questions but submitting them with the assistance of another person who is pressing the buttons. She also asked for a greater period of time for submitting comments.

Chairwoman Dooley said assisters were included in the solicitation. She said with regard to the timing, as they have said before, they have a very ambitious agenda to be ready to go in January of 2014, and they are giving as much time for input as they can, and it will still be very hard to be ready to go. She said she appreciates the comments and the effort that everyone is making, including those of you who are responding to these short turnarounds.

Ms. Kennedy asked if Mr. Lee could go over the schedule for the RFP one more time.

Mr. Lee said this solicitation would be released January 18, and the addendum would be released on January 26, with the actual contract language and the SHOP enrollment estimates. January 27 will be the bidders' conference. He said as Chairwoman Dooley said, there have been not only good comments from stakeholders but also from vendors, boding well for solicitation from partners who think this is a tough but doable timeline. The solicitation has responses due February 24. He said they have structured the solicitation so vendors do not have to respond to minutiae, but key elements must be addressed. The goal is to award the contract April 17. This is all in an effort to start pre-enrollment as soon as July 2013. That timeline is aggressive but doable.

He also wanted to note that written and verbal comments are great, but reminded everyone that since the next meeting of the Board is on the bulletin of essential health benefits, they are committed to presenting a draft of comments they may make with their state partners. They also welcome comments people may have prior to that.

## **Agenda Item VII: Adjournment**

The meeting was adjourned at 1:56 p.m.