



COVERED
CALIFORNIA

COVERED CALIFORNIA POLICY AND ACTION ITEMS

February 20, 2014

CERTIFIED APPLICATION COUNSELOR PROGRAM REGULATIONS

Sarah Soto-Taylor, Deputy Director of Community Relations

CONSUMER ASSISTANCE EFFORTS

Role and Responsibility	Funding Source	Federal or State
<p><u>Certified Insurance Agents</u>: Licensed by the CA Dept. of Insurance. Sell Covered California Health Insurance Plans in the individual and small business markets.</p>	<p>Health Insurance Company (Qualified Health Plan)</p>	<p>No Federal Requirement. State Regulation.</p>
<p><u>Plan Based Enroller</u>: Employee of a Covered California Qualified Health Plan. Assists plan members in enrolling into Covered California.</p>	<p>Health Insurance Company (Qualified Health Plan)</p>	<p>No Federal Requirement. State Regulation.</p>
<p><u>Certified Educator</u>: Work for a Covered California Outreach and Education Grant Recipient. Do not provide assistance with filling out the application. Grant period is July 2013 – December 2014.</p>	<p>Covered California \$43 million Outreach and Education Grant (Federal Grant)</p>	<p>No Federal or State Requirement.</p>

CONSUMER ASSISTANCE EFFORTS (CONTINUED)

Role and Responsibility	Funding Source	Federal or State
<p><u>Certified Enrollment Counselor</u>: Work for an Enrollment Entity. Provide In-person enrollment assistance. \$58 payment per application that results in effectuation of coverage; \$25 renewal. \$58 new Medi-Cal enrollment.</p>	<p>\$21 million Consumer Assistance Initiative (Federal Grant). Medi-Cal payment from DHCS.</p>	<p>No Federal Requirement. State Regulation.</p>
<p><u>Navigator (Certified Enrollment Counselor)</u>: Work for a Covered California Navigator Grant Recipient. Conduct outreach, education, and enrollment assistance. Grant period is June 2014 – December 2014.</p>	<p>\$5 million Navigator Grant. Self-sustainable budget.</p>	<p>Federal Requirement. State Regulation.</p>
<p><u>Certified Application Counselor</u>: Work for an Enrollment Entity that has an economic incentive to enroll consumers. Provide non-compensated enrollment assistance and must disclose their conflict of interest to the consumer in writing prior to enrollment assistance.</p>	<p>Covered California does not compensate for enrollment assistance work.</p>	<p>Federal Requirement. State Regulation.</p>

CERTIFIED APPLICATION COUNSELOR PROGRAM REGULATIONS UPDATE

Article 11 - Certified Application Counselor Program

- Section 6852 – Certified Application Entities
 - Add that entities or individuals with significant experience providing health and social services are eligible to apply
 - Add that we may require proof of significant experience providing health and social services
- Section 6854 – Certified Application Entity Application
 - Combine Sub-Sections (12) and (13) that require that entities inform us if they serve people with disabilities and disability types
 - Add *race* as a required field in describing services provided

CERTIFIED APPLICATION COUNSELOR PROGRAM REGULATIONS UPDATE

Article 11 - Certified Application Counselor Program continued

- Section 6860 – Training Standards
 - Add that the Certified Application Entity's Authorized Contact shall complete management training within 30 days
 - Clarify that Certified Application Counselors shall complete the training in the *full* range of Insurance Affordability Programs prior to providing application assistance

CERTIFIED APPLICATION COUNSELOR PROGRAM REGULATIONS UPDATE

Article 11 - Certified Application Counselor Program continued

- Section 6864 – Roles and Responsibilities
 - Add the requirement to maintain expertise in eligibility, enrollment and program specifications
 - Remove the term *employees* as they are included in the term *individuals*
 - Add the requirement to provide services in a fair, accurate and impartial manner
 - Add the requirement to refrain from steering individuals to any particular plan or plans
 - Add the requirement to provide referrals to any office of health insurance consumer assistance or health insurance ombudsman

CERTIFIED APPLICATION COUNSELOR PROGRAM REGULATIONS UPDATE

Article 11 - Certified Application Counselor Program continued

- Section 6864 – Roles and Responsibilities continued
 - Rename the Authorization Form to Conflict of Interest Disclosure Form to more accurately reflect its intended function
 - Add requirement to provide culturally and linguistically appropriate services
 - Add requirement to ensure accessibility of physical sites, materials, web sites and other tools for people with disabilities
 - Add requirement to provide the same level of service to all individuals regardless of age, disability, culture, sexual orientation, or gender identity

CERTIFIED APPLICATION COUNSELOR PROGRAM REGULATIONS UPDATE

Article 11 - Certified Application Counselor Program continued

- Section 6864 – Roles and Responsibilities continued
 - Add prohibitions against:
 - Mailing paper applications for consumers
 - Coaching consumers to provide inaccurate information or to select any particular plan or plans
 - Accepting premium payments from consumers, inputting any premium payment information on behalf of the consumer, paying any part of the premium or providing any form of consideration to the consumer on behalf of the consumer and accepting any type of remuneration from the consumer
 - Intentionally creating multiple applications from the same household
 - Inviting, influencing, or arranging for an individual to opt out of an affordable and minimum value employer-sponsored insurance plan

CERTIFIED APPLICATION COUNSELOR PROGRAM REGULATIONS UPDATE

Article 11 - Certified Application Counselor Program continued

- Section 6866 – Conflict of Interest Standards
 - Add examples of actual or potential reportable conflicts of interest

CERTIFIED APPLICATION COUNSELOR REGULATIONS – STAKEHOLDER FEEDBACK AND RECOMMENDATIONS

§6850 Definitions

Stakeholder	Summary of Proposed Amendments	Covered California Recommendation
Health Advocates	Request to provide “authorized representative” definition	<u>Amendment not needed:</u> “Authorized Representative” is already defined in Title 10, Chapter 12, § 6410 as: “Any person or entity that has been designated, in writing, by the applicant to act on his/her behalf or individuals who have appropriate power of attorney or legal conservatorship.”

CERTIFIED APPLICATION COUNSELOR REGULATIONS – STAKEHOLDER FEEDBACK AND RECOMMENDATIONS

§6852 Certified Application Entities

Stakeholder	Summary of Proposed Amendments	Covered California Recommendation
California Pan-Ethnic Health Network, Consumers Union, The Greenlining Institute, Western Center on Law and Poverty	Request to list organization categories for which the regulations intended to apply. Clarify that CAEs must be capable of serving California’s diverse populations as recommended in Federal Guidance	<p><u>Recommended Amendments:</u> Covered CA’s intent is to define eligible categories in a manner that encourages broad diversity in entities that serve the target populations. The Section is amended to: Specify that eligible entities and individuals include those with significant experience providing health and social services, and that the Exchange may require proof of such experience.</p> <p>Maintain the program as non-compensated.</p>
Latino Coalition for a Healthy California, California Primary Care Association	Request to provide funding to hire and for start-up costs to cover application process.	
Health Advocates	Request general clarification of subsections.	

CERTIFIED APPLICATION COUNSELOR REGULATIONS – STAKEHOLDER FEEDBACK AND RECOMMENDATIONS

§6864 Roles and Responsibilities

Stakeholder	Summary of Proposed Amendments	Covered California Recommendation
<p>California Pan-Ethnic Health Network, Consumers Union, The Greenlining Institute, Western Center on Law and Poverty</p>	<p>Request to align with Certified Enrollment Counselor Program standards including providing information to individuals and employees about the full range of QHP options and insurance affordability programs for which they are eligible.</p> <p>Request co-branding requirements and prohibit conducting door-to-door marketing.</p>	<p><u>Recommended Amendments:</u> Align regulations with the Enrollment Assistance Program roles and responsibilities:</p> <ul style="list-style-type: none"> • Maintain expertise in the Program, provide services in a fair, accurate and impartial manner, and refrain from steering individuals to any particular plan or plans • Provide referrals to any appropriate health insurance consumer assistance available to assist enrollee with a grievance, complaint, or questions regarding their health plan or coverage. • Include Culturally and Linguistically Appropriate Standards (CLAS) <p><u>Amendment not needed:</u> The Enrollment Entity Agreement requires the use of the Covered California Brand Style Guide.</p>

CERTIFIED APPLICATION COUNSELOR REGULATIONS – STAKEHOLDER FEEDBACK AND RECOMMENDATIONS

§6864 Roles and Responsibilities continued

Stakeholder	Summary of Proposed Amendments	Covered California Recommendation
<p>Health Advocates</p>	<p>Request clarification of “employees”, to define and tailor the “Authorization Form” to fit a vendor’s scope of services and provide authority to perform their full scope of services.</p> <p>Request clarification of instances when authorized representatives are allowed to collect fees for helping applicants to obtain benefits from various sources.</p>	<p><u>Recommended Amendments:</u> Align regulations with the Enrollment Assistance Program roles and responsibilities:</p> <ul style="list-style-type: none"> • Not accept any premium payments or accept any direct or indirect remuneration from the consumer • Not input any premium payment information on behalf of the consumer

CERTIFIED APPLICATION COUNSELOR REGULATIONS – STAKEHOLDER FEEDBACK AND RECOMMENDATIONS

§6866 Roles and Responsibilities continued

Stakeholder	Summary of Proposed Amendments	Covered California Recommendation
Health Advocates	§6866(a) Concern that subsection appears extremely broad and more restrictive in requiring disclosures to the Exchange and potential applicants.	<u>Recommended Amendments:</u> Provide examples of conflict of interest.

RENEWAL AND NEW ENTRANT APPLICATIONS POLICIES

Leah C. Morris, Senior Clinical Consultant, Plan Management

GUIDING PRINCIPLES

1. Partnership: Ask for key updates and changes – no need to repeat information collection from first solicitation
2. Stable Portfolio: Standard benefit designs for 2015 changes limited to those required to comply with federal and state law, embed dental, and offer family dental plans in individual and SHOP.
3. Evaluation to focus on data where available: enrollment, licensure/accreditation, ability to receive payments and process claims, and other basic QHP and dental plan functions.
4. Transparent process

QHP ISSUER ELIGIBILITY FOR RENEWAL AND NEW ENTRANT APPLICATION

	Individual Market	SHOP
QHP Renewal Application	Issuers who received certification and conditional certification for the 2014 plan year	Issuers who received certification for the 2014 plan year
QHP New Entrant Application	Medi-Cal managed care plans and plans newly licensed since August 2012	Issuers not currently offered through the SHOP

SADP & FAMILY DENTAL ELIGIBILITY FOR RENEWAL AND NEW ENTRANT APPLICATION

	Individual Market	SHOP
SADP Renewal Application (including FD proposal)	Issuers who received certification for the 2014 plan year	Issuers who received certification for the 2014 plan year
SADP & FD New Entrant Application	Issuers not currently offered through Individual Market	Issuers not currently offered through the SHOP

PUBLIC REVIEW AND COMMENT

- Second set of QHP application drafts posted January 31, 2014, incorporating board policy on pediatric dental
- First draft SADP renewal and dental new entrant applications released Feb. 4, 2014
- Written comments received from limited number of stakeholders
- Plan Management Advisory Committee Feb. 3, 2014
- Ad Hoc Dental Technical Work Group Feb. 7, 2014
- Informational webinar on application process and draft documents Feb. 13, 2014

SUMMARY OF KEY THEMES IN COMMENTS

- Requests for the deadline for rate, network and other data submissions to be extended to June (from May)
 - Accept the extension to June *if* open enrollment is extended to November. If open enrollment remains October, then the application due date remains May.
- Technical questions regarding reference libraries, submission requirements and formats, clarification of application expectations.
 - Application Libraries are included with the application and submission requirements have been clarified.

SUMMARY OF KEY THEMES IN COMMENTS

- Additional comments were received but were not acted on as they did not align with current Covered California policy and the intent to make minimal changes at this time. For example:
 - Require all Qualified Health Plans to offer contracts to all Essential Community Provider hospitals.
 - Covered California does not dictate network composition. We assess availability of provider services to underserved populations.
 - Defer to the regulator to make the determination of good standing.
 - Covered California works closely with the regulators on specific aspects of the determination, the ultimate certification (including good standing) lies with Covered California.
 - Modify the New Entrant definition of a Medi-Cal Managed Care Plan to specify Local Initiatives or County Organized Health Systems (LI and COHS).
 - Such specification was not delineated in the original board policy and goes beyond the Board direction.

HIGHLIGHTS OF CHANGES TO APPLICATIONS

- Added a request for applicants to demonstrate method of compliance with federal requirement to serve the unbanked.
- Modified request so some SERFF templates will only be required after certification, rather than with initial application.
- Corrected attachments to dental applications to assure congruence across all application documents.
- Clarified the request for information on QHP approach to offering embedded pediatric dental benefits.

Final Recertification/Certification Timeline for 2015 Benefit Year

ACTIVITY	DATE
January Board Meeting <ul style="list-style-type: none"> Discussion of draft renewal and new entrant applications Action: Pediatric dental recommendation 	JANUARY 23
<ul style="list-style-type: none"> Receive public comment on draft renewal and new entrant applications Revise draft applications to incorporate comments and embedded/family dental 	FEBRUARY
February Board Meeting <ul style="list-style-type: none"> Action: QHP & SADP renewal and new entrant applications and regulations 	FEBRUARY 20
Release final Covered California QHP & SADP renewal and new entrant applications	MARCH 10
Nonbinding letters of intent due for QHP & SADP renewal and new entrants	MARCH 17
March Board Meeting <ul style="list-style-type: none"> Action: 2015 standard benefit plan designs 	MARCH 20
Preliminary portfolio evaluation completed based on letters of intent	APRIL 30
QHP & SADP renewal and new entrant applications due to Covered California – all to include 2015 Proposed Rates and Networks	MAY 1 *

*The proposed federal rule *HHS Notice of Benefit and Payment Parameters for 2015* would change the open enrollment period for all Exchanges to November 15, 2014 through January 15, 2015. The May due date and all subsequent dates will be moved one month out if open enrollment moves to November.

Proposed Recertification/Certification Timeline for 2015 Benefit Year for SHOP and Individual Marketplaces (continued)

ACTIVITY	DATE
Evaluation of QHP & SADP renewal and new entrant application including rates, networks, quality, contract compliance, reporting, etc.	MAY 1-MAY 31*
Covered California negotiations with renewal and new entrant applicants	JUNE*
Contingent QHP & SADP recertification and new entrant certification complete subject to regulatory review	JUNE 30*
Regulatory review	JULY AND AUGUST*
Final QHP & SADP recertification and new entrant certification complete	AUGUST 30*
SERFF templates uploaded to CalHEERS	SEPTEMBER 1*
2015 QHP & SADP data tested in CalHEERS	SEPTEMBER TO OCTOBER 15*
Open enrollment period for 2015 plan year	OCTOBER 15 TO DECEMBER 7*

*The proposed federal rule *HHS Notice of Benefit and Payment Parameters for 2015* would change the open enrollment period for all Exchanges to November 15, 2014 through January 15, 2015. The May due date and all subsequent dates will be moved one month out if open enrollment moves to November.

PROPOSED STANDARDIZED PLAN DESIGNS

Leesa Tori, Senior Adviser, Plan Management

CRITERIA FOR PROPOSED CHANGES IN BENEFIT DESIGN

1. Minimal change from 2014 benefit designs
 - Proposed 2015 AV calculator
 - Embedded dental
 - Family dental
2. Portfolio price stability year to year
3. Price sensitivity of dental insurance uptake
4. Preserve pediatric cost sharing as feasible in context of out-of-pocket maximum change
5. Create appealing family dental option with separate design
 - Pricing appeal to consumer
 - Familiarity to consumer
 - Ease of SADP/family plan administration for dental plans

OVERVIEW OF PROPOSED CHANGES IN BENEFIT DESIGN

1. Kept coinsurance and copay plan designs for health and dental
2. Ran all 2014 health plan benefit designs through proposed 2015 AV calculator
3. Made changes to health plan design primarily to bring design into AV ranges using proposed 2015 calculator
4. Conducting independent actuarial analysis of dental plan designs

OVERVIEW OF PROPOSED CHANGES IN BENEFIT DESIGN BY METAL TIER

Metal Tier	Proposed Design Change
Bronze	<ul style="list-style-type: none">Lowered generic drug copay
Silver	<ul style="list-style-type: none">Lowered generic drug copay
Silver Enhanced	<ul style="list-style-type: none">Lowered generic drug copay
Gold	<ul style="list-style-type: none">Lowered generic drug copay
Platinum	<ul style="list-style-type: none">No changes

PROPOSED STANDARD BENEFIT PLAN DESIGN: 10.0 PLANS

	Approach
10.0 – Medical	<ul style="list-style-type: none">• Lowered generic drug copay from \$19 to \$15• Maintained highest 2014 out of pocket maximum of \$6350
10.0 – Dental	<ul style="list-style-type: none">• Removed dental deductible• \$300 dental out of pocket maximum

PROPOSED STANDARD BENEFIT PLAN DESIGN

FAMILY AND PEDIATRIC DENTAL BENEFIT

	Approach
Stand alone dental plan (Pediatric .5)	<ul style="list-style-type: none"> Proposed \$50 deductible for adults and children in coinsurance design \$300 pediatric out of pocket maximum Copay and coinsurance options No-cost diagnostic, preventive Require bid for both SADP and Family
Family Dental (Pediatric .5 + Family)	<ul style="list-style-type: none"> Proposed \$50 deductible for adults and children in coinsurance design \$300 pediatric out of pocket maximum Copay and coinsurance options No-cost diagnostic, preventive Require bid for both SADP and Family Annual benefit limit and lifetime maximum for adults, and for pediatric cosmetic orthodontia

PROPOSED 2015 STANDARD PLAN DESIGN ACTUARIAL VALUE CHANGES FROM 2014

2015 Standard Benefit Plan Designs Samples (10.0 EHB)

FOR DISCUSSION PURPOSES

Metal Tier	Plan Type	Deductible - Medical & Drug	2014 AV %	2015 AV %	AV % Change from 2014	Change in Benefit Designs from 2014
Platinum 90	Coinsurance	Integrated	88.10%	88.62%	0.52%	No Change
Platinum 90	Copay	Integrated	88.00%	88.41%	0.41%	No Change
Gold 80	Coinsurance	Integrated	78.20%	79.60%	1.40%	Lowered Generic Drug Copay to \$15 from \$19
Gold 80	Copay	Integrated	78.00%	79.22%	1.22%	Lowered Generic Drug Copay to \$15 from \$19
Silver 70 (Individual)	Coinsurance	Separate	68.90%	68.74%	-0.16%	Lowered Generic Drug Copay to \$15 from \$19
Silver 70 (Individual)	Copay	Separate	68.50%	68.49%	-0.01%	Lowered Generic Drug Copay to \$15 from \$19
Silver 70 (SHOP)	Coinsurance	Separate	69.90%	69.36%	-0.54%	Lowered Generic Drug Copay to \$15 from \$19
Silver 70 (SHOP)	Copay	Separate	69.45%	69.07%	-0.38%	Lowered Generic Drug Copay to \$15 from \$19
Silver HSA (SHOP)	Coinsurance	Integrated	71.55%	71.48%	-0.07%	No Change

PROPOSED 2015 STANDARD PLAN DESIGN ACTUARIAL VALUE CHANGES FROM 2014

2015 Standard Benefit Plan Designs Samples (10.0 EHB)

FOR DISCUSSION PURPOSES

Metal Tier	Plan Type	Deductible - Medical & Drug	2014 AV %	2015 AV %	AV % Change from 2014	Change in Benefit Designs from 2014
Enhanced Silver (94) 100%-150% FPL	Coinsurance	Integrated	94.80%	94.38%	-0.42%	No Change
Enhanced Silver (94) 100%-150% FPL	Copay	Integrated	94.90%	94.42%	-0.48%	No Change
Enhanced Silver (87) 150%-200% FPL	Coinsurance	Separate	87.80%	87.44%	-0.36%	No Change
Enhanced Silver (87) 150%-200% FPL	Copay	Separate	87.80%	87.40%	-0.40%	No Change
Enhanced Silver (73) 200%-250% FPL	Coinsurance	Separate	73.90%	73.47%	-0.43%	Lowered Generic Drug Copay to \$15 from \$19
Enhanced Silver (73) 200%-250% FPL	Copay	Separate	73.50%	73.18%	-0.32%	Lowered Generic Drug Copay to \$15 from \$19
Bronze 60	N/A	Integrated	60.40%	60.87%	0.47%	Lowered Generic Drug Copay to \$15 from \$19
Bronze 60 HSA	N/A	Integrated	59.00%	58.95%	-0.05%	No Change
Catastrophic	N/A	Integrated	60.40%	60.56%	0.16%	No Change

PROPOSED EMBEDDED DENTAL DESIGN 2015

	Embedded Dental	
	Member Copay	Member Coinsurance
Procedure Categories	Pediatric	Pediatric
Diagnostic & Preventive (D&P)	\$0	0%
Office Visit	\$0	0%
Basic Services - Basic Restorative	See proposed standardized copay amounts for select procedures	20%
Major Services - Crowns & Casts, Prosthodontics, Endodontics, Periodontics, Oral Surgery		50%
Orthodontics (Medically Necessary)	\$300	50%
Orthodontics (Cosmetic)	No Coverage	No Coverage
Cosmetic Orthodontia Lifetime Max	Not Applicable	Not Applicable
Deductible	\$0	\$0
Annual Limit	No Annual Limit	No Annual Limit
Out of Pocket Maximum	\$300	\$300
Waiting Periods	No Waiting Period	No Waiting Period

PROPOSED STANDALONE AND FAMILY DENTAL DESIGN 2015

Standalone Dental				
Procedure Categories	Member Copay		Member Coinsurance	
	Pediatric - up to age 19	Adult - 19 and older	Pediatric - up to age 19	Adult - 19 and older
Diagnostic & Preventive (D&P)	\$0	\$5	0%	0%
Office Visit	\$0	\$0	0%	0%
Basic Services - Basic Restorative	See proposed standardized copay amounts for select procedures		20%	20%
Major Services - Crowns & Casts, Prosthodontics, Endodontics, Periodontics, Oral Surgery ¹			50%	50%
Orthodontics (Medically Necessary)	\$300	No Coverage	50%	No Coverage
Orthodontics (Cosmetic)	\$2,000	No Coverage	50%	No Coverage
Cosmetic Orthodontia Lifetime Max	\$2,000	N/A	\$2,000	N/A
Deductible	\$0	\$0	\$50/\$50 (D&P waived)	\$50/\$50 (D&P waived)
Annual Limit	N/A	\$1,500	N/A	\$1,500
Out of Pocket Maximum	\$300	N/A	\$300	N/A
Waiting Periods	12 months waiting period applies only to cosmetic orthodontia	None	12 months waiting period applies only to cosmetic orthodontia	6 months waiting period for major services

¹ Major Services have a 6 month allowable waiting period for adults (not pediatric), waived with proof of prior coverage

PROPOSED COPAY SCHEDULE FOR SELECTED PROCEDURES – EMBEDDED, STANDALONE, FAMILY

Selected Procedure	Copay
Deductible per Child	\$0
Out of Pocket Maximum	\$300
Office Copay	\$0
Oral Exam	\$0
Preventive - Cleaning	\$0
Preventive - X-ray	\$0
Sealents per Tooth	\$0
Fluoride Application	\$0
Space Maintainers - Fixed	\$50
Amalgam Fill - 1 Surface	\$25
Root Canal - Molar	\$300
Gingivectomy per Quad	\$150
Extraction - Single Tooth Exposed Root or Erupted	\$65
Extraction - Complete Bony	\$160
Porcelain w/Metal Crown	\$300
Orthodontia - Child Medically Necessary	\$300

STATUS OF PROPOSED BENEFIT DESIGN CHANGES

Proposed Benefit Design Changes*	Planned for 2015	To be considered for 2016
Reduce annual out-of-pocket limit for pediatric dental benefit	✓	✓
Embed pediatric dental benefit	✓	✓
Offer family dental benefit	✓	✓
Consider alternate benefit designs in SHOP	✓	✓
Consider alternate benefit designs in individual market		✓
Reconsideration of application of deductible		✓
Minimizing use of coinsurance		✓
Reconsideration of cost sharing amounts for enhanced silver products		✓

*List not exhaustive

POTENTIAL AMENDMENTS TO QHP AND DENTAL CONTRACT

Covered California staff reviewing need for additional requirements in QHP and dental contracts related to benefit plan designs:

- Inclusion of dental benefit in QHP contract
- Inclusion of family dental benefit in stand alone dental plan contract

FINANCIAL REPORT AND 2014-15 FINANCIAL PLANNING OVERVIEW

John Hiber, Chief Financial Officer

FISCAL YEAR 2013-14 YEAR-TO-DATE BUDGET & EXPENDITURE REPORT (PERIOD ENDING DECEMBER 31, 2013)

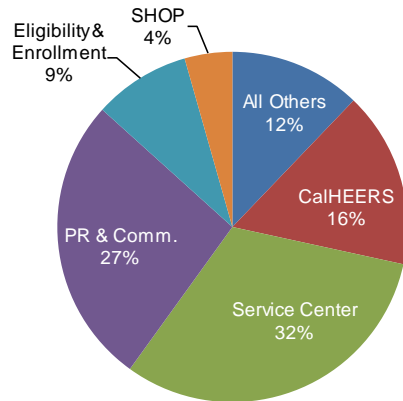
Performance versus Budget						
	Annual Budget	December Expenditures	Year-to-Date Expenditures	% Expended YTD	Projected Expenditures	Total
Salaries & Benefits	\$ 80,992,502	\$ 4,174,742	\$ 18,732,110	23%	\$ 27,499,137	\$ 46,231,247
Contractual Costs	\$ 291,286,812	\$ 20,511,944	\$ 51,178,617	18%	\$ 287,414,027	\$ 338,592,644
Travel	\$ 905,783	\$ 56,042	\$ 199,423	22%	\$ 193,036	\$ 392,459
Supplies	\$ 3,320,311	\$ 160,841	\$ 661,537	20%	\$ 1,111,406	\$ 1,772,943
Equipment	\$ 2,123,303	\$ 76,907	\$ 458,361	22%	\$ 982,801	\$ 1,441,162
Facilities	\$ 14,659,487	\$ 510,916	\$ 2,109,330	14%	\$ 7,383,518	\$ 9,492,848
Other	\$ 6,402,051	\$ 128,991	\$ 391,350	6%	\$ 578,105	\$ 969,455
Expenses	\$ 399,690,249	\$ 25,620,382	\$ 73,730,727	18%	\$ 325,162,030	\$ 398,892,757
CalHEERS Cost Sharing	\$ (15,742,621)	\$ (1,709,298)	\$ (2,236,302)	14%	\$ (16,704,646)	\$ (18,940,948)
Total Operating Costs	\$ 383,947,628	\$ 23,911,084	\$ 71,494,425	19%	\$ 308,457,384	\$ 379,951,810

Commentary
<ul style="list-style-type: none"> • The pace of spending increased significantly in December. Monthly expenditures of \$25.6 million represented 35 percent of the year-to-date total expenditure amount of \$73.7 million. Spending in December increased 49 percent over November expenditures of \$17.2 million. • Salaries at \$4.2 million, were 8 percent higher than November, in line with staffing growth and also reflecting increased overtime expenses associated with processing paper applications. • Contractual expenditures of \$20.5 million were driven by expenditures in the Service Center, CalHEERS, Community Grants and SHOP, and were 60 percent higher than last month.

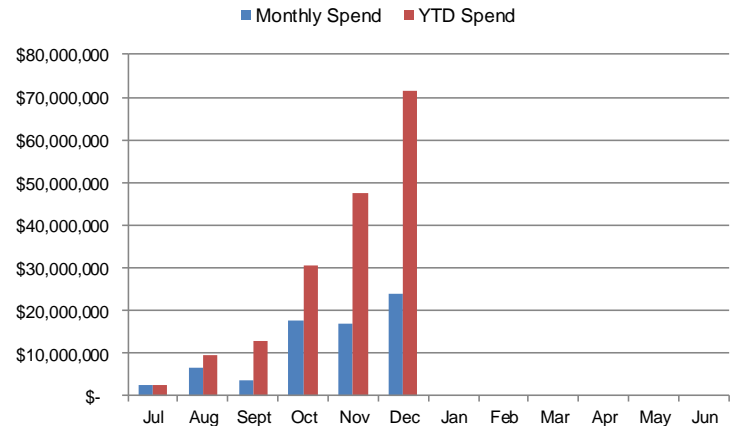
Some numbers may not add due to rounding

FISCAL YEAR 2013-14 YEAR-TO-DATE BUDGET & EXPENDITURE REPORT (PERIOD ENDING DECEMBER 31, 2013)

Annual Budget - \$383.9 million



Spending Trend



Expenditures versus Budget by Organizational Unit

	Annual Budget	December Expenditures	Year-to-Date Expenditures	% Expended YTD	Projected Expenditures	Total
SHOP	\$ 16,899,206	\$ 1,881,312	\$ 6,190,516	37%	\$ 9,170,021	\$ 15,360,537
Service Center	\$ 121,080,758	\$ 4,243,143	\$ 20,926,482	17%	\$ 55,464,972	\$ 76,391,455
CalHEERS	\$ 78,152,275	\$ 9,495,917	\$ 12,424,078	16%	\$ 105,615,020	\$ 118,039,098
Eligibility & Enrollment	\$ 34,281,294	\$ 5,684,932	\$ 12,072,887	35%	\$ 33,793,231	\$ 45,866,118
PR & Communications	\$ 102,575,501	\$ 1,774,289	\$ 9,325,514	9%	\$ 91,021,532	\$ 100,347,046
All Others	\$ 46,701,215	\$ 2,540,788	\$ 12,791,251	27%	\$ 30,097,252	\$ 42,888,503
Total Expenses	\$ 399,690,249	\$ 25,620,382	\$ 73,730,727	18%	\$ 325,162,030	\$ 398,892,757
CalHEERS Cost Sharing	\$ (15,742,621)	\$ (1,709,298)	\$ (2,236,302)	14%	\$ (16,704,646)	\$ (18,940,948)
Total Operating Costs	\$ 383,947,628	\$ 23,911,084	\$ 71,494,425	19%	\$ 308,457,384	\$ 379,951,809

Some numbers may not add due to rounding

COVERED CALIFORNIA AWARDED SUPPLEMENTAL FEDERAL GRANT

- In January, Covered California received \$155 million in additional federal funding mainly focused on outreach and marketing, enrollment assistance, staffing and technology. This brings the total federal grants awarded to Covered California to \$1,066 million.
- The federal funds will be allocated to Covered California’s 2013-14 and 2014-15 budgets, consistent with enterprise priorities, and brought to the Board for approval.
- These funds will be expended consistent with federal guidelines and within the same time period stipulated by the regulations governing the level 2.0 federal grant.
- The allocation is subject to further clarification from CCIIO and Covered California’s budget process.

Total amount of federal grant funding awarded to Covered California

	Period Covered	Funds Committed
Planning Grant	Sept 2010 - Sept 2011	\$ 1,000,000
Level 1.1	Aug 2011 - Nov 2012	\$ 39,421,383
Level 1.2	Aug 2012 - Aug 2013	\$ 196,479,629
Level 2.0	Jan 2013 - Dec 2014	\$ 673,705,358
Level 2.0 Supplemental	Jan 2014 - Dec 2014	\$ 155,076,686
Grand Total		\$ 1,065,683,056

DEVELOPING THE FISCAL YEAR 2014-15 BUDGET

- Financial Management is currently working on the interdependent activities of developing both FY 2014-15 budget proposal and the 2015 PMPM proposal.



- Discussions are underway with each program to adequately project needs and to jointly develop a provisional FY 2014-15 budget.
- This provisional budget will serve as the basis for the preliminary baseline budget that, in conjunction with enrollment estimates and a reserve strategy, will support the Board's discussion of the 2015 PMPM proposal in March.
- This discussion will inform a PMPM proposal that will be presented to the Board for approval in April.
- Following further refinement of the preliminary baseline budget, a proposal for the FY 2014-15 budget will be presented to the Board for discussion in May.
- A final proposal for the FY 2014-15 budget will be presented to the Board for approval in June.

AUDIT COMMITTEE

AUDIT COMMITTEE/BACKGROUND

- Any governing body that oversees a state agency that performs or reviews internal audits is required to establish an audit committee, per Government Code Section 13886.
- The audit committee shall generally meet the frameworks recommended by the American Institute of Certified Public Accountants (AICPA), as set forth in the publication entitled “AICPA Audit Committee Toolkit: Government Organizations.”

PURPOSE & RESPONSIBILITIES

- Assist the Board with respect to its responsibilities in the oversight of the following:
 - The integrity of Covered California’s financial statements and reports and its accounting and financial reporting practices and controls.
 - Covered California’s compliance with federal and state statutory and regulatory requirements.
 - The independent auditor’s qualifications and independence.
 - The performance of Covered California’s independent auditor and internal audit function.
 - Covered California’s “whistleblower” program.

RECOMMENDATION

Staff will develop a recommendation for the Board to consider at the March 2014 meeting.