

CALIFORNIA HEALTH BENEFIT EXCHANGE BOARD MINUTES
Thursday, March 15, 2018
Covered California Tahoe Auditorium
1601 Exposition Blvd.
Sacramento, CA 95815

Agenda Item I: Call to Order, Roll Call, and Welcome (Discussion)

Chairwoman Dooley called the meeting to order at 10:00 am.

Board members present during roll call:

Diana S. Dooley, Chair

Jerry Fleming

Dr. Sandra Hernandez

Paul Fearer

Art Torres

Agenda Item II: Closed Session

A conflict disclosure was performed and there were no conflicts from the Board members that needed to be disclosed. The Board adjourned into Closed Session to discuss personnel, contracting and litigation matters pursuant to Government Code Sections 100500(j), 11126(a), 100500(j), 11126(e)(1), and 11126.3(d).

Chairwoman Dooley called Open Session to order at 12:19 pm.

In Memoriam:

Chairwoman Dooley recognized the services of Karin Caves, the Communications Director for the California Department of Tax and Fee Administration. Karin passed away very quickly of a rare ovarian cancer. She died early Thursday, March 15, 2018. Chairwoman Dooley expressed her respect for Karin and gratitude for her service. She was saddened by her loss.

Agenda Item IV: Welcome New Board Members:

(NOTE: Meeting deviated from Agenda and welcomed new Board Members before approving the meeting minutes)

Chairwoman Dooley welcomed new Board Members Dr. Sandra Hernandez and Mr. Jerry Fleming.

Chairwoman Dooley provided a brief introduction of each new member. Dr. Sandra Hernandez is currently the CEO and President of the California Health Care Foundation. Mr. Jerry Fleming has provided advice to Covered California for years. He retired from Kaiser three years ago and has been very engaged with the development and success of Covered California for many years.

Agenda Item III: Approval of Board Meeting Minutes (Action)

After asking if there were any changes to be made, Chairwoman Dooley asked for a motion to approve the January 18, 2018 meeting minutes.

Presentation: January 18, 2018 Meeting Minutes

Discussion: None

Motion/Action: Board Member Torres moved to approve the January 18, 2018, minutes. Board Member Fearer seconded the motion.

Public Comment: None

Vote: Board Members Hernandez and Fleming abstained. Roll was called and the motion was approved by a unanimous vote.

Agenda Item V: Executive Director's Report

Announcement of Closed Session Actions (Discussion)

Peter V. Lee, Executive Director, reported on contracting matters that will be posted publicly shortly. The contracting matters cover regular Covered California business and California Healthcare Eligibility, Enrollment, and Retention Systems (CalHEERS) business in terms of multiple contracts formed with the Office of Systems Integration (OSI). They also discussed health plan contracting and certification negotiations for 2019.

Executive Director's Update (Discussion)

Next, Mr. Lee introduced two new hires at Covered California. Terri Convey was hired as the new Director of Sales and Outreach. Tracy Fabre was hired as the new Chief of Covered California's Service Center in Fresno.

Mr. Lee thanked Faviola Ramirez-Adams for her work as the Board Analyst the past two years. Mrs. Ramirez-Adams recently accepted a position in Covered California's Legal Office. Mr. Lee then thanked Angie Wieland for accepting the Board Analyst position.

Mr. Lee reminded everyone that the background reports, materials, and news articles are important. He highlighted Ian Morrison's article on the role of consumerism in healthcare and health insurance. Mr. Lee also called attention to an article he co-authored titled Government as Innovation Catalyst: Lessons from the Early Center for Medicare and Medicaid Innovation Models.

Mr. Lee discussed the importance of the California Health Care Foundation's report on the potential impact of the removal of the Individual Shared Responsibility Penalty. For

this report, a team at Harvard interviewed 3,000 Californians (on and off Exchange). Among the key findings, up to 18% of the individual market may leave when there is no longer a penalty. Because these individuals are healthier people, their departure is projected to increase premiums by 7% (5% to 9% in California). We will not know the actual effect until 2019. Covered California is working with the health plans to project what the effect will be in terms of the impact on the risk mix.

Discussion: Open Enrollment Update

Mr. Lee celebrated Covered California's successful reaction to the uncertainties faced in 2018. In response to reduced federal marketing and confusion caused by "repeal-and-replace," Covered California, augmented a one-million marketing and outreach budget with a Board-approved 5-million-dollar increase. Covered California developed a work-around to the loss of the Cost-Share Reduction Subsidies. Forty states followed Covered California's lead and implemented a similar work-around. Mr. Lee commended the Department of Managed Health Care and the Department of Insurance for their roles in helping Covered California put consumers first.

These federal changes had the potential to cause enrollment to decline and premiums to skyrocket. Instead, in California enrollment stayed relatively flat. The workarounds triggered premium reduction by about 10% for subsidized consumers. Nationally premiums of people with subsidies went down by about 3%. This workaround protects subsidized as well as unsubsidized Californians from bearing the cost of the Cost-Share Reduction Subsidies programs that health plans must collect.

Mr. Lee underlined the success of the eighteen murals Covered California sponsored throughout California. These murals resulted in positive press coverage that contributed to 423,484 new plan selections in 2018 (a 3% increase over the last year).

Mr. Lee then compared national enrollment in the Federally Facilitated Marketplace (FFM) to Covered California's enrollment. Nationally, total market enrollment declined by 4% from 2017 to 2018 and by 7% since 2016. New enrollments declined by 38% since 2016. However, Covered California's enrollment has remained stable since 2015 with each year attracting about the same number of new enrollees during open enrollment. This stability helps maintain a healthy risk mix and puts downward pressure on premium rates. Mr. Lee credits California's stability to Covered California's commitment to robust marketing.

In California, early indications suggest off-exchange enrollments look strong but may have dropped incrementally. Nationally, early indicators suggest these off-exchange, unsubsidized enrollments dropped by as much as 30% in the last two years. This is another example of how California's commitment to marketing, maintaining good plan relationship, and making sure people know about their subsidies has benefited California. Subsidized individuals are not the only consumers who benefit. Unsubsidized Californians enjoy dramatically lower premiums when a greater number of

healthy people to enroll. Detailed data on enrollment including demographics, regions and plan enrollment will be released soon.

Discussion: Federal Policy Update

Mr. Lee expressed his concern for the Omnibus Bill set to be acted on by the U.S. Congress in the near future in a little over a week. Mr. Lee conveyed fear that the outcome would not be favorable for California despite Covered California's vocal role in informing the debate, discussion, and providing technical assistance. Covered California sought to inform policymakers (both in California and nationally) of what was at play and at risk in the absence of state or federal policy action.

Covered California released a report that summarized key issues. The report asked what might happen to premiums across the country, and what are the policies that might impact those premiums, and what states might be more or less impacted. Absent policy changes, premium increases in 2019 are likely to range from 12 to 32 percent. The three-year cumulative increases from 36 to 94 percent. Four factors contribute to these numbers. First is the medical trend. Healthcare costs are going up every year. Second is removal of the penalty. Third is the effect of not doing marketing. Fourth is that getting fewer healthy enrollees increases costs for the unsubsidized consumers.

The report noted that the federal administration has issued regulations to promote new products in the individual market that would not meet the terms of essential health benefits. In many ways, these changes set things back to pre-Affordable Care Act products. They are cheaper because consumers receive less. Consumers may be surprised when they find the services they need are not covered. These deceptive plans pull healthy consumers out of the individual market thus raising the cost for everyone else. The impact to each state will vary depending on how each state reacts. California's regulatory environment has historically, been very consumer protective. Mr. Lee presented a map showing the predicted impact to premium increases. Mr. Lee stated the map provided no good news. All states will suffer. California may be less affected than some other states but the projection does predict an up to 35% premium increase by 2021. Mr. Lee stressed that although California may be less affected, it is still worrying for Californians. Covered California needs to focus on what we can do to address the situation.

There are policies that could offset or mitigate the effects of this change. The first four are part of the stabilization policies currently under federal discussion. First, State-based and/or national reinsurance programs could have a dramatic impact on premiums and carrier participation in 2019. Second, they could directly fund cost-sharing reduction (CSR) subsidies. Funding CSRs would not directly reduce premiums but would provide needed stability for health plans and reduce federal spending. Third, they could increase subsidies. Increasing the financial assistance that is available to consumers would help more Americans afford coverage and increase the overall health of the consumer pools. Fourth, they could increase marketing and outreach. Increasing spending on targeting marketing promotes enrollment among healthier individuals and benefits federal taxpayers — who benefit from reduced per-person Advanced Premium

Tax Credits — and those who do not receive subsidies and face lower premium increases.

The report provided additional solutions based on other research and notes that could provide stability. First, states could adopt state-based penalties for non-coverage to promote enrollment. Second, states could place regulations on Association Health Plans or Short-Term, Limited-Duration Plans. States could adopt regulations that limit carriers from offering plans that do not provide comprehensive coverage or protect consumers with pre-existing conditions, which could harm the risk pool in the individual market. Third, state or federal policies could promote automatic enrollment of eligible individuals, such as for those who lose employer-based coverage, earn too much for Medicaid or “age out” of coverage eligibility from parent’s plans.

Mr. Lee stated these policy actions could go a long way to offsetting the stark premium increases. Instead of seeing a 30% increase in many of those states, it could be a 10% increase. In California, instead of a 15% increase it could be a 5% increase. These policies could make a big difference.

Mr. Lee then discussed short-term, limited-duration insurance (STLDI) plans. On February 20, 2018 the Department of HHS, Labor, and Treasury released a new rule amending the definition of STLDI. The new definition expands the maximum duration of the plan from three months to 364 days and allows renewals at the end of the policy. STLDI is not subject to ACA requirements. Consumer protections such as Essential Health Benefit (EHB) requirements, out of pocket limits, premium rating ratio, medical loss ratio (MLR), prohibitions on underwriting and declining coverage for preexisting conditions, etc. In 2016, the average MLR for short-term coverage was 67%. Among the top five companies offering coverage, the MLR ranged from 47% to 79%.

The Federal Rules are also seeking to expand Association Health Plans (AHP). AHPs are a type of multiple employer welfare arrangement (MEWA). They provide health insurance to its members, which typically include self-employed individuals, small businesses, and large businesses. On January 4th, the Department of Labor released a new rule broadening the definition of AHPs. The rule relaxes requirement that associations exist for a reason other than offering health insurance. They can show commonality of interest one of two ways. First, by being in the same trade, industry, or profession, or second, by being in the same principal place of business within the same state or common metro area. The rule expands the availability of AHP group coverage to self-employed individuals referred to as “working owners.”

AHPs are exempt from some ACA consumer protections and can rate on factors like age, group size, and type of industry in which an employer works. Potential market impacts include insolvency and unpaid claims among AHPs (based on history of AHPs) and a less healthy risk mix in individual and small group markets.

There are three potential market impacts of the new federal rules on STLDI and AHP. First, Consumers enrolling in STLDI or AHP will have lower monthly premiums but will

have fewer consumer protections. There will be financial losses from health services usage that is not covered by STLDI or AHP. Consumers in ACA-compliant plans will see premium increases (Projected +0.3% to 1.3% in 2019). There is a potential for future higher out-of-pocket costs, due to the impact of a less healthy population in the ACA plans represented in the AV Calculator. There is a potential for fewer health plan choices. Health insurers that offer ACA-compliant plans will see adverse selection and a less stable risk mix. These health insurers are likely to experience financial instability.

Peter explained that many of these observations are really about what would happen in other states. Over the last four years, California has kept premiums to an average of a 7.2% increase for people that do not get subsidies. California created an environment where health plans see the ability to make a little bit of a margin. Together the health plans and Covered California are fighting to support enrollment in California. Covered California knows the issues that California faces and will continue to seek solutions. Covered California is already planning for 2019, in terms of working with the health plans for pricing and pricing right. They are looking at marketing investments and finding ways to encourage people to enroll. Covered California will continue to seek to be of service to state and national policymakers.

Public Comment:

Betsy Imholz, Consumers Union welcomed the new Board Members. Ms. Imholz stated she looks forward to working with the Board to ensure affordable care for Californians, better health and disparities reduction, and a range of other things currently in progress. She said she and the Consumer's Union look forward to working with Terri Convey, the new Director of Sales and Marketing Outreach at Covered California. Ms. Imholz mentioned her awareness of reports regarding the misleading marketing to consumers regarding products/plans that offer limited but more expensive products than Covered California offers. She stated the need to stay vigilant in reaction to these misleading products. Ms. Imholz congratulated Covered California on the open enrollment results. She credited Covered California's investment in outreach with these results. Ms. Imholz thanked Covered California for the great research and multiple reports posted on the website in 2018. She stated appreciation for these reports and their usefulness for the national debates.

Jen Flory, Western Center on Law and Poverty congratulated the new Board Members on their appointments and expressed her eagerness to work with them in their new capacities. She voiced pleasure with the success of open enrollment and credited the success to the efforts to patch around federal threats. Ms. Flory relayed Western Center on Law and Poverty and their partner organization's work with the legislature to try to ensure that new threats like short-term, limited duration insurance (STLDI) would not flood our market or be opened up to more people. Ms. Flory provided a description of insurer's short-term, limited duration insurance plan website advertising. These promotional materials publicize the usefulness for consumers who have lost their job or just graduated from a university. Ms. Flory pointed out how Covered California plans are far better in these situations. She expressed displeasure in the targeting of populations that need Medi-Cal and Covered California. Ms. Flory explained that these

plans are substandard even for individuals that have missed open enrollment and do not fit into a special enrollment period category. She asked, “why should we sell them a substandard product that gives them a false assurance of having coverage that they don’t have?” Ms. Flory stated that these substandard plans have higher actuarial values, higher out-of-pocket costs, and high deductibles. She suggested consumers would be better off negotiating on their own with a doctor or hospital than wasting money on these products. Ms. Flory looks forward to working with Covered California, with the legislature, and with anyone who is willing to work with them to ensure that Covered California and Medi-Cal are established as the basis of the healthcare system in California not products that offer false assurances.

M. J. Flores, Health Access California expressed appreciation to Covered California’s leadership on the Cost Sharing Reduction and Silver loading. She commended the workaround and the work with consumers. She observed that many states have followed suit. Ms. Flores expressed hope that similar work will lead to future solutions in addressing federal policy and other issues that may arise. Ms. Flores relayed how Health Access California is sponsoring legislation with Dr. Ed Hernandez on banning short-term insurance. She stated that it did pass a Senate Health Committee and Committee members had a robust discussion on how the legislature and Covered California could provide alternative ACA-compliant plans to those that missed open enrollment or are in between jobs. Ms. Flores stated that during the Committee discussion, Health Access California emphasized that Covered California ACA plans are short-term plans. Consumers can get into Covered California plans and get back out once they have alternate coverage. Ms. Flores said they are pleased to continue that conversation and look forward to working with Covered California staff on methods of attracting those consumers to the marketplace.

Doreena Wong, Asian Americans Advancing Justice Los Angeles welcomed the new Board Members and Terri Convey. Ms. Wong congratulated Covered California on the increase in enrollment. She said Covered California has reason to be proud because any increase is better than a decrease. Ms. Wong reported that their Navigator Collaborative has also seen a slight increase in enrollment and renewals and partially credited the media coverage. Consumers have been having a lot of questions. Ms. Wong reported that people have been coming in to ask questions. She believes the availability of in-person assistance is key to maintaining the enrollment and renewals. Ms. Wong believes another contributing factor is that Covered California maintained a three-month enrollment period rather than cutting it in half. Ms. Wong reminded everyone that in addition to cutting funding for Marketing and Outreach, the federal government cut the funding for the Navigator Programs by 41%. She credited Covered California’s commitment to its Navigator Program (six million dollars) as key to the success in California. Ms. Wong expressed her concern that consumer preference for cheaper programs may lead to more consumers opting for association health plans and the short-term plans. She explained that during this last period, many people chose the Bronze Plan. She worries that consumers may not understand what it means to choose a lesser plan. Ms. Wong looks forward to working with Covered California to educate

consumers. She looks forward to making sure Covered California remains the lead model for other states to follow.

Carrie Sanders, California Pan-Ethnic Health Network (CP-EHN) welcomed new Board Members. Ms. Sanders expressed appreciation for the new member's expertise and depth of knowledge. Ms. Sanders stated the three percent increase in new enrollment is phenomenal given the efforts at the federal level to sabotage the exchanges. She praised Covered California for this success. Ms. Sanders expressed appreciation for Covered California's investment in Marketing and Outreach. She looks forward to viewing the demographic information and seeing how this investment translates to enrollment for all populations. Ms. Sanders then spoke on CP-EHN's membership in the Care4All California Campaign. This Campaign launched today. Among other things, this Campaign hopes to advance bills that address issues with short-term insurance. Ms. Sanders said they have noticed the deceptive marketing. They are concerned about communities with limited English that may be specifically targeted with these deceptive marketing campaigns. CP-EHN, in participation with the Campaign, is excited to raise awareness regarding Covered California's groundbreaking work on quality improvements and disparities reduction. Ms. Sanders hopes to continue to build off these efforts and encourages the state to apply some of the lessons/strategies learned to other programs as well.

Alicia Kaulk, National Health Law Program and the Health Consumer Alliance welcomed new Board Members. Ms. Kaulk stated they are encouraged by the enrollment numbers. She said the numbers demonstrate how Covered California's approach and tactics are working. The Health Consumer Alliance looks forward to continuing their assistance to consumers in plan selection through special enrollment periods. Ms. Kaulk noted that they do not support short-term insurance plans or association health plans. These plans skirt critical protections for consumers like essential health benefits that cover important services like prescription drugs, maternity care, mental health, and other vital services. These plans can be especially harmful for people with pre-existing conditions. Ms. Kaulk stated these plans also encourage adverse selection. She stated they look forward to continuing to work with Covered California.

Robert Spector, Blue Shield of California. Mr. Spector stated Blue Shield supports SB-910 which he believes prohibits insurers from selling short-term plans. Mr. Spector explained how we have collectively taken deliberate steps to ensure California has a successful marketplace with a healthy/vibrant risk pool of healthy individuals and not healthy individuals. Mr. Spector stated these short-term plans put a risk on the stability of the marketplace. Mr. Spector said that he consulted with others regarding this topic. The biggest concern continues to be the marketing proliferation of these plans. Mr. Spector relayed that he, and other executives at Blue Shield, have received telemarketing calls from someone attempting to sell them short-term insurance. Mr. Spector stressed that the threat we need to be aware of is that the telemarketers said they were calling from the Health Exchange. They said they had a product that

would save them money. Mr. Spector worried that some people reached by these marketing techniques may not appreciate the differences.

John Newman, Kaiser Permanente congratulated the Board on their ability to attract high-quality new Board Members. Mr. Newman agreed with previous comments regarding how short-term plans and association plans would be detrimental to the risk pool. Mr. Newman stated that while he has not received any calls from anyone attempting to sell short-term insurance, he agrees with the society of actuaries and other experts that it would be potentially damaging to the market.

Peter V. Lee stated details on enrollment are forthcoming. There have been questions regarding which plans consumers are choosing at enrollment. Mr. Lee stated the Silver workaround did mean there were larger tax credits. Mr. Lee thanked the Agent community, the Service Center Representative, and the Navigators for protecting consumers and giving them the tools and information to make informed choices. Mr. Lee explained that it would be easy for consumers to become confused when choosing insurance and believe that cheaper is better. Instead, enrollment numbers show there was only a small uptake in Bronze plans and people remained in their Silver plans. Mr. Lee stated that short-term duration plans are cheaper but the absence of a large consumer shift from Silver to Bronze plans is evidence of how Covered California has successfully worked with its many partners to inform consumers that cheaper is not always better.

Chairwoman Dooley invited the new Board Members to speak.

Dr. Sandra Hernandez thanked Chairwoman Dooley, Peter V. Lee, and the entire Covered California team. She said it was an honor to accept the appointment to this Board. Ensuring affordable, comprehensive, consumer protected plans has been near and dear to her heart for many years. Dr. Hernandez commended Peter and Covered California for building extraordinary partnership with plans, with advocates, and with the Department of Healthcare Services. Dr. Hernandez credited leadership with where Covered California is today in spite of the unstable federal political conversations and budget negotiations. She intends to ensure those partnerships continue to be fruitful for California and to show the rest of the country what is possible when you're determined to achieve quality improvement, affordability, and ultimately closing the many health disparities that continue to exist in our healthcare system.

Jerry Fleming said it was an extraordinary honor to be a part of this Board. Mr. Fleming noted that he has a long history of working to make healthcare work in the United States and in California. Mr. Fleming explained that although he retired a few years ago he continued to watch things from afar. He remarked that it has been extraordinary to see the growth of Covered California and what has been accomplished. Mr. Fleming collectively credited the accomplishments to the staff, the Board, Peter's leadership, and many of the Board meeting's attendees who got together to collectively make things work in a collective manner. Mr. Fleming stated that the mission of everyone at the meeting is to create a competitive model in which all the players do the right thing and

therefore do not compete on risk. He explained that by obtaining a large number of enrollments, Covered California would have a good risk mix. Once achieved, discussions can begin on changing healthcare in California. Mr. Fleming lamented the effort needed in rearguard action just to try to keep things together but celebrated the effort's success. Mr. Fleming described his vision of working with others to determine how to deliver healthcare in California and ensure it works. Mr. Fleming concluded by expressing his pleasure at receiving the appointment.

Art Torres welcomed the new Board Members. Mr. Torres said he knew of Jerry Fleming's work at Kaiser and specifically mentioned Kaiser's coordination of stem cell treatment availability. Mr. Torres then welcomed Dr. Sandra Hernandez claiming her as a very dear friend of many years. He said it was wonderful to serve with her on the Board.

Agenda Item VI: Covered California Policy and Action Items

2019 Qualified Health Plan Issues

Proposed Standard Benefit Design

James DeBenedetti, Director, Plan Management Division stated this is the second month going over the benefit design. At January's Board meeting, Mr. DeBenedetti summarized all the changes. The specific changes are on the website under the Board Materials section. Mr. DeBenedetti presented a summary of the new changes based on feedback received from the January Board meeting.

First, Milliman certified the computed actuarial values. Second, endnote number five was revised to incorporate future change to HDHP limits as follows:

For HDHPs, in other than self-only coverage, an individual's payment toward a deductible, if required, must be the higher of (1) the specified deductible amount for individual coverage or (2) the minimum deductible amount for family coverage specified by the IRS in its revenue procedure for the 2019 calendar year for inflation adjusted amounts for Health Savings Accounts (HSAs), issued pursuant to section 223 of the Internal Revenue Code. In coverage other than self-only coverage, an individual's out of pocket contribution is limited to the individual's annual out of pocket maximum.

The third change was the addition of endnote number twenty-nine. This endnote was added showing the cost sharing for inpatient stays in most Silver plans is changing in 2019. It reads as follows:

For inpatient stays, if the facility does not bill the facility fee and physician/surgeon fee separately, an issuer may apply the cost-sharing requirements for the facility fee to the entire charge.

The fourth change was to the formatting of the plan design. It was changed based on feedback from the January Board meeting. Mr. DeBenedetti recognized the data was in

small print and suggested users download the Excel spreadsheet and use the zoom feature. If printing the plan design, Mr. DeBenedetti recommending printing on legal size paper.

Mr. DeBenedetti then reviewed changes for 2020 and beyond. These changes could not be addressed in time for 2019 but are being tracked for the future. These changes include a Copay-only/no-deductible Silver plan, a value-based insurance design, “high AV” Bronze plans, and funded HSA accounts for Cost-Sharing Reduction-eligible members who select Bronze plans.

Mr. DeBenedetti moved on to the pediatric dental coinsurance and copay designs. Mr. DeBenedetti indicated that Covered California will maintain an 85% AV (+/-2%) requirement for the pediatric dental coinsurance plan consistent with prior years. The Pediatric Dental Copay Plan had no changes from 2018. The 2019 AV has been updated. To maintain this actuarial value, the pediatric dental coinsurance deductible will be increased from \$65 to \$75 for individuals, and from \$130 to \$150 for families.

Mr. DeBenedetti described the other dental benefit changes. First, there were no changes to the Adult Dental Coinsurance and Copay Plans except for clarity and consistency. Second, Covered California will not offer the Employer Sponsored Group Dental Plan through Covered California for Small Business (CCSB) due to a lack of interest in the product offering by dental plans. Third, there were changes to endnotes. Deleting the Employer Sponsored Group Plan required the deletion of Endnote 7 and 11. There was clarification added to endnote 10.

Peter V. Lee reminded the Board members that these changes are very minor tweaks to a very good working set of Benefit Designs. They are designed around meeting patient’s needs. These plans have the same designs across plans so that consumers will not be confused when comparing plans. Plans are competing on price, on quality, on the networks, and on philosophy. Providers can see consumers are growing to understand these standard benefit designs. They can help their patients use them well and accurately.

Mr. Lee stated that these changes are not big because the designs are working. He stated that when consumers leave Covered California, the vast majority leave to get other health care. In the federal marketplace, more than half of the people that leave become uninsured. While he is not sure why this is the case, he expects Covered California’s benefit design can be credited. Covered California consumers can see the benefits of their health insurance. Covered California consumers get access to care when they need it. Mr. Lee explained that he wanted to remind everyone of the overall context of the designs for which we are seeking approval for 2019.

Chairwoman Dooley asked for a motion and a second before opening up for public discussion.

Dr. Hernandez seconded the motion.

Chairwoman Dooley asked the Board if they had any questions.

Dr. Hernandez asked James DeBenedetti who he collaborates with in thinking through the future designs.

Mr. DeBenedetti stated that he will describe the entities but explained that individuals within the entities come and go. Mr. DeBenedetti said they try to keep the same mix of entities involved. Health plans are involved because they need to know what is operationally viable. Consumer advocate groups are involved. This impacts a lot of consumers in a lot of ways. The consumer advocate groups provide a lot of valuable input. Representatives from hospitals and from the physician community are involved. They currently have an academic on the Advisory Board as well as representation from an Agent. Mr. DeBenedetti explained that they try to have a cross-sectional perspective of what works in the marketplace, what is operationally feasible, and what consumers will actually understand and be able to use.

Chairwoman Dooley spoke regarding Dr. Hernandez's earlier comment. Chairwoman Dooley agreed that the reason this works in California is that it is a team sport. We could not be where we are without the collaboration across many sectors. She then asked for public comment.

Public Comment:

Betsy Imholz for Consumers Union said the standard designs are really the international model and that everyone should watch for a federal bill this week that will call for more standardized benefit designs. Ms. Imholz stated that the Consumers Union always makes a standard caveat in all consumer groups is that they never like to see any increase in the maximum out-of-pocket or the copays. It hurts consumers but they understand we all have the tyranny of the Actuarial Value Calculator. Ms. Imholz stated their support for the staff recommendations for the 2019 medical design. She stated the process was very collaborative and probing this year. One topic discussed during the process was the use of ambulatory surgery centers. Ms. Imholz explained the issues with encouraging the use of ambulatory surgery centers. She stated they are less expensive, may be more efficient, and may be safer than hospitals. She said the California Health Care Foundation has done a lot of great work on this but more data is needed. Substantial changes were not made to this part of the design but there are incentives for consumers. Ms. Imholz said the conversation was very useful and a lot of issues regarding the lack of data for these kinds of facilities were brought forward.

Jen Flory, Western Center on Law and Poverty and Health Consumer Alliance (HCA), stated they also serve on the Advisory Board that works on plan designs. Ms. Flory described the back-and-forth that is involved when making decisions on the plan design. A lot of thought is put into how the changes will affect consumers and how to ensure that there is minimal damage to consumers. Ms. Flory stated they do recommend the changes. Ms. Flory then discussed the launch of the Care4All California Campaign. She said one of the pieces they would be looking for would be increased subsidies for

Covered California. She explained this is necessary because we are dealing with the tyranny of the Actuarial Value as Betsy Imholz pointed out. Ms. Flory said that unless more money is added to the system each year, the copays will have to be increased. They prefer not to increase copays. Ms. Flory explained that amounts that have been deemed affordable by law do not actually seem affordable when the consumer attempts to use their healthcare. They hope to continue work on this issue.

M. J. Flores, Health Access California echoed previous colleague's comments. She thanked Covered California's staff for their patience and for heeding their feedback. Ms. Flores stated they also think about consumers income and how an increase in their copay or deductible would impact their daily living. Ms. Flores stated their acceptance of the 2019 Benefit Design and said they look forward to early conversations on the 2020 designs. When looking at designs that may not be best for consumers, she looks forward to crafting innovative ideas that will serve consumers well.

Carrie Sanders, California Pan-Ethnic Health Network (CP-EHN) stated they also serve on the Plan Management Advisory Committee. She expressed appreciation for their engagement in the conversations regarding the Standard Benefit Design. Ms. Sanders explained how tweaks and changes are necessary every year. She said it is hard to see costs creeping up but we all must work within the limitations. Ms. Sanders conveyed excitement regarding the Care4All Campaign's efforts to improve affordability for consumers. She gave support for the recommended changes in terms of the Benefit Design. Ms. Sanders stated they are getting back up to speed in regards to the dental insurance products. She said they do support those changes but they are disappointed that Covered California for Small Business does not have a dental plan offered to employees. She believes that there is not necessarily a lack of consumer interest but rather a lack of interest by the plan. She looks forward to further conversations on ensuring oral health care services for everyone.

Vote: Diana Dooley asked for final comments. When there were none she called for the vote. There was a motion and a second. Roll was called and the motion was approved by a unanimous vote.

2019 Qualified Health Plan Certification Policy

James DeBenedetti, Director, Plan Management Division, continued the presentation from the previous Board Meeting. Mr. DeBenedetti said he would go over any changes from what was previously presented. Mr. DeBenedetti stressed that the 2019 plan offerings are open to health plans and dental plans that are with Covered California in 2018 as well as Medi-Cal Managed Care Plans and issuers newly licensed since May 2, 2017. Mr. DeBenedetti explained the May 2, 2017 date is because if a plan was licensed after that date, they did not have the opportunity to join. We want to provide that opportunity to them. Covered California for Small Business (CCSB) Qualified Health Plan applications are open to all currently licensed health plan issuers. Qualified Health Plan and Qualified Dental Plan Issuers contracted for Plan Year 2018 will

complete a simplified certification application since their three-year contract with the Exchange covering 2017-2019 plan years imposes ongoing requirements included in the certification application and this contract performance is considered in the evaluation process.

Applications open as of March 1st will reflect these changes. All applications will include Attachment A Plan Type by Rating Region requirement to summarize proposed 2019 products by county. All applications are required crosswalk for all Plan IDs to identify changes from plan year to plan year and to ensure accurate member auto-renewal. All applications will continue to include Agent Commission Schedule requirement for all applicants.

Currently Contracted Applicants will continue to include Network Stability section for existing Exchange networks. There will be a revised Quality Improvement Strategy (QIS) section for clarity and consolidation. Mr. DeBenedetti stated the minimum qualifications requirement for QHP Individual Market New Entrant Applicants was removed.

Mr. DeBenedetti then stated that Covered California for Small Business allows year-round small group enrollment and quarterly Qualified Health Plan and Qualified Dental Plan portfolio additions. These activities align with current market practices that enable Covered California for Small Business to remain competitive and flexible in response to market changes.

On a quarterly basis, Covered California for Small Business considers: 1) New issuers, 2) Currently contracted Covered California for Small Business issuers proposing new products (simplified application and timeline), and 3) Currently contracted Covered California for Small Business issuers submitting quarterly rate changes (does not require complete application, submitted according to contractual requirements). Quarterly Application Process Requirements are: 1) Submission of non-binding Letter of Intent (LOI) to gain access to electronic application system and 2) Submission of application response by the respective quarter's due date and other key action dates as applicable. Mr. DeBenedetti said all issuers must complete annual certification application for January 1 effective dates.

Mr. DeBenedetti then presented highlights from a Milestones Timeline Table. Letters of intent from issuers wishing to participate have been received. Covered California is looking for approval of the certification process and application from the Board. Mr. DeBenedetti stated submissions from carriers are due May 1st. May and June will be spent analyzing materials submitted by carriers. Negotiations for individual market issuers that are applying will take place in July. The exact date has not been determined. Dental plan issuers must submit their materials by June 1st. Small Business rates are due July 25th.

Mr. DeBenedetti said that rates on this calendar that are after July are for the individual market. They are federal requirements. Covered California will post in July, before

these federal dates. Dental rates will be announced in August. October 15th is the first day of open enrollment. November 1st is a federal requirement posting date but Covered California will post well before this date.

Chairwoman Dooley called for questions from the Board. There were no questions. She then opened for Public Comment. There were no comments. Chairwoman Dooley then entertained a motion to adopt the recommendation.

Paul Fearer called for the motion and Art Torres seconded the motion. Roll was called and the motion was approved by a unanimous vote.

Covered California for Small Business Eligibility and Enrollment Emergency Regulations Readoption and Permanent Rulemaking Authorization

Peter V. Lee thanked Gabby Ventura for her service to Covered California. Ms. Ventura was a core part of the legal team since she joined Covered California in 2012. Mr. Lee stated that Ms. Ventura was very involved with this Agenda Item. Ms. Ventura accepted a job with Kaiser Foundation. Mr. Lee wished Ms. Ventura well in her new position.

Linda Anderson, Senior Manager for Covered California for Small Business thanked the stakeholders for their active engagement and ongoing participation. Ms. Anderson relayed that a meeting was held with the stakeholders in which these proposals were presented. Ms. Anderson described the feedback as good and welcomed future engagement and comments.

Ms. Anderson presented a request for action to the Board to readopt the updated regulation under Emergency Rulemaking and begin the CCSB permit rulemaking process. Ms. Anderson said there are some additions to the proposal since the December Board meeting.

For Section 6528, clarification was provided for plan changes that are received during the first 30 days of the coverage effective date. For Section 6522, if a lessor minimum participation percentage changes CCSB - Covered California for Small Business (CCSB) are to notify Qualified Health Plans issuers at least, 210 days prior to the proposed effective date. The language pertained to 100% participation requirements for employers with one to three employees was removed. Language was added regarding valid waivers. They are not required to enroll when an employer is contributing 100% of the employee's premium.

In Section 6520, clarity was provided that new employer enrollment applications are due five days prior to the requested effective date and we've added language that if a qualified employer declines coverage, the employee must sign the declination of coverage section of the application. For Section 6522, clarifying language was added for valid waivers to exclude qualified healthcare coverages that are sold in the individual Exchange. For Section 6526, CCSB has provided criteria for selecting a default, alternative reference plan for employers if during renewal, the current reference plan is

no longer available, and the group did not select a new reference plan. For Section 6528, criteria was added for passively renewing employees plan if a Qualified Health Plan is not available or if the issuer of the QHP is no longer available. For Section 6532, regarding employer payment of premiums, clarifying language was added regarding a reinstatement requirement from employers that are terminated and included the collections requirements for delinquent accounts payable, as per the state Accounting Manual; Section 8776.6. And lastly, typographical edits were made throughout for clarity and consistency and revised cross referenced to state laws.

Ms. Anderson stated they wanted to add clarifying comments from earlier regarding the employer's sponsored dental. The employer-sponsored dental was an enhanced dental plan for employers wanting to sponsor dental for their employees. CCSB will continue to have standard dental plans that are still going to be available to consumers for 2018.

Art Torres stated it was hard for him to follow the changes and asked how these changes would be articulated for the average consumer.

Linda Anderson explained that there is an Employer Guide Toolkit. The package will be made available to agents, employers, and to the public. This package is easier to understand and follow. It is available on the Covered California for Small Business website.

Peter V. Lee explained that the small business coverage is virtually all agent sold. The agents understand this and have been very involved in looking at this information.

Art Torres asked if the feedback was positive.

Linda Anderson responded that the feedback has been positive from agents.

Paul Fearer asked what "removing the 100% participation requirement" meant.

Linda Anderson explained that for small businesses, all employees must join in order to be eligible.

Chairwoman Dooley called for and received a motion and a second. She called for public comment. Dr. Sandra Hernandez asked about the enrollment goals for the small business program. She asked about the size of the market and what Covered California would like to see.

Peter V. Lee stated that Covered California is on target for relative growth. He asked Doug McKeever to elaborate.

Doug McKeever stated that now, at the end of 2018 our anticipated growth would put us at about 55,000 to 58,000. As of December, we reported ahead of our projections at about 414,000. Covered California is waiting for January 2018 numbers to come in but things look favorable at this point.

Peter V. Lee said that those who do use Covered California receive very little financial help. The main thing they are accessing is the “choice environment.”

Chairwoman Dooley called roll and the motion was approved by a unanimous vote.

The meeting was adjourned at 1:57 pm