



## **EXECUTIVE DIRECTOR'S REPORT**

Peter V. Lee, Executive Director | December 7, 2017 Board Meeting

# ANNOUNCEMENT OF CLOSED SESSION

# COVERED CALIFORNIA BOARD CALENDAR: 2018

- January 18
- February 15 (possibly no meeting)
- March 15
- April 26 (possibly no meeting)
- May 17
- June 21
- July 19 (possibly no meeting)
- August 16
- September 20 (possibly no meeting)
- October 4
- November 15
- December 20 (possibly no meeting)

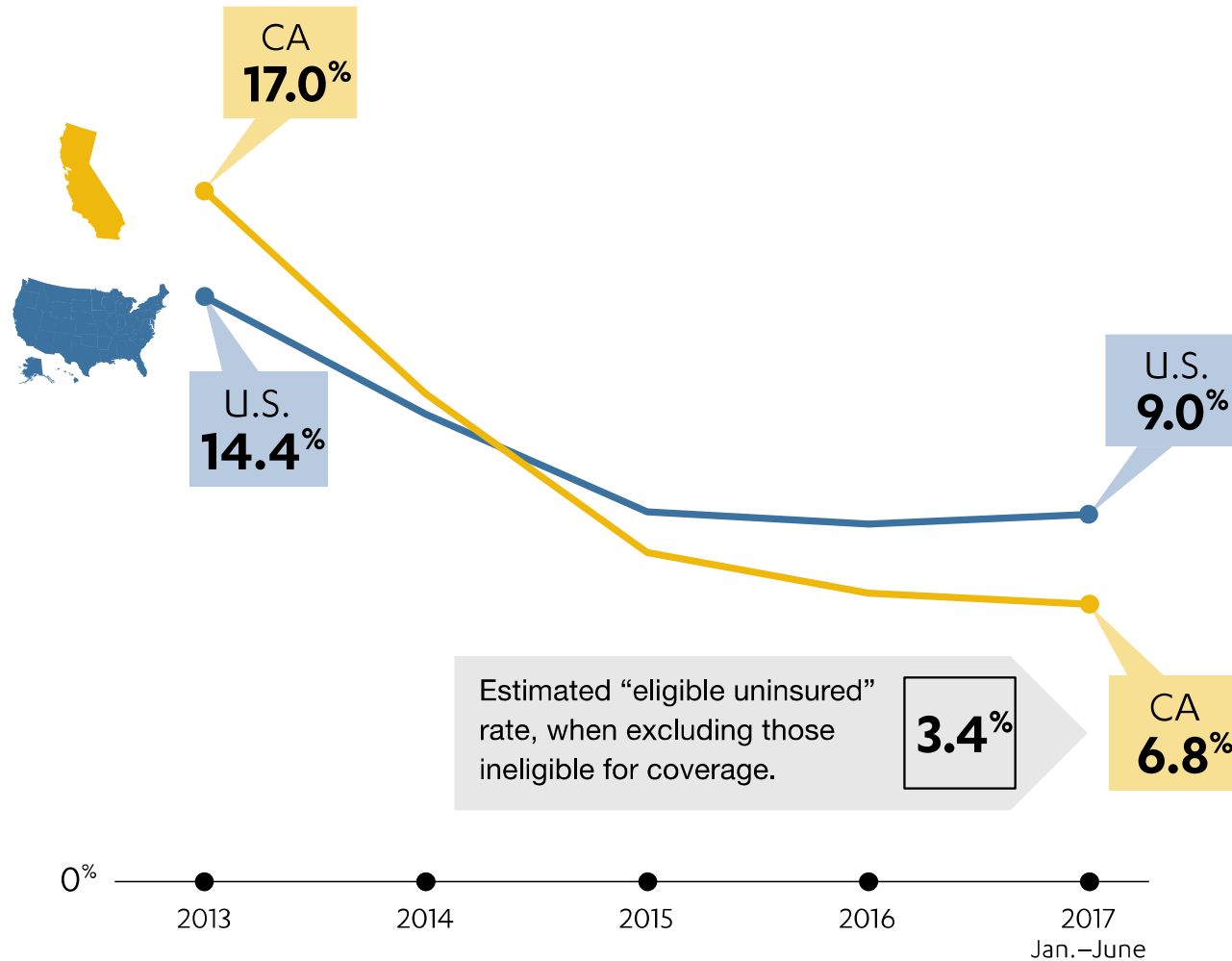
# MEETING OVERVIEW

- Executive Director's Report
  - Open Enrollment Update
- Covered California Policy and Action Items

## **Discussion**

- Covered California for Small Business (CCSB) Eligibility and Enrollment Emergency Regulations Readoption and Permanent Rulemaking Authorization

# COVERAGE EXPANSION HAVING DRAMATIC EFFECTS IN CALIFORNIA

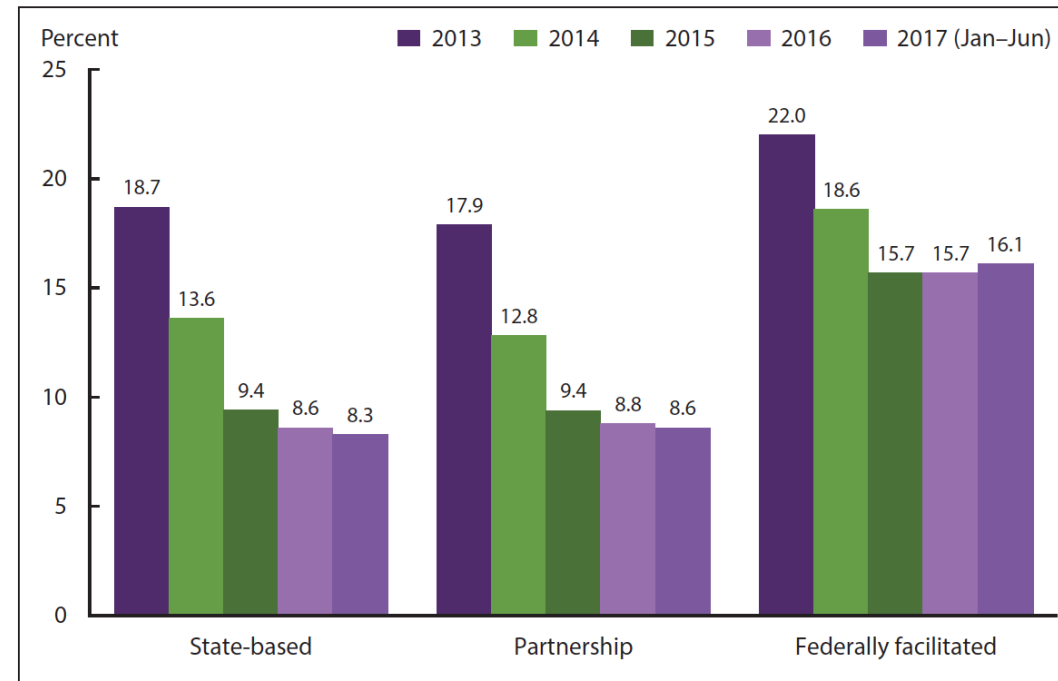


With California's expansion of Medicaid and the creation of a state-based marketplace, the rate of the uninsured has dropped to historic lows. Almost four million new enrollees are in the Medi-Cal program and 1.3 million people are enrolled through Covered California.

Source: U.S. Centers for Disease Control and Prevention's National Health Institute Survey  
<https://coveredcanews.blogspot.com/2017/11/new-cdc-report-shows-number-of.html>

# NATIONALLY: GOOD NEWS BAD NEWS – STATE-BASED MARKETPLACES CONTINUE TO REDUCE UNINSURED, FEDERAL MARKETPLACES GOING WRONG DIRECTION

Figure 10. Percentage of adults aged 18–64 who were uninsured at the time of interview, by year and state Health Insurance Marketplace type: United States, 2013–June 2017



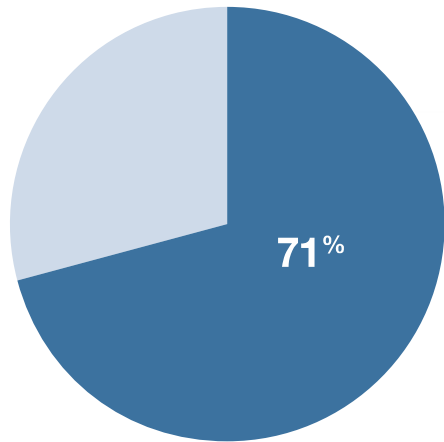
NOTE: Data are based on household interviews of a sample of the civilian noninstitutionalized population.  
SOURCE: NCHS, National Health Interview Survey, 2013–2017, Family Core component.

- State-based marketplaces showed continued drops in uninsured rates, indicating continued enrollment and positive risk mix.
- Federal marketplace states show uptick in uninsured rate for first time in four years, indicating lower marketplace enrollment and likely worst risk mix and higher premiums to come.

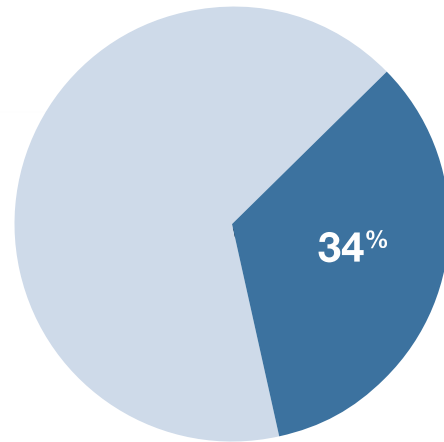
<https://coveredcanews.blogspot.com/2017/11/new-cdc-report-shows-number-of.html>

# EVEN WITH GREAT RECOGNITION OF OUR BRAND – MARKETING IS CRUCIAL

**Uninsured: Expectation of Subsidy Eligibility is Associated  
with Higher Intent to Enroll – 2017**



Expect Subsidy  
**2X More Likely To Enroll**



Unsure/Don't Expect Subsidy

**If Consumers Know They Are  
Subsidy Eligible They Are 2X More  
Likely to Enroll**

- 96 percent of those surveyed are aware of Covered California and the Affordable Care Act
- However, nearly 75 percent of the uninsured don't know they qualify for subsidies
- Those who are eligible for a subsidy are twice as likely to enroll

Covered California Sentiment Research Wave 2: A Quantitative Study on Current Attitudes and Select Insured Californians Toward Health Insurance Coverage. Greenberg Strategy. Oct. 5, 2017 ([http://www.coveredca.com/PDFs/October\\_2017\\_Covered\\_California\\_Sentiment\\_Survey\\_FINAL.pdf](http://www.coveredca.com/PDFs/October_2017_Covered_California_Sentiment_Survey_FINAL.pdf))

See "Marketing Matters: Lessons From California to Promote Stability and Lower Costs in National and State Individual Insurance Markets":

[http://hbex.coveredca.com/data-research/library/CoveredCA\\_Marketing\\_Matters\\_9-17](http://hbex.coveredca.com/data-research/library/CoveredCA_Marketing_Matters_9-17)

<https://coveredcanews.blogspot.com/2017/10/new-survey-highlights-continued-need.html>

# OPEN ENROLLMENT UPDATE



# 2018 OPEN ENROLLMENT: PROGRESS FOR NEW SIGN UPS

# 102,000

Individuals have selected health care plans as of November 30, 2017.

Enrollment 28 percent increase over same period last year.

<https://coveredcanews.blogspot.com/2017/12/covered-californias-open-enrollment.html>

## 2017 RENEWALS

# 1.2 million

Individuals went through renewal. Approximately 31% actively renewed.

## Renewal rate very similar to 2017.

<https://coveredcanews.blogspot.com/2017/12/covered-californias-open-enrollment.html>

# INDIVIDUAL NET PREMIUMS DOWN 10 PERCENT FOR THOSE RECEIVING SUBSIDIES IN CALIFORNIA

Table 1: Comparing Net Prices of Plans Selected for 2017 and 2018 coverage for Californians Receiving Financial Assistance in Covered California

<b>Metal Tier</b>	<b>2017</b>	<b>2018</b>	<b>Difference</b>	<b>Difference in Percent</b>
Bronze	\$87	\$45	-\$43	-49%
Silver	\$135	\$132	-\$3	-2%
Gold	\$290	\$212	-\$78	-27%
Platinum	\$360	\$286	-\$74	-21%
<b>Average</b>	<b>\$135</b>	<b>\$120</b>	<b>-\$14</b>	<b>-10%</b>

- For the 85 percent of Covered California enrollees receiving financial help, based on November new enrollment and renewals, their costs will drop 10 percent in 2018 compared to 2017
- For bronze plans – net premium cut in half from 2017 to 2018: peace of mind available for less than \$50 per month
- California’s consumers experience mirrors national experience – where subsidized consumers will, on average, pay less in 2018 than 2017

<https://coveredcanews.blogspot.com/2017/12/covered-californias-open-enrollment.html>

# PREMIUMS FOR UNSUBSIDIZED CONSUMERS RISING, BUT NOT AT HUGE LEVELS

Table 2: Comparing Prices of Plans Selected for 2017 and 2018 coverage for Californians Who Are NOT Eligible for Financial Assistance

<b>Metal Tier</b>	<b>2017</b>	<b>2018</b>	<b>Difference</b>
Bronze	\$354	\$389	\$35
Silver*	\$446	\$494	\$48
Gold	\$491	\$546	\$55
Platinum	\$582	\$644	\$62
<b>Average</b>	<b>\$436</b>	<b>\$478</b>	<b>\$43</b>

- For California consumers who do NOT receive subsidies – including about 15 percent of Covered California enrollees and the off-exchange individual market – costs increased an average of 10 percent.
- Provisions to have off-exchange plans NOT include the CSR-Surcharge is protecting hundreds of thousands of Californians for additional price increases.

<https://coveredcanews.blogspot.com/2017/12/covered-californias-open-enrollment.html>

# SERVICE CENTER UPDATE

## Improving Customer Service/Technology Solutions

- Started voluntary and mandatory overtime November 2017
- Delivered One Call Resolution Refresher Training for Open Enrollment 5

## Enhancing Technology Solutions

- Updated Interactive Voice Response (IVR) system messaging for Open Enrollment 5
- Revised languages on the Disclaimer box for Service Center Operations
- Created a new Executive Dashboard in partnership with Covered California Information Technology Division

## Staffing Updates

- Vacancy rate down to less than 11 percent (2017) from 19 percent (2016) this is a reduction of almost 8.5 percent
- Surge vendor fully staffed at 600 (as of 11/2017, of which 585 are dedicated to inbound voice) and 549 (as of 11/2016) this is an increase of just over 9 percent
  - 185 bilingual staff (2017) as compared to 136 bilingual staff (2016) this is an increase of over 35 percent

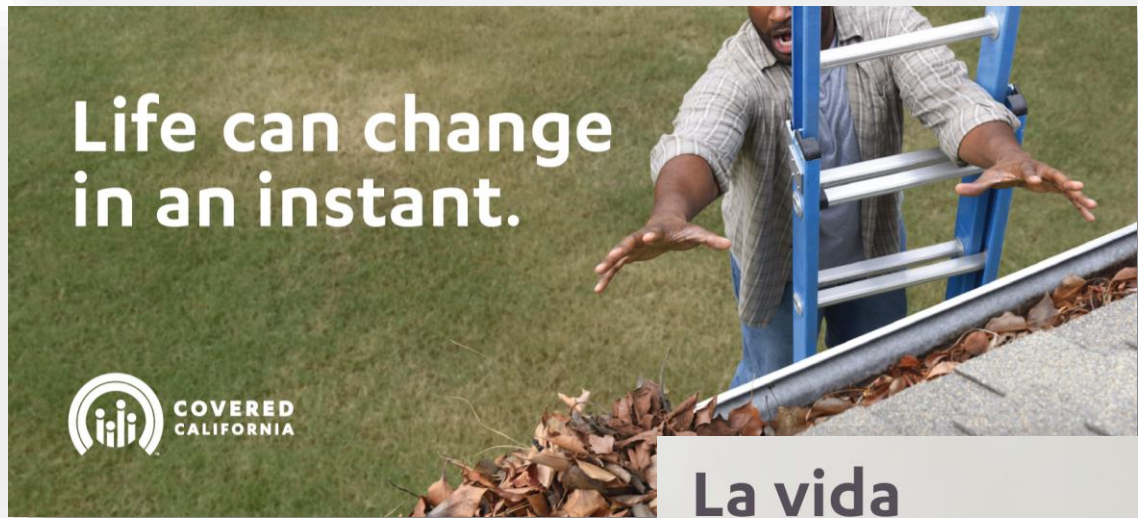
# SERVICE CENTER PERFORMANCE UPDATE\*

Comparing November 2017 vs. 2016 Call Statistics

Year	Calls to IVR	Calls Offered to SCR	Abandoned %	Calls Handled	ASA	AHT	Service Level %
2017	604,917	318,635	17.68%	285,145	0:10:17	0:20:57	22.35%
2016	506,392	298,096	5.14%	278,154	0:2:52	0:18:06	55.30%
Rate of change	20% increase	7% increase	244% increase	2.5% increase	259% increase	16% increase	60% decrease

- **Total call workload increased approximately 30% from 2016 to 2017 for the month of November, due to the call workload and longer Average Handle Time outpaced our staffing increases by approximately 8% from November 2016 to November 2017**
- **A total of 11,136 additional calls potentially could have been handled the month of November 2017, if our Average Handle Time was comparable to November 2016 (based on call arrival patterns)**

# VERTICALLY INTEGRATED MARKETING CAMPAIGN



- TV
- Radio
- Out-of-Home
- Print
- Digital



# HISPANIC MARKET

Print

**Con Covered California podrías pagar menos por tu seguro médico.**

 **COVERED CALIFORNIA** | **ES CUIDADO PARA LA VIDA.** 9 de cada 10 personas que se inscribieron calificaron para ayuda económica para pagar por su seguro médico, así que entérate de los ahorros para los cuales podrías calificar. Nuestros expertos pueden ayudarte a elegir el mejor plan para ti.

CoveredCA.com/espanol      800.995.5087      [Obtén seguro médico hoy. Inscríbete antes del 15 de diciembre.](#)

Out of Home

Digital



La vida te puede cambiar en un instante.

 **COVERED CALIFORNIA**

La vida te puede cambiar en un instante. No esperes. Asegúrate.

Mira lo fácil que es obtener seguro médico.

-  Obtén ayuda económica
-  Busca y compara planes de salud
-  Obtén ayuda para inscribirte

 **COVERED CALIFORNIA** [Más información](#)



# ASIAN MARKET

Print



**COVERED CALIFORNIA**
  
 CoveredCA.com/Chinese
   
 免費 800.300.1523 粵語 800.339.9938

人生瞬息萬變 - Covered California 讓您萬一需要時有所保障  
 保證讓您比較選擇 - 我們有會說您語言的認證專家來幫助您  
 不只是健康保險 - 更是人生的保障  
 請把握選擇保險的機會 - 開放登記期到1月31日截止



CoveredCA.com/Korean  
 800.738.8116

인생은 한순간에 뒤바뀔 수 있습니다. Covered California는 여러분에게 어려운 상황이 닥쳤을 시에도 보장을 제공하고 있습니다.  
 여러분의 언어를 구사하는 공인 전문가가 적절한 의료 옵션을 검토해 도울 수 있습니다. 재정적 지원도 받으실 수 있습니다.  
 1년 가량 10명 중 9명이 지원을 받았습니. 귀하께서 어떤 지원을 받으실 수 있는지 확인해 보십시오.

간단하여 쉬운 인생을 확보하십시오.

지금부터 보장받으십시오. 등록은 12월 15일까지입니다.

Digital

Thời gian ghi danh cho  
bảo hiểm sức khỏe sẽ hết hạn vào  
ngày 31 tháng Giêng.

Tìm Hiểu Thêm

# AFRICAN AMERICAN MARKET

Print



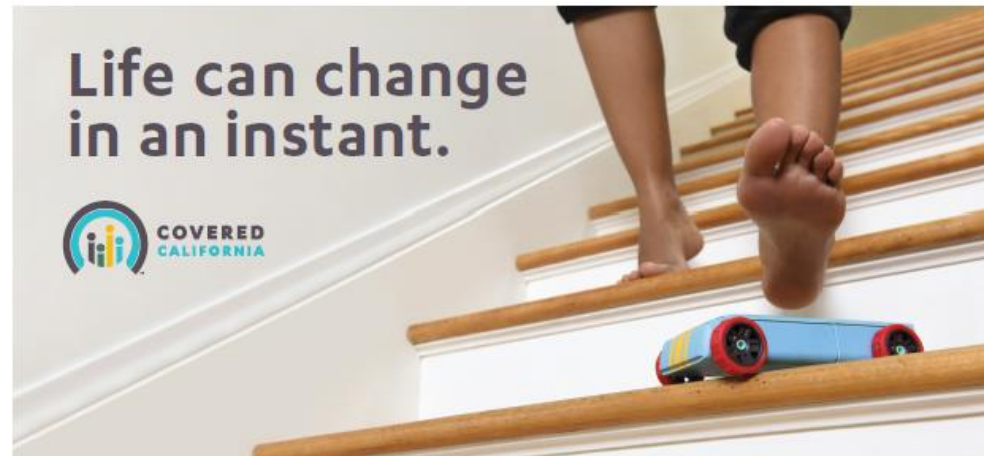
Life can change in an instant.

blue of california HealthNet KOBEL FINANCIAL L.A. Care MOLINA HEALTHCARE OSCAR

**COVERED CALIFORNIA** ITX LIFE CARE  
CoveredCA.com 800.375.8355 Get covered today. Enroll by December 15.

Life can change in an instant and Covered California wants you to be covered when it does. Our experts are ready to help find the right health plan for your family. We offer plans from a variety of insurance companies and each one includes free preventive care like checkups and diabetes screenings. Of those who qualify, 9 out of 10 qualify for financial help. So check for yourself.

Out of Home



Life can change in an instant.

**COVERED CALIFORNIA**

Digital



Get help choosing a health plan.

**COVERED CALIFORNIA** FIND HELP

# LGBTQ

Print



**Being covered is the best plan.**

Anthem BlueCross | blue of california | CCHP Health Plan | HealthNet | Kaiser Permanente | oscar | VHP | Western Health Advantage

Insurance companies vary by region.

**COVERED CALIFORNIA** | *It's LIFE CARE.*

Life can change in an instant, and Covered California wants you to have coverage when it does. But, we're not only here to help you get health insurance. We're here to help you get it at a lower cost. Our experts can help you find a brand-name health plan for you and your budget. And 9 out of 10 enrollees even qualified for financial help paying for their plan, so it pays to check for yourself.

Don't miss your chance to get covered. Open Enrollment ends January 31.

CoveredCA.com

Digital



Life can change in an instant. Be covered when it does.

**COVERED CALIFORNIA** **ENROLL NOW**

- Get Financial Help
- Shop & Compare Health Plans
- Get Help Enrolling

**CLICK TO CONTINUE**

# OPEN ENROLLMENT 5 BUS TOUR

## “Covered In Art Tour”

November 1-7, 2017

- Day 1: San Diego/Los Angeles
- Day 2: Long Beach/Ventura
- Day 3: Santa Barbara/Santa Maria
- Day 4: Bakersfield/Fresno
- Day 5: Sacramento/San Jose/Santa Cruz
- Day 6: Monterey/Oakland



# VISITING CLINICS AND STOREFRONTS ACROSS CALIFORNIA



# GETTING THE WORD OUT




# RECENT MEDIA STORIES

Washington Examiner

Tuesday, November 28, 2017

## Nearly 2.3 million customers sign up for Obamacare in 18 days, outpacing last year

by Kimberly Leonard | Nov 22, 2017, 10:33 AM



Here's what Obamacare had to do with tax reform

Sign up for News from Washington Examiner

WHAT'S YOUR GAME PLAN? KNOW YOUR MEDICARE RELATED OPTIONS LEARN MORE

Recommended for You

George H.W. Bush becomes longest-living president in US history

THE SACRAMENTO BEE


## California's uninsured rate drops to new low


BY CATIE ANDERSON

NOVEMBER 21, 2017 05:40 AM

California continued to realize gains in signing people up for health insurance in 2017, according to new statistics from the U.S. Centers for Disease Control showing that the Golden State's uninsured rate dropped to a new low of 6.8 percent in the first six months of the year.

Moreover, the states that operate their own health insurance marketplaces had an uninsured rate of 8.3 percent, compared with 16.1 percent for those states in the federally facilitated exchange, the CDC data show.





San Francisco Chronicle

## Rising premiums, consumer confusion as Covered California enters 5th year

By Catherine Ho | October 30, 2017 | Updated: October 30, 2017 3:35pm




Photo: Paul Clark, The Chronicle

IMAGE 1 OF 4

Robyn Adams has health insurance along with her family through Kaiser, via the Covered California exchange. Adams, an Oakland artist, will see her monthly insurance premium drop from \$147 to just \$3 for her. ... more

As Covered California enters its fifth year, the health insurance exchange is facing challenges both old and new, from rising health premiums to widespread confusion among consumers over how their health plans may change next year — all while the president proclaims that the health law that created the exchange is collapsing.

Wednesday will mark the beginning of the first open enrollment period under President Trump, whose administration has moved quickly and aggressively to undo key parts of the Affordable Care Act.

How Covered California weathers the storm will be telling, experts say, as it is the largest and arguably most successful state exchange in the nation, with 1.3 million residents insured in plans bought through the exchange.

The Washington Post

## White House's decision to stop ACA cost-sharing subsidies triggers strong opposition

Politics

How Trump is weakening Obamacare



How President Trump's health-care order hurts Obamacare (Video: Jenny Starns/Photo: Jabin Botsford/The Washington Post)

By Juliet Eilperin, Amy Goldstein and Carolyn Y. Johnson | October 13

The Trump administration's decision to halt payments to insurers that help millions of lower-income Americans afford coverage under the Affordable Care Act roiled the law's insurance marketplaces Friday and sparked an immediate legal challenge from nearly 20 state attorneys general.

"I obtain policy for was payin poli

LIFE I FOR

Since Nov. 1, we have conducted hundreds of interviews with Television, Radio and Print – both national and local

# MID-DECEMBER BUS TOUR II

## “Covered In Art Tour”

December 12-15, 2017

- Day 1: Los Angeles/Orange
- Day 2: Palm Springs/Fresno
- Day 3: Modesto/Stockton
- Day 4: Sacramento/Chico/Redding





# PROTECTING CONSUMERS AND PROVIDING COMPETITIVE OPTIONS IN THE FACE OF CONTINUED FEDERAL UNCERTAINTY

## THE INDIVIDUAL MARKET WAS STABILIZING IN PLAN YEAR 2017 – CALIFORNIA’S CONTINUED STABILITY WAS BECOMING THE NATIONAL NORM IN 2017

- Kaiser Family Foundation [analysis](#) of insurer financial data from the first six months of 2017 showed:
  - Individual market was stabilizing and on the path to insurer profitability.
  - 2017 rates were estimated to result in “medical loss ratios” of 77% for through the second quarter of 2017 (down from a high of 93% in the second quarter of 2015).
- S&P global market [analysis](#) found:
  - 2016 was the first year since the start of exchanges that Blue Cross/Blue Shield insurers nationally reported a gross profit (in aggregate) in the individual business line.

# FEDERAL ACTIONS CAUSING UNCERTAINTY AND INSTABILITY FOR PLAN YEARS 2018 AND BEYOND

1. **Administration not making cost-sharing reductions (CSRs) payments beginning October 2017 and no legislative solution in place.**
  - **Potential consequence:** carriers ending participation in the individual market; increased costs to consumers and/or the federal government depending on how required CSR expenses are built into premiums.
  - **Mitigations in California:** build cost of CSRs into on-exchange silver premiums to keep carriers in the market and protect unsubsidized individual market from undue premium increases.
2. **Dramatic reductions in marketing investments in Federally Facilitated Marketplace (FFM) states.**
  - **Potential consequence:** reduction in enrollment particularly among healthy individuals who need to be actively sold on the value of coverage throughout the open enrollment period; carriers ending participation; higher premiums for unsubsidized.
  - **Mitigations in California:** Covered California marketing independent of federal decisions – continued evidence-based investments to promote enrollment and lower premiums.
3. **Open enrollment period cut by half for FFM states.**
  - **Potential consequence:** reduction in enrollment particularly among healthy individuals. Impact magnified by dramatic reduction in FFM marketing this year.
  - **Mitigations in California:** use state-flexibility to maintain three-month open enrollment period.
4. **Uncertainty among carriers about federal enforcement of individual shared responsibility penalty.**
  - **Potential consequence:** significant coverage losses and exodus of carriers from individual market if replacement policy is not enacted.
  - **Mitigations in California:** added a provision to contracts with qualified health plans to allow multiyear adjustments to their margins. Additional mitigations, to be determined.
5. **Executive order on new individual market products (association health plan and short-term limited duration insurance plans).**
  - **Potential consequence:** potential harm to risk pool by “siphoning off” good risk; return of low-value “gotcha” coverage.
  - **Mitigations in California:** to be determined.

# EXAMPLES OF FEDERAL AND STATE OPTIONS TO PROVIDE STABILITY IN FACE OF UNCERTAINTY

Source of Uncertainty or Instability	National-level Mitigation Actions	State-level Mitigation Actions
Cost-sharing reductions not funded directly	<ul style="list-style-type: none"> <li>• Reinstitute direct federal funding of CSRs</li> <li>• Provide direction to carriers on “best” way to build CSR funding into premiums</li> </ul>	<ul style="list-style-type: none"> <li>• Instruct carriers in how to build CSR funding into premiums (protecting unsubsidized consumers)</li> </ul>
Reductions in federal marketing	<ul style="list-style-type: none"> <li>• Augment federal marketing for balance of 2018 (SEP) and for future plan years</li> <li>• Carriers expand direct marketing</li> </ul>	<ul style="list-style-type: none"> <li>• Review marketing spend and augment as necessary for future plan years</li> </ul>

# EXAMPLES OF FEDERAL AND STATE OPTIONS TO PROVIDE STABILITY IN FACE OF UNCERTAINTY

Source of Uncertainty or Instability	National-level Mitigation Actions	State-level Mitigation Actions
Penalty elimination	<ul style="list-style-type: none"> <li>• Aggressive marketing</li> <li>• Federal reinsurance to lower premium impact of worse risk mix</li> <li>• Impose substitute policies to foster new/continued enrollment (e.g., continuous coverage requirement or auto-enrollment)</li> </ul>	<ul style="list-style-type: none"> <li>• Aggressive marketing</li> <li>• Contractual provisions to allow plans to recoup losses in future years</li> <li>• State-level coverage requirement (e.g., penalty, continuous coverage requirement, auto-enrollment)</li> </ul>
Short-term duration health plans and association health plans	N/A	<ul style="list-style-type: none"> <li>• State regulatory action where possible</li> <li>• Contractual provisions to allow plans to recoup losses in future years</li> </ul>

# AFFORDABLE CARE ACT PENALTIES: THE BASICS AND HOW IT WORKS

- Starting in 2014, individuals must either:
  - Have health insurance coverage throughout the year;
  - Qualify for an exemption from coverage (people who are exempt because health care is “too expensive” – meaning coverage costs more than 8.05% of actual household income for 2018); OR
  - Pay a penalty when filing federal income tax returns.
- The penalty does the following:
  - Encourages consumers to shop for coverage.
  - On the margins, encourages people to purchase insurance who otherwise would not have without the penalty.
  - Penalizes those who do not purchase insurance which creates a consequence for incurring uncompensated care costs.
- The penalty in tax year 2017 for not having coverage is the higher of:
  - Flat dollar amount: \$695 per adult (\$347.50 per child; capped at \$2,085 per household)
  - 2.5% of household income (capped at the average cost of bronze plan, which is \$3,264 per year for an individual)

# WHY THE PENALTY: COUNTERACT NATURAL BIASES AND ASSURANCE OF A GOOD RISK MIX

- Individuals with known health conditions in a market with no prohibition on excluding those with pre-existing coverage – will always be more likely to enroll – leading to a potentially very unhealthy risk pool.
- Natural biases lead consumers to perceive health insurance as something they do not need. Biases include:
  - Loss Aversion Bias
  - Temporal Discounting
  - Optimism Bias
  - Availability Bias
  - Status Quo Bias
  - Self-Efficacy
- The penalty is additional incentive to both shop and enroll, which in concert with subsidies and effective marketing, is targeted to overcome those barriers.

See “Marketing Matters: Lessons From California to Promote Stability and Lower Costs in National and State Individual Insurance Markets”: [http://hbex.coveredca.com/data-research/library/CoveredCA\\_Marketing\\_Matters\\_9-17](http://hbex.coveredca.com/data-research/library/CoveredCA_Marketing_Matters_9-17)

# WHAT WE KNOW ABOUT THE EFFECTS OF THE PENALTY

- Reduces rate of uninsured by encouraging shopping and insurance take up.
- A higher enrollment of healthy individuals lowers premiums for unsubsidized individuals by fostering a better risk mix.
- Reduction in uncompensated care in hospitals lowers costs to those with employer-based coverage.
- Carriers more likely to participate in the individual market given bigger risk pool and less uncertainty.



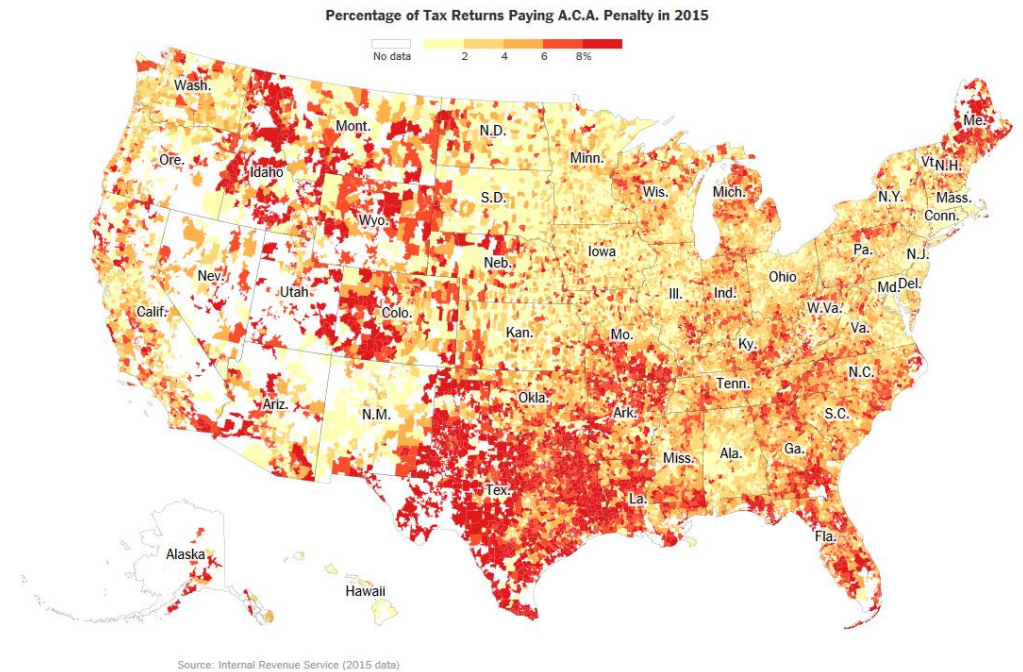
# THE PENALTY – BENEFITING THOSE “NUDGED” TO GET COVERAGE

- About 20 percent of an individual market insurance pool have ongoing care needs that have costs that vary widely, but are likely to exceed \$10,000. These anticipated or likely costs relate to ongoing costs of care for individuals with chronic and/or other ongoing care needs – these people do NOT need a penalty to see the value of insurance.
- About 10 percent of the individual market insurance pool may have unanticipated high-cost events – with health care costs of over \$20,000. These could be accidents or diagnosis and treatment of newly appearing conditions. These events are precisely the sorts of large financial impacts for which insurance is intended, could easily exceed the maximum out-of-pocket.
  - Based on data from the marketplace Actuarial Value Calculator, which estimates actual average spending by a wide range of consumers in a standard population, there is a significant share of the insurance pool that will have care costs that exceed the Affordable Care Act’s maximum out-of-pocket of \$7,000 for an individual and \$14,000 for a family.

# WHAT IS KNOWN ABOUT WHO PAYS THE PENALTY AND GETS THE EXEMPTION?

- According to a [New York Times](#) analysis of Internal Revenue Service data, 6.7 million tax filers, or 4.5 percent, paid the penalty in 2015, which is down from 8.1 million in 2014. This figure is at the tax household level, which may be an individual or a whole family.
  - In California, about 4.4 percent of tax filers paid the penalty in 2015.
- Nationally, tax filers with income between \$25,000 to \$50,000 were the largest group paying the penalty. This group more often lacks access to employer-based coverage and has income that qualifies for premium subsidies. According to a [Kaiser Family Foundation](#) analysis, more than half (54% or 5.9 million) of the 10.7 million people who are uninsured and eligible to purchase an Affordable Care Act marketplace plan in 2018 could pay less in insurance premiums for a bronze plan than what they would owe under the penalty.
- Nationally, more than 12 million tax filers filed for and were exempt from the penalty in 2015, meaning that for every tax filer that paid the penalty, two were granted an exemption.

4.5% of Taxpayers Paid the Penalty in 2015



See more at: <https://www.nytimes.com/interactive/2017/11/28/us/politics/obamacare-individual-mandate-penalty-maps.html>

# TAX CUTS AND JOBS ACT: PROPOSED CHANGE TO INDIVIDUAL MANDATE

- The proposed Tax Cuts and Jobs Act seeks to “zero-out” the shared responsibility payment for individuals who fail to maintain minimum essential coverage, as follows:
  - Strikes the existing 2.5 percent and \$695 requirements (including indexing), and inserts zero percent and \$0, respectively.
  - Applies to months beginning **after December 31, 2018.**

# ESTIMATES OF IMPACT OF PENALTY ELIMINATION OR REPEAL

- Range of national coverage estimates include 3 to 5 million additional uninsured by 2027 ([S&P Global](#)) to 13 million ([Congressional Budget Office](#)).
- PwC [estimates](#) from May 2016 for California forecast a five-year increase in uninsured by up to 300K from subsidized individuals dropping coverage and 480K unsubsidized individuals dropping coverage.
- While wide ranges of estimated impacts, we know:
  - Enrolled consumers find subsidies twice as important as the penalty.
  - Elimination of the penalty would result in decreased enrollment, higher premiums and potential withdrawal of health plans from the individual market.
  - Marketing matters, so impact in California is likely to be far less than in other states.

# POLICY OPTIONS FOR OFFSETTING THE IMPACT OF PENALTY REMOVAL

- **Federal or state reinsurance:**
  - Current federal proposals are being considered to fund reinsurance for 2018 and 2019.
  - Reinsurance funding results in about one percent in premium decrease per billion dollars in funding.
  - The cost of reinsurance to the federal government is approximately 20% of the reinsurance cost, since the federal Advanced Premium Tax Credit is reduced.
  - The primary direct beneficiaries of reinsurance are those who do not receive a subsidy.
- **Marketing and outreach to effectively promote availability of subsidies:**
  - Consumers need to know that there are subsidies available to them. Research shows that significant resources are still required to encourage consumers who are subsidy-eligible to research the options available to them.
  - For most consumers, the affordability provided by subsidies is far more important to their enrollment decision than is the penalty.
- **State or federal requirements for continuous coverage and/or auto enrollment:**
  - Continuous coverage requirement could penalize consumers who do not maintain some minimum level of coverage throughout the year.
  - Auto-enrollment could automatically assign consumers to an individual market plan at points of transition in insurance status such as loss of employer-based coverage.
- **State-level individual mandate and penalty**

# RESOURCES

- Congressional Budget Office. November 2017. “Repealing the Individual Health Insurance Mandate: An Updated Estimate. <https://www.cbo.gov/system/files/115th-congress-2017-2018/reports/53300-individualmandate.pdf>.
- Covered California 2016-2022 Market Analysis and Planning. May 2016. [http://board.coveredca.com/meetings/2016/5-12/Covered%20CA%20and%20PwC%20Market%20Planning%20and%20Analysis\\_Board%20Draft.pdf](http://board.coveredca.com/meetings/2016/5-12/Covered%20CA%20and%20PwC%20Market%20Planning%20and%20Analysis_Board%20Draft.pdf).
- K.K. Rebecca Lai and Alicia Parlapiano. “Millions Pay the Obamacare Penalty Instead of Buying Insurance. Who Are They?” *New York Times*. November 28, 2017. <https://www.nytimes.com/interactive/2017/11/28/us/politics/obamacare-individual-mandate-penalty-maps.html>.
- Matthew Rae, Larry Levitt and Ashley Semanskee. How Many of the Uninsured can Purchase a Marketplace Plan for Less Than Their Shared Responsibility Penalty? Kaiser Family Foundation. November 2017. <http://files.kff.org/attachment/Issue-Brief-How-Many-of-the-Uninsured-can-Purchase-a-Marketplace-Plan-for-Less-Than-Their-Shared-Responsibility-Penalty>
- Ashley Semanskee and Larry Levitt. Individual Insurance Market Performance in 2017. Kaiser Family Foundation. October 2017. <http://files.kff.org/attachment/Issue-Brief-Individual-Insurance-Market-Performance-in-Mid-2017>
- Standard & Poor’s Global. The U.S. ACA Individual Market Showed Progress in 2016, But Still Needs Time To Mature. April 2017. <https://www.spglobal.com/our-insights/The-US-ACA-Individual-Market-Showed-Progress-In-2016-But-Still-Needs-Time-To-Mature.html>
- Center on Budget and Policy Priorities. June 2017. Automatic Enrollment in Health Insurance Would Be Complex and Difficult to Administer. <https://www.cbpp.org/research/health/automatic-enrollment-in-health-insurance-would-be-complex-and-difficult-to>

# SPECIAL ENROLLMENT PERIOD OPTIONS COST SHARING REDUCTION SURCHARGE

# CSR SURCHARGE

## Background

- Covered California (CCA) has moved forward with the CSR Surcharge rates for 2018. This surcharge ranges from 8 percent to 27 percent.
- While we encourage consumers to explore their options including shop and compare, we also recommend viewing their choices outside of CCA. If a consumer leaves CCA, they will not be eligible for financial assistance should their income or family situation change.

## Recommendation

- CCA has developed two options for consumers who left to avoid paying the CSR Surcharge but want to re-enter CCA outside of open enrollment.



# NEW COVERED CALIFORNIA SEP OPTIONS

- **Access to Subsidies.** Offer consumers who purchased coverage for 2018 outside of CCA due to the CSR surcharge an “access to subsidies” SEP. This SEP would allow to return to CCA during a defined period of time (ex. March 1, 2018-April 30<sup>th</sup> 2018). Service center representatives will be provided with a list of 2017 unsubsidized silver enrollees to check against.
- **Change in Income.** Expand the current “change in income” QLE to apply to consumers who are not enrolled in CCA coverage. When a consumer who left Covered CA due to an increase in their unsubsidized silver-tier premium experiences a decrease in income, qualifying that consumer for tax credits and/or cost-sharing subsidies, s/he will have 60-days from the date of the QLE to select a plan in Covered CA. This SEP will be available for all of 2018. Service center representatives will be provided with a list of 2017 unsubsidized silver enrollees to check against.
- **Note:** Covered California proposes direct outreach to 2017 unsubsidized silver consumers to alert them to the above SEP options. Covered California does not envision a broad or highly publicized awareness campaign of either option.

# APPENDICES

# APPENDICES: TABLE OF CONTENTS

- Covered California for Small Business Update
- Service Channel Update
- Website Update
- Service Center Update

# COVERED CALIFORNIA FOR SMALL BUSINESS

## Current YTD Group & Membership Update (10/31/17)

- Groups: 4,745
- Members: 37,009
- Retention: 85%
- Average group size: 7.9 members
- YTD net membership growth: 21%
- New business sales goal: 102%



## Operations Update (10/31/17)

- 100% of new groups set up in 3 days or less
- 99.2% of new groups sent initial invoice in 3 days or less
- 99.8% of account maintenance transactions completed in 3 day or less

# ENROLLMENT ASSISTANCE PROGRAMS

- Uncompensated partners supporting enrollment assistance efforts.

ENROLLMENT ASSISTANCE PROGRAM	ENTITIES	COUNSELORS
Certified Application Counselor	416	2,330 Certified
Plan-Based Enroller	11 Plans	1,261 Certified
Medi-Cal Managed Care Plan	2 Plans	29 Certified

# OUTREACH & SALES ENROLLMENT SUPPORT: KEY METRICS

Data as of November 27, 2017

**14,013 Certified Insurance Agents**

- 17% Spanish
- 7% Cantonese
- 7% Mandarin
- 4% Korean
- 4% Vietnamese

**1,351 Navigator: Certified Enrollment Counselors**

- 63% Spanish
- 4% Cantonese
- 3% Mandarin
- 3% Vietnamese
- 2% Korean

**2,330 Certified Application Counselors**

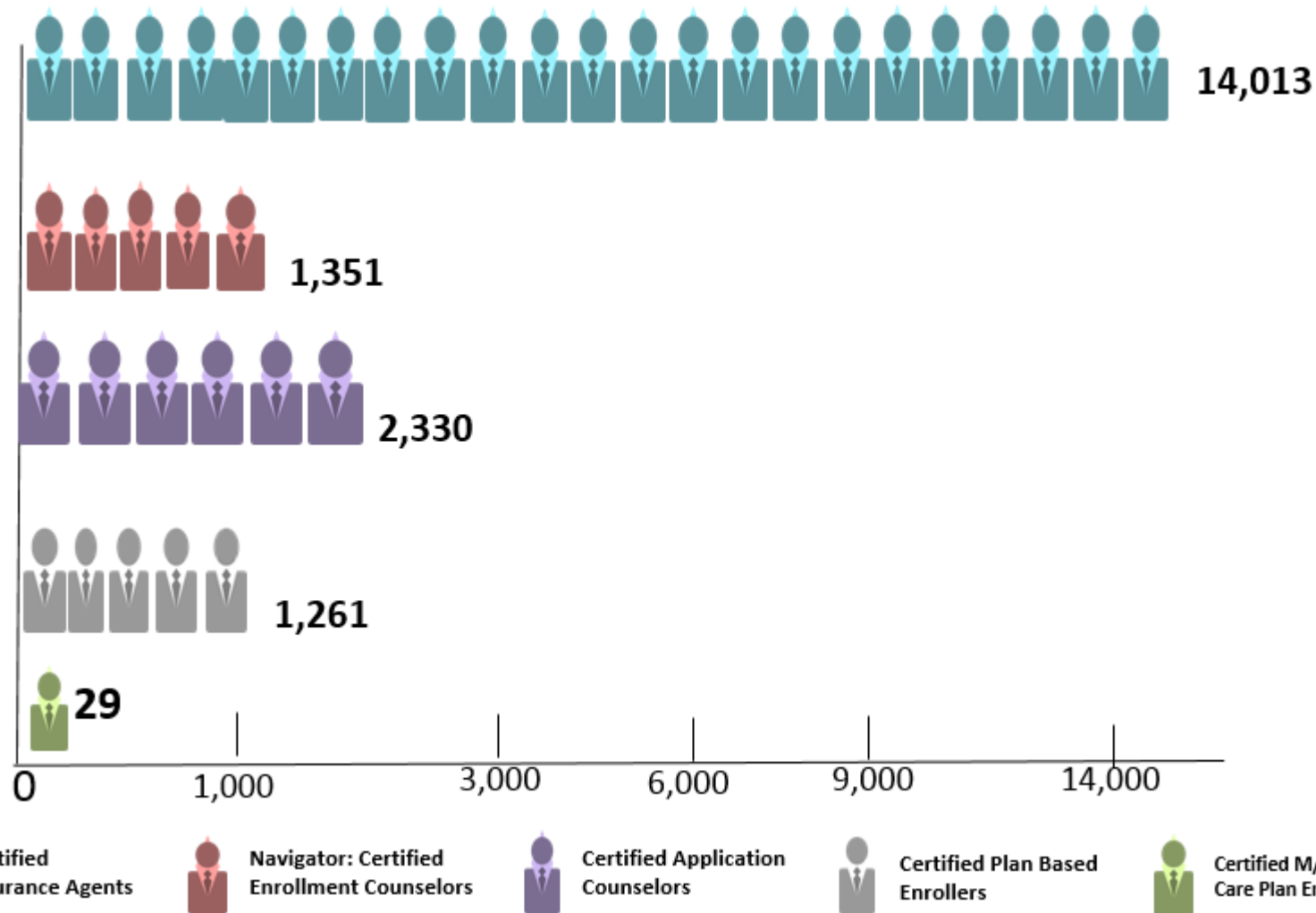
- 59% Spanish
- 5% Cantonese
- 4% Mandarin
- 1% Vietnamese
- 1% Korean

**1,261 Certified Plan Based Enrollers**

- 45% Spanish
- 10% Cantonese
- 2% Mandarin
- 7.5% Vietnamese
- 7.3% Korean

**29 Certified Medi-Cal Managed Care Plan Enrollers**

- 44% Spanish
- 36% Cantonese
- 31% Mandarin
- 1% Russian



# CALHEERS UPDATES

- CalHEERS deployed priority releases on October 23, 2017, and November 6, 2017, that included:
  - Additional updates required prior to completing 2018 plan renewals
  - Enabled easier access to Provider Search tools for consumers
  - Fixed several issues for Service Center and County workers.
- The next release of CalHEERS, Release 17.12, is planned for December 18, 2017 and will include the following features:
  - Providing consumers a message to access their 1095 on the homepage of the Consumer Portal during the tax season

# OTHER TECHNOLOGY UPDATES

- Enhancements planned for the CoveredCA.com website:
  - Updating analytics and tagging strategy for CoveredCA.com to give greater insight into the consumer journey online. We will use this data to fine-tune CoveredCA.com to ensure consumers are able to find the information they need as efficiently as possible.
  - Implementing a Content Management System for CoveredCA.com to allow designated staff to make their own timely content updates to their sections of the website.
- Service Center transition project:
  - Stabilization post-transition continues.
  - Voice services and Interactive Voice Recognition (IVR) and self-service reaching an uptime of 99.95% for the month of November.
  - Stabilization of the Workflow Management (WFM) and Quality Management (QM) applications continues with analysis of performance and availability issues. This has impacted back office operations, however, phone services for consumers are not impacted.



# SERVICE CENTER UPDATE

- Improving Customer Service
  - Started voluntary and mandatory overtime November 2017
  - Delivered One Call Resolution Refresher Training for Open Enrollment 5
  - Completed Hearings 101 training provided by California Department of Social Services Administrative Law Judges to the Appeals staff
- Enhancing Technology Solutions
  - Updated Interactive Voice Response (IVR) system messaging for Open Enrollment 5
  - Revised languages on the Disclaimer box for Service Center Operations
  - Created a new Executive Dashboard in partnership with Covered California Information Technology Division
- Staffing Updates
  - Vacancy rate down to 10.7 percent
  - Surge Vendor fully staffed as of 11/6/17

# QUICK SORT VOLUMES

Quick Sort refers to the calculator tool used to determine if a consumer is eligible for CoveredCA or should be referred to Medi-Cal. The tool also determines which consortia the consumer should be referred. This volume represents the total of those transfers.

## November Weekly Quick Sort Transfers

Week 1*	Week 2*	Week 3	Week 4*	Week 5*	Total
379	483	554	334	583	2,333

\*Partial Week – 11/11 Closed in observance of Veteran’s Day. 11/23 Closed in observance of Thanksgiving

## November Consortia Statistics

SAWS Consortia	Calls Offered	Service Level	Calls Abandoned %	ASA
C-IV	384	94.29%	1.83%	0:00:14
CalWIN	1,015	93.20%	0.59%	0:00:18
LRS	495	99.80%	0.20%	0:00:07

SAWS = Statewide Automated Welfare System (consortia). California has three SAWS consortia's to provide service to the counties.

C-IV = SAWS Consortium C-IV (pronounced C 4)

CalWIN = California Welfare Information Network

LRS = formally LEADER = Los Angeles Eligibility Automated Determination, Evaluation and Reporting Systems

QuickSort Transfers  
November 2017

