CALIFORNIA HEALTH BENEFIT EXCHANGE BOARD
August 8, 2013
Fair Political Practices Commission
428 J St, 8th Floor
Sacramento, CA 95814

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

Chairwoman Dooley called the meeting to order at 9:30 a.m.

Board Members present during roll call:
Diana S. Dooley, Chair
Susan Kennedy
Paul Fearer

Board Members present in Los Angeles:
Kimberly Belshé

Board Members absent:
Robert Ross, MD

Agenda Item II: Closed Session

Chairwoman Dooley called the meeting to order at 10:30 a.m. A conflict disclosure was performed; there were no conflicts from the Board Members that needed to be disclosed.

Agenda Item III: Executive Director's Report

Presentation: Executive Director's Report

Mr. Lee reported that Morgan Consulting has been selected through a competitive bid process to work with Covered California on existing senior hires. More information will be provided in upcoming weeks regarding recruitment efforts for specific senior exempt positions.

In terms of contracting, signed contracts were announced with twelve health plans that offer a very wide and rich choice across the state. Originally, thirteen plans were anticipated, but Ventura County Health Care Plan has withdrawn for 2014 and may return in 2015. Both Anthem and Blue Shield are available in Ventura County.

Six health plans were announced for the Small Employer Health Options Program (SHOP). Also announced were intent to award contracts for four general agents, umbrella agents that work with licensed insurance agents for SHOP placement and sales. The community of licensed agents has

expressed a huge interest in working with both of Covered California's markets. Over 3,500 licensed agents have already registered for the training and certification process.

Staff has adjusted the plan contracts to clarify that plans must always comply with state and federal law. Contracts will also be adjusted to make clear that plans must offer 10 essential health benefits, incorporating pediatric dental services.

Mr. Lee discussed the many official Covered California town halls, but noted there are also hundreds of other outreach sessions hosted by various stakeholders, including over 250 community-based organizations starting to do outreach and education. Those community groups have identified over 30,000 outreach sessions, community meetings, town halls, and forums they will conduct in the next year.

Mr. Lee previewed several updates planned for the next Board meeting, including website status, health plan contracting timeline for 2015, transparency through the process, and an update on payment policies for those who do not have bank accounts. Staff will also provide updates on marketing, outreach, and enrollment activities which are all quickly being revised in response to feedback. A great deal of material is currently being distributed, and more is being developed. Additional updates will include the navigator program that launches in 2014, voter registration and federal regulations. Due to extensive input received from webinars and advisory groups on SHOP regulations, agent regulations, plan-based enrollers, assisters, and eligibility and enrollment, revisions are being made and will be acted on at the next Board meeting.

As part of its mission statement, everything Covered California does is centered around giving consumers the ability to make values-based decisions on both price and quality. Staff had hoped to offer quality rating information when the doors open for enrollment, but there has not been consistent information available from the different health plans. Thus staff is considering phasing in quality rating information over time. Questions about this have been received from health plans with some suggesting that Covered California offer what quality information it can right away, along with other information on a not-yet-rated basis. Staff appreciates the engagement from health plans and consumers and will continue working through this issue.

Mr. Lee commented that many IT issues are also being finalized right now and the Covered California website is a part of that. The website currently has tools enabling consumers to calculate their potential premium assistance. In the next several weeks, tools will be added so that licensed insurance agents can register and seek Covered California certification. Those tools will be also added for certified enrollment entities in August, along with new shop-and-compare tools which will enable consumers to understand more specifics about plan availability and subsidy amount.

At the next meeting, staff will update the Board on system readiness. Staff is considering rolling out either expanded shop-and-compare or enrollment functions, and possibly phasing in self-enrollment on a different timeline than assisted enrollment. Decisions will be based on consumer testing and on testing of the system and its capacity.

Covered California is on the verge of finalizing the service center contract in Fresno. Hundreds of people there are ready to join the Covered California family. Training has begun, more staff has been hired in Rancho Cordova, and there is a full complement of staff in Contra Costa.

Public comments:

Beth Capell, Policy Advocate, Health Access California, voiced that they strongly support quality reporting in the first year. The Office of the Patient Advocate produces a report card which Covered California could link to and which would provide information that would be useful to consumers. Some plans listed are only a few dollars apart and, in that case, a consumer might look at quality as well as price. Thus, it's important for consumers to have some quality information in year one, even if it's not everything hoped for. They also have reports on training and community outreach to share. Reaching all Californians will be difficult, and they appreciate Covered California's evidence-based approach. Some of their partners have already run out of materials and want to know where more materials can be obtained.

Regina Brown Wilson, Chair and Executive Director, California Black Media, thanked the Board for all the work and offered their assistance. Some publishers and media outlet owners have voiced concern that they are not part of the conversation and would like an opportunity to collaborate. Their organization will have a meeting next week, and Covered California will send a representative. They hope to work out their concerns there.

Cary Sanders, Director of Policy Analysis, California Pan-Ethnic Health Network, hoped to build on Ms. Capell's comments. They appreciate Covered California's tremendous efforts in trying to reach diverse populations through the ambitious outreach and education grant program and look forward to the next meeting's discussion. They are happy to hear that oral interpretation is being made available to trainees in addition to translated materials and fact sheets. Their constituents are diverse and it's going to be difficult to reach them, but the groups they work with are excited to partner with Covered California in doing so.

Agenda Item IV: Dental Plans

Chairwoman Dooley read Board Member Ross's written note sharing his views regarding dental plans. He expressed support for a policy approach that includes pediatric dental services

embedded into contracted health plans and made available to all families with children as quickly and as practicable as possible. While he appreciates the complexity involved in realizing this objective, it is critical that Covered California send an unambiguous message about the value of preventive oral health for California's children.

His statement reflects Chairwoman Dooley's own view and commitment, and she looks forward to the staff presentation and the public comment. She appreciates the input given in advance of the meeting.

Mr. Lee voiced appreciation for the Board's willingness to make themselves available for the special meeting, and for Board Member Belshé and the other participants in Los Angeles. Staff shares the Board's commitment to ensure Covered California has affordable, good products to assure broad preventive oral health for California's children. He believes the offerings being presented at this meeting go a long way toward doing that. They feel good about the dental HMO offerings that are as low as $10 a month that, when paired with health plans, provide true affordability for millions of Californians. This is an important advantage for families and their kids.

Everyone has been moving rapidly, especially over the last six to eight months. At times, they have not been as effective as they could have been, and the process has been less than ideal in terms of engaging consumers and the Board in decision issues.

Mr. Lee shared that Covered California is in a unique place because of federal rules which have been somewhat of a moving target, but which have become much clearer this year. In many ways, these rules conflict with Covered California's desires and intentions. The clear guidance has been to allow within the exchange the offering of standalone dental plans and to allow health plans to offer 9.5 products, which are not full offerings.

Covered California must seek to do the best it can for kids, both in the short term and the long term, while addressing the federal direction that has been given. They need to go back to their federal partners and ask for more latitude than is currently given relative to having a portfolio of offerings that is as strong as possible.

Leesa Tori, Senior Advisor for Plan Management, provided a presentation on the topic of pediatric dental offerings.

Presentation: Pediatric Dental Coverage—Updates and Options

Mr. Lee explained during the presentation that the health plans were asked if they would be able to provide an embedded pediatric dental option. Two plans, including Health Net, said that they

potentially would have the capacity to handle embedded dental, but they were not necessarily interested in bidding on or offering that product. They felt they would be put at a competitive disadvantage because consumers without children would likely choose plans that did not have dental benefits embedded.

Ms. Tori noted that this is a very complex issue and it seems to be growing more complex, so there are some policy questions that remain for the next plan year relating to mandatory purchase.

One of the major drivers in the policy is how to protect California's children as well the other Californians who are going to be accessing the program. Staff has considered whether it would be good for the portfolio and for everybody in the portfolio if Covered California required purchase of pediatric dental for families with children. The exchange may be able to require enrollment in a pediatric dental plan at the time of enrollment. But everything will be billed separately, so it would become complex if people decided not to pay their dental premium bills and thus dropped pediatric dental coverage. It is unclear whether it would be a good idea to then instruct their health plan to cancel coverage since they were not paying for their mandatory dental coverage. At this point, the staff recommends that the Board not require mandatory coverage.

Mr. Lee explained that one of the main intents of requiring full coverage is "community rating," which means spreading the cost of children's dental coverage across the entire population. The California Legislature wants to support community rating and make pediatric dental coverage as affordable as possible.

Mr. Lee noted that staff posted a Board recommendation brief that many people had a chance to review. He pointed out that affordability has many layers. It relates to the affordability of the premium, both for health and dental, but also to the out-of-pocket costs and out-of-pocket maximums. Changing any of those costs affects the underlying premium that cuts across the entire health care system. Another key element of affordability is the tax credit. Covered California will work with CCIIO in 2014 towards a goal of having the tax credit availability applied to standalone dental. They are also considering additional consumer protections for 2014 and have, through their contracting policies, many good consumer protections already in place.

Meanwhile, Covered California's marketplace and the outside marketplace will be out of alignment because of differences between state and federal laws. Though it's not Covered California's preference, the federal rules relative to the availability and offering of 9.5 plans in the exchange means there will be differences. This does not serve the best interests of consumers. The federal rules relative to the structuring of the health and dental offerings are framed across the country, and standard rules are at issuer option, allowing issuers to choose

what they offer. California's legislation dictates that Covered California is an active purchaser, creating a market that works best for consumers.

Mr. Lee stated that the staff's preferred recommendation is to only offer embedded as an option. But that is at odds with the current federal guidance, and Covered California must operate within federal requirements.

Ms. Tori explained the concept of medical loss ratio (MLR.) The Affordable Care Act places limitations on how much money a health plan can make in products it sells to the general public. A percentage of the premium must be spent on the actual health care of the enrollees in the plan. Those MLR rules do not cross directly over into the dental plans. When the dental plans are sold separately, it is unclear how to apply those MLR rules. The Healthy Families program already deals with this issue, so research will be done to follow up on that.

Mr. Lee noted that engaging their CCIIO colleagues is important, as is the understanding that California is a big state that has sought to be an active purchaser and put consumers first. In many cases CCIIO has revised, added clarification to, and changed their guidance. Covered California wants to actively engage them in these areas.

Mr. Lee noted that 2015 is right around the corner, and the eight plans who said they could not currently create embedded plans have asked for an indicator of what they will need to do in the future so that they can start to build their systems. Staff wants to give clear, unambiguous indication to the plans of potential directions while the analysis continues. Covered California has laid out a timeline with milestones, recognizing that things could change.

Discussion:

Board Member Belshé noted that Mr. Lee and Ms. Tori made an important point about California being an active purchaser, which creates particular opportunities but also some challenges in the context of federal direction. She wondered what approaches the other sixteen stated-based exchanges are using, and what determinations regarding consumer interests have been made.

Mr. Lee explained that's one of the reasons for needing time to review. They have heard incomplete and unconfirmed information on the policies for different states. It is also not yet clear what their portfolios are and exactly what needs to be analyzed. They have heard rumors about states saying they may only offer embedded pediatric dental, although that seems clearly at odds with federal law, and about others that are offering only standalone dental plans. It's important to see both what other state-based exchanges—of which there are only a handful that seek to be active purchasers—are

doing, and also what is happening in the federal marketplace in order to see what California's options are in comparison to other states.

Ms. Belshé stated that a strong argument exists for moving down the path of embedded plans, but given the federal structure that has been articulated, there appears to be serious implications associated with that which are not in consumers' best interests. California is not the only state facing those federal guardrails, so she is interested in hearing how other states are navigating this very complicated and important issue.

Mr. Lee agreed that it will be a key part of the analysis. California, being an active purchaser, has taken an activist approach with a state legislative policy of wanting to make sure that all kids have dental coverage.

Public Comments:
Fred Seavey, Research Director, National Union of Healthcare Workers, inquired about the best time to make general comments during the Board meeting. Mr. Lee responded that only comments regarding the pediatric dental policy issue before the Board are being taken at this meeting. The caller was encouraged to comment at the next Board meeting or to send written comments via email.

Beth Capell, Policy Advocate, Health Access California, acknowledged the substantial amount of policy work that has been done by the staff and the advocacy community in the last four to six weeks to regroup on this issue, and appreciated the staff's recognition of the need to reconsider. When California leads, often its federal colleagues allow it to do things that are more protective of consumers. They have a different understanding of the federal interpretation of embedded plans. They support the staff recommendation that the exchange consider only embedded plans for 2015, including full-service plans subcontracting with dental plans as long as the full-service plans accepted the risk and responsibility. Only embedded plans allow the tax credits that provide the full range of consumer protections and minimize the market distortions that Mr. Lee alluded to. They appreciate the inclusion of contractual consumer protections in the absence of state law. Now that pediatric dental is a core benefit, California's tradition of exempting plans from these consumer protections does not serve the consumer well. Covered California should review its contracts to ensure that they do provide all the protections listed in the slides. If the communications with qualified health plans had been made public, this discussion would have been held in April and the exchange might have been in a different place for 2014. They look forward to being in a different place in 2015.

Betsy Imholz, Director of Special Projects, Consumers Union, voiced that by making pediatric dental coverage one of the essential health benefits, the Affordable Care Act

shifted the paradigm in an important way and acknowledged that children's oral health is closely tied to medical health. Standalone policies imply a supplemental kind of coverage and they fail to achieve the broad risk and cost spread that underpin the Affordable Care Act. They are not in consumers' best interest. Affordability is also impacted because the IRS has interpreted the law so that advanced premium tax credits don't apply to the calculation when using a standalone policy. They commend the staff for the incredible amount of policy work, conversation, and honesty in the Board briefs about the flaws that that have occurred in the process so far and look forward to moving forward constructively.

Consumer Union supports the staff recommendation to include the consumer protections in the contract and make purchase voluntary this year. Although they prefer to see everybody buy everything to spread the risk, they do not believe that will work in 2014 given where we are right now and the affordability concerns. Covered California should significantly explore the embedded-only option for 2015. They urge the adoption of a robust, accelerated timeline for that work because it is such an incredibly time-intensive process. All stakeholders should participate and the plans should be given enough time to create new embedded products for 2015. She urged that both CCIO and the IRS be engaged and pushed to revise the law. If that were fixed, the standalones wouldn't be such a problem this year.

Cassandra Crump, Having Our Say Coalition, voiced disappointment that pediatric dental was left out of the plans. Her daughter's preschool teachers are always advocating for dental health. The real issue is affordability. However, the 2014 deadline is approaching. Affordable health care should be guaranteed before moving forward. They ask that the Board ensure that in 2015, the plans that people purchase are affordable. In the meantime, it should not be mandatory.

Michelle Lilienfeld, Senior Attorney, National Health Law Program, noted that when it comes to health reform implementation, California has been a leader and an example, so it's unfortunate to find California in this situation with limited options for pediatric dental coverage in 2014. They appreciate that Covered California's staff and the Board recommendation brief recognize it was an error not to allow the submission of embedded plans and are taking steps to correct this issue with a commitment to explore the full range of options for plan years 2015 and beyond. While they believe that embedded dental plans are the best product option for the pediatric dental essential health benefit and the most beneficial option for low-income consumers, they understand that the current situation and time constraints make it difficult to provide this option in 2014.

Thus they agree with the recommendation made by Covered California's staff in their Board recommendation brief. If embedded dental plans are not going to be offered in 2014, it is important for Covered California to take all the necessary steps to ensure that they are offered in 2015. Without the embedded plan option, the purchase of pediatric dental should be voluntary in 2014. They commend Covered California's staff recommendation to require that standalone dental plans be subject to key patient protection features in the Affordable Care Act and to finalize the dental model contract to include these protections. In the future, improved stakeholder involvement is critical. While they are supportive of Covered California's suggested timeline, they believe it is important to ensure that stakeholders are provided information early on so that there's an opportunity for thoughtful input.

Charles Bacchi, Executive Vice President, California Association of Health Plans, spoke on behalf of Covered California's qualified health plan contractors. They understand the importance of access to pediatric dental. But they support the staff recommendation that there is not enough time to reverse course and embed them this year. They also agree that serious consideration has to be given in the fall to the market and the implications of offering embedded plans in competition with 9.5 plans and standalone dental plans. The Board must think through the impact of mandating embedded plans across the entire marketplace. It may be the best policy choice for spreading community rating, but it could also limit consumer choice if you lose a qualified health plan that is unwilling to do embedding.

Alison Barnett, Government Relations Director, Anthem Blue Cross, noted that Mr. Bacchi covered a lot of the technical issues, but they wanted to offer their support for the staff recommendation to delay any changes for 2014 and agree that there may be some necessary changes for 2015.

Nicette Short, Policy Analyst of Government Affairs, California Dental Association, echoed the appreciation for this meeting and the staff work. They appreciate not only the exploration of the policy, but the engagement of stakeholders in a way that is helpful to enlighten the complicated nature of the dental benefit issue. Everyone is coming to appreciate how very different dental benefits in the current marketplace are from how they are treated in the Affordable Care Act. It is important to move forward to explore all those options. They support the inclusion of standalone dental benefits in the exchange, as they are a great way for families to access coverage in the same way that 98 percent of people who have dental benefits now access them. It's important for families that buy that coverage inside of the exchange to be able to have that option, allowing people to keep their dentists, have coverage options and do apples-to-apples comparisons. They also appreciate the active role Covered California has played in purchasing. The rates it

has been able to secure are very affordable for families. They support the staff recommendation to not move forward with embedded plans at this point. There are so many technical questions that have to be worked out. The idea of rushing to do that in the next couple of weeks doesn't seem wise. They want to encourage making mandatory the purchase of the pediatric dental benefit as one of the ten essential health benefits and one that is valuable for children. It's important for Covered California to stand up for the value of oral health benefits.

Serena Kirk, Policy Advocate, Children's Defense Fund, thanked the Board and staff for all of the time and attention to this and the responsiveness and inclusion on the issue. They wanted to support Board Member Ross's comments, noting the importance of including embedded plans as soon as possible. They see the benefit that families would have in being able to choose that option, as well as in many of the reasons mentioned around affordability, most significantly the ability to take advantage of the subsidies.

Autumn Ogden, Policy Coordinator, California Coverage and Health Initiatives and the Children's Health Coverage Coalition, expressed gratitude for the responsiveness and hard work of the Board and staff. They have sent previous letters asking the Board to articulate a policy that directs Covered California to immediately request bids for embedded dental plans. They were pleased to learn that two plans are currently capable of offering embedded dental plans. While there was a little fluidity between the terms "bundled" and embedded," they are distinctly different terms. It is their understanding that bundled plans may not be supported by CalHEERS right now, but embedded plans are capable of that support.

Ben Rubin, Health Policy Associate, Children Now and the Children's Health Coverage Coalition, thanked the Board for the special meeting and wished to echo the statements made by Ms. Ogden and Ms. Kirk. Since pediatric dental is an essential benefit under both state and federal law, it should be offered comprehensively in the same way that other essential health benefits are offered. One way to ensure that dental care for kids is not considered ancillary to overall health is to change the way in which it is offered. If it is offered as part of medical coverage, there will be an opportunity to modernize the structural paradigm and thereby enhance oral health for children. Given the current landscape, they support the staff recommendation to encourage the voluntary purchase of pediatric dental benefits in 2014. Ultimately, they envision a marketplace where pediatric dental coverage is truly an essential health benefit as expressed in the Affordable Care Act, and where families have a robust choice of affordable plans in the marketplace.

Jim Mullen, Manager of Public and Government Affairs, Delta Dental, commented that they are excited to be a part of Covered California in 2014. They support the policy

direction recommendation to stick with the plan that is in place for 2014. They want to engage on the recommendations outlined in the well-crafted brief for 2015. He echoed appreciation for the staff's thorough examination of the issue and was struck by Board Member Belshé's question regarding exchanges in other states. He attended a recent plan advisory committee meeting where a committee member also asked what other states grappling with this issue are doing, and nobody knew the answer. He asked that, if the advisory committee moves forward, it would include a dental plan advocate. The CDA has been grappling with this issue with eight state exchanges, including New York, the District of Columbia, Maryland, Utah, and Nevada. Once Nevada confronted the dental issue, they realized the complexity. They ended up in the position of offering embedded, bundled, and standalone, recognizing the value of all of three options for their consumers, and noting that they all bring different things to the table. They hear a lot about which option might be best, but there are many variables, including differences between plans in terms of the size of their network. Affordability is a key component. They want to evaluate all of the aspects of what different plans bring to the exchange and to California consumers.

Eileen Espejo, Director of Media and Health Policy, Children Now, thanked Covered California for the hard work and attention to this critical children's health issue. She echoed the comments of those in the Children's Health Coverage Coalition. Due to the current limited construct for 2014, the Board should consider directing staff to track and monitor how this essential health benefit is being taken up during the first year. That baseline data will provide some valuable information for the stakeholder process. They appreciate that there will be a transparent stakeholder process occurring this fall.

Kathleen Hamilton, Director of Government Affairs, The Children's Partnership, echoed the comments of Consumers Union and the Children's Health Coverage Coalition. Much collaboration and progress have happened in just the last few weeks, and she appreciated the Board and the staff for following this path. It has been a terrific and exemplary way to proceed in the future as well. Over the last two and a half years, they have watched with awe and admiration as the Board and staff have assertively undertaken the work of the exchange. They ask that Covered California bring that same drive and purpose to addressing how best to provide dental coverage and care to children. That process can begin today with consideration of embedded pediatric dental plans. Beginning to look at those plans, soliciting bids and having a conversation may or may not result in embedded plans being offered in 2014, but that process has to begin today and the Board should initiate it via their action. The staff talked about products and portfolio; they would like to add process to that timeline as well. This process is complex, and it's going to take a while; if we begin now, maybe we will get there with embedded plans which are so critical to serving California's children.

Elizabeth Landsberg, Director of Legislative Advocacy, Western Center on Law and Poverty and the Health Consumer Alliance, aligned her comments with those of the National Health Law Program, Consumers Union, Health Access, and other consumer groups. As a mother and as someone who had a lot of dental care as a child, she sees this as important and underscored the key factor of affordability. They strongly believe in embedded plans and hope to get there as soon as possible.

Gary Rotto, Director of Health Policy and Strategic Communications, Council of Community Clinics, thanked Covered California for the special meeting and all the work that has been done toward pediatric dental health, which is critical. The many CFOs, dental directors and CEOs in their organization are grappling with this issue. It's not an easy task, but they feel strongly that pediatric dental, an essential health benefit, is essential to primary care. They would prefer to see it as mandatory but recognize that may not be possible this year and so would urge that for subsequent years. They are the health care home for many people on Medi-Cal and have an agreement with First 5 of San Diego to cover children ages zero to five. The Healthy Families experience might provide lessons learned about how their products were offered, considering that they were bundled and still mandatory and yet able to have flexibility. For those in the range of 138–200 percent of the federal poverty level, could the bridge plan be a way of helping keep those costs low, especially for dental?

Jeff Shelton, Vice President of Government Relations, Regulatory Affairs, and Compliance, Health Net, noted that if there were no 9.5 plans or standalone plans, if all plans were embedded plans, then this meeting today would not be necessary. It seems like a lot of work needs to be done with the federal government since they issued the requirement for standalone plans. Significant rating complications are caused by having a full 10 embedded plan and a 9.5 plan that does not include pediatric dental. They support the staff recommendations on how to proceed for 2014, but caution the Board about the difficulty in working through whether or not to embed unless there is a different understanding with the federal government about how to deal with other potential kinds of benefit structures.

Pam Loomis, Legislative Consultant, California Association of Dental Plans, noted they represent both full-service and standalone plans that offer dental benefits. They appreciate the focus on pediatric dental policy issues and agree that there are many complex, nuanced issues that need to be analyzed. They support offering embedded plans as an option along with the standalone plans, but only after potential adverse selection issues have been analyzed and addressed. They also support doing this analysis in the coming months and postponing the implementation of any changes to the 2015

timeframe. They have engaged the legislature on the medical loss ratio issue and have compiled significant analysis, including a comparison with the Healthy Families program that they are willing to share with the Board and staff. The medical loss ratio doesn't just address the profit of the plans, but also the administrative costs of the plans in relation to the premium and dollars spent on care. With a low-premium product like a dental plan, the fixed administrative costs tend to be a more significant percentage of the premium.

Cary Sanders, Director of Policy Analysis, California Pan-Ethnic Health Network, noted that California has disparities in access to dental care. Communities of color are disproportionately impacted. Thus Covered California has an important role to play in ensuring affordable access to dental benefits. Because of the current situation, they support staff's recommendation that dental coverage not be a required purchase in 2014. Looking forward, they support the comments of other advocates, such as Consumers Union and Health Access and the children's groups. They urge the Board to do three things. First, make sure that embedded dental is an option in the 2015 RFP. The timeline must be very strict and CCIIO, federal partners, and the IRS must all be educated about why community rating is so important. Second, it is important to strengthen consumer protections by requiring dental plans to report on their medical loss ratios. She was happy to hear that the Dental Association is on board with the research and making that available. It happened in Healthy Families; they would like to see it happen in Covered California, along with ensuring that other state laws from network adequacy to language access are all followed. Third, they would like the Board to ensure that dental coverage is affordable for families by prohibiting additional out-of-pocket costs above the $6,350 annual out-of-pocket maximum.

Dave Meadows, Senior Vice President, Government Health Programs, Liberty Dental Plan, expressed their pride in being included in Covered California as a selected plan. They appreciate the confidence that Covered California has placed in them and look forward to making sure that all Californians have access to quality affordable dental care. For 2014, they concur with the staff's recommendations and believe they have done an excellent job of identifying the issues and impacts. For 2015 and beyond, they look forward to helping craft some viable solutions.

Dr. Paul Reggiardo, Pediatric Dentist, the California Society of Pediatric Dentistry, does not believe that it was the intent of the Affordable Care Act to exclude the required purchase in 2014. About 50 percent of children entering kindergarten have dental disease or dental decay. Children with dental benefits get more preventative care and more treatment when needed. The children who need dental care this year need dental coverage as a required purchase. Covered California has the authority to require that benefit this year, and they urge the Board to do so.

Janice Rocco, Deputy Commissioner of Health Policy and Reform, California Department of Insurance (CDI), spoke on behalf of Commissioner Dave Jones. They feel strongly that embedded pediatric dental coverage is the best choice for many families, particularly those who are subsidy eligible, because of the lower cost and because of the consumer protections. Commissioner Jones has asked the staff and is asking the Board to please do a solicitation now, to see if we can get any carriers to offer pediatric dental coverage as an embedded offering in 2014. If we go forward with the solicitation, we could be pleasantly surprised. Commissioner Jones will work with the two carriers who have said they could offer it for 2014 to help make that a reality. Covered California and Department of Insurance staffs have put in countless hours over the last six weeks to try to make this work. It's still an important offering for 2014 because it's more affordable, meaning more families will have coverage and children's health will be improved. They have described in letters to the Board why they believe voluntary purchase for 2014 is appropriate from a policy basis as well as from a legal basis. They do not think Covered California has legal authority to mandate that individuals purchase coverage, but it does have the ability to mandate what carriers and contractors provide. From a policy perspective, to disallow embedded plans and then require the purchase of the more expensive standalone plans would not be a good call. Offering embedded plans in 2014 would be difficult, but they want to work together toward that goal.

John Newman, Director of Exchanges and Performance Reporting, Kaiser Permanente, voiced support for the staff recommendation since they do not see a viable alternative for 2014. It's not just an IT lift; there are also the market rules and rating rules to be worked out, and they strongly support moving this discussion forward for 2015.

Debra Payne, Program Planner, First 5 Sacramento, was delighted that dental was part of the ten essential benefits. Because of that, it should be a required benefit for children.

Dr. Conrado Bárzaga, Executive Director, Center for Oral Health, echoed the comments of Dr. Reggiardo. In 2014, pediatric dental coverage should be a mandate. Otherwise families will opt out of this essential benefit and many families will end up in expensive emergency rooms, like uninsured people do today. That increases the cost of medical coverage for all Californians.

Chairwoman Dooley noted that for families up to 250 percent of the federal poverty level, children will be eligible for Medi-Cal and their dental benefits will thus be covered. The benefits being discussed are for the population above that percentage.

From Los Angeles: Dianne Lindel, Pediatric Nurse Practitioner, Healthy Smiles for Kids of Orange County, noted that they are heavily funded and supported by the Commission

for Children and Families of Orange County. She keeps hearing people talk about pediatric dental care and mandatory coverage plans, but not the concept of oral health. The most chronic childhood illness is cavities. It is a medical diagnosis and an infectious process in the mouth. Children have died from having dental abscesses. This is a health concept. It does not need to be separated as a dental issue, and she keeps hearing that lost in the discussion. So when she hears talk about a plan that will carve out a health component, it concerns her. She felt grave concern when she heard the phrase, "if we can provide an embedded plan." Dental care needs to be considered as an integral part of a comprehensive medical plan. The mouth is part of the body, and a health care plan needs to include oral health. Dr. Reggiardo said it's all about the kids. If this is elective coverage, then families who don't qualify for those low-cost plans and who will have to come up with the funds, may feel they don't need to worry about teeth. They may not see it as a medical condition with medical impact.

From Los Angeles: Jenny Kattlove, Director of Strategic Health Initiatives, The Children's Partnership, echoed Kathleen Hamilton's comments and those of their consumer advocate partners and the Children's Coverage Coalition. They appreciate this special meeting and were thrilled that pediatric dental coverage was made an essential health benefit through the Affordable Care Act. As such, it should be just as affordable and accessible as all other essential health benefits. Not offering embedded plans means that purchasing dental coverage will be more costly and complicated for all families. They want to help get embedded plans included as an option for families.

From Los Angeles: Monica Ochoa, Oral Health Advocacy Coordinator, Maternal and Child Health Access, voiced that as an oral health advocate and someone who helps families and children access oral health resources on a daily basis, she would urge the Board to consider embedded pediatric dental plans. This coverage is critical to ensuring that kids access oral health benefits and would help minimize barriers to care that often result in pain and missed schooldays.

On phone: Barbara King, resident of Davis, California, urged the Board to make embedded pediatric dental care available as soon as possible, ensuring more affordable and easier access to coverage and care for children. In towns within Yolo County, untreated dental decay in children entering kindergarten ranges from 15–49 percent. Access to care is essential. She was disappointed to hear the California Dental Association not being fully supportive of embedded plans because of concern for keeping people's current dentist. Surely having access to any dentist at all is more important than that.

Chairwoman Dooley expressed appreciation for all the comments and for all the cooperation and participation with staff. She respects the way the community has come together to respond to the information as it became clear over the last several months.

Mr. Lee wanted to respond to some of the issues raised. He seconded Chairwoman Dooley's appreciation. The staff is committed to the shared goal that many have expressed of having kids and families get the most affordable care possible. For two years, California has tried to be a leading example of how to do this right in a consumer-centered way and set a course for the rest of the nation. This has been an incredibly constructive engagement. A number of the comments have been related to the carving out by the federal rules of what we all think should be a carved-in aspect. Staff has set a course to try to address that specifically. Regarding measuring and tracking, they are committed to doing everything they can to encourage take-up, and then to measure that take-up, noting how many are actually getting access to care. This was talked about on the health care front, and it is absolutely correct that oral health is part of health care.

There are many more children that will have dental care because their parents will be enrolled in Covered California and the children will be in Medi-Cal. This underscores something that many partners have noted: the importance of doing effective marketing. Outreach to mixed families is absolutely vital. Explaining to families that they are going to be able to enroll a parent in a Covered California plan and a child in Medi-Cal kids is part of assuring good oral health.

Finally, there seems to be widespread agreement on the need to explore embedded plans as quickly as possible. They appreciated the discussions with Commissioner Jones a month ago on the need to reach out to plans and see what they could do. Upon doing so, they found two plans that were potentially able to offer embedded pediatric dental in the near term. They were able to close the loop on only one of those two, Health Net, which stated that while they could offer embedded, they would not respond to solicitation. So to issue a solicitation now would be a difficult. They need to reach out to the plan community, both dental and health care, for solutions. For the consumer community, a path has been laid out to do that in a way that addresses a very near-term launch of Covered California while meeting the needs of kids and families and creating a good path forward.

Motion/Action: Board Member Kennedy moved to adopt the staff recommendations as proposed. Board Member Fearer seconded the motion.

In making the motion, Board Member Kennedy stated that the Board fully recognizes the importance of preventive oral health for California's children and embraces a policy that includes pediatric dental services embedded into contracted health plans.

It is the Board's intention to make pediatric dental health available to families as an embedded benefit through the exchange no later than the 2015 plan year, recognizing the technical and rating complexities involved with doing so.

Therefore, in accordance with government code section 100500i, 100502a, 100503a, 100503c, and 100503s, the Board hereby directs the staff to work with all deliberate speed to draft a recommendation for embedded pediatric dental benefits in consultation with stakeholders for Board approval before the end of this year.

Discussion:
Mr. Lee sought clarification on the issue of mandated offerings. Since the motion is silent on that issue, Covered California would not be doing mandates, consistent with the staff recommendation. Enrollment in pediatric dental will be encouraged as much as possible, but there will not be a mandate, as indicated by the motion's silence on the issue.

Board Member Kennedy agreed, stating that if the Board thought they could, they would. But they do not believe it's technically feasible or in the best interests of protecting consumers at this juncture.

Board Member Belshé noted she would modify that to suggest that the motion stands as articulated. She said her interpretation is that the Board will revisit the issue of mandatory versus voluntary in plan year 2015 after more work has been done regarding the structure.

Board Member Kennedy agreed that it would be included in the recommendation coming from the staff for adoption by the Board before the end of the year.

Chairwoman Dooley also noted that she assumed if dental were embedded in all of the plans, as is her intent, that the issue of whether or not it is mandatory would become moot.

The issues of what the federal government will allow, if embedded plans are the only offering, will need to be addressed before this comes back to the Board for action.

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

Mr. Lee expressed his appreciation for the staff's incredibly hard work, but also the hard work of dozens and dozens of people who share the goal of California being a leader in offering affordable coverage for families, and for embarking on the biggest change in health care since Medicare. This fall, California will be a leader in expanding coverage, making it affordable, and changing health care in America.

Agenda Item V: Adjournment