CALIFORNIA HEALTH BENEFIT EXCHANGE BOARD
March 5, 2015
Covered California Tahoe Auditorium
1601 Exposition Blvd.
Sacramento, CA 95815

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

Chairwoman Dooley called the meeting to order at 10:05 a.m.

Board members present during roll call:
Diana S. Dooley, chair
Susan Kennedy
Kimberly Belshé
Paul Fearer

Board members absent: None

1 Board seat vacant

Agenda Item II: Closed Session

Chairwoman Dooley called the meeting to order at 12:19 p.m. A conflict disclosure was performed; there were no conflicts from the board members that needed to be disclosed.

Chairwoman Dooley noted that the Governor has appointed two people, Genoveva Islas and Martin ("Marty") Morgenstern, to the Covered California Board to fill the seats to be left vacant by Board Members Belshé and Kennedy. Chairwoman Dooley praised the outgoing inaugural Board, including former Board Member Ross, and shared information on the two incoming members' experience and history. She is pleased to welcome them and noted they will be attending the April Board meeting. There will be a celebration at the April Board meeting, which will be Covered California's fourth anniversary.

Board Member Belshé voiced affection for her journey with Covered California. We have all been fortunate to be involved from the beginning. If we hadn't gone through the initial push in 2007, we wouldn't be where we are today. We have made history together. She acknowledged Arnold Schwarzenegger saying he laid the groundwork. She also acknowledged Speaker Perez; Chairwoman Dooley's grace under pressure and leadership; and Mr. Lee's additions to her vocabulary and his energy. The stakeholders have made the exchange's work successful. She also acknowledged Peter Harbidge and all his hard work and dedication. Getting Covered California launched was fun, a lot of work, and worth it.

Board Member Kennedy noted that this will be one of the most important things she does in her political career. She has appreciated working with Chairwoman Dooley and the Brown administration's leadership.

Mr. Lee thanked them for being such active and engaged listeners. California's success isn't just because of a few people; it's because they have listened to many people. The second open-enrollment period is closing and Board Members Kennedy and Belshé have been a part of that. We're about changing lives and we've seen them bring that about.

Agenda Item III: Approval of Board Meeting Minutes

After asking if there were any changes to be made, Chairwoman Dooley asked for a motion to approve the minutes from the meeting held January 15, 2014.

Presentation: January 15, 2015, Minutes

Discussion: None

Public Comment: None

Motion/Action: Board Member Belshé moved to approve the January 15, 2015, minutes. Board Member Fearer seconded the motion.

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

Agenda Item IV: Executive Director's Report

Presentation: Executive Director's Report

Discussion: Announcement of Closed Session Actions
Mr. Lee said the Board approved the appointment of a new Chief Technology Officer, Karen Ruiz. This will leave open her old position as CalHEERS project director.

The Board extended a contract with BlueCrane for the recertification process. The Board approved expanding a contract with the University of California to do migration analysis. The Board reviewed the standard quarterly report on contracts. The Board also discussed its work with Accenture. Staff is looking forward to sharing an update on the 24-month road map in April.

Discussion: Executive Director's Update
There are media clips in the background material, some of the impressions of Covered California. It marries with the "I'm In" campaign. Yolanda Richardson was recognized as one of Northern California's Talented 25, recognizing leaders from the African-American community.

The reports reflect what is happening around the country. There is a discussion of what is the ideal open-enrollment period. We want to settle into a regular rhythm.

Chairwoman Dooley is in favor with aligning Covered California with the private sector's open-enrollment period, meaning holding it before the end of the year rather than aligning it with tax time.

A number of letters and comments are also included among the shared items on the web. Some address specialty drugs, and some discuss the needs of rural regions.

Mr. Lee reviewed the open-enrollment period findings. The first open enrollment period and the first renewal period are both done. There was strong enrollment. Customer service was better; wait times are down and more people enrolled through the service center. About 92% of those up for renewal renewed. About 90% of those enrolled are subsidy-eligible.

Staff originally forecast that 85% of enrollees would pay their bill. It's more like 80%. More people stayed on a monthly basis than they expected. Special enrollment was more modest than anticipated.

Board Member Belshé asked what the forecast was for people transitioning out of Medi-Cal. The estimate was 200,000 per month, but the actual was much lower. She wondered why that was. Chairwoman Dooley voiced that peoples' incomes haven't risen and they are still enrolled in Medi-Cal.

Between Covered California and Medi-Cal, 1,274,073 individuals have new coverage.

Covered California made strides in the Latino and African-American communities and among younger enrollees. Having a younger demographic betters the risk mix. More males enrolled, so men and women have equal enrollment now.

More people received in-person support from agents, navigators, county workers, plan-based enrollers, and service center reps. Most people enrolled in the four big plans, but locally that varies much more. Kaiser received many new enrollments and retained many of their current members. Price matters. Most of those with subsidies pick silver. Staff will examine why more people chose bronze plans. Unsubsidized individuals pick more bronze, gold, and platinum plans.

Chairwoman Dooley noted a change in appetite between years. Part of the explanation is the different character of those who enrolled in the second year.

Mr. Lee said that they thought that would be the case, it was a harder educational pull, and they are also different than those signing up in the special enrollment period, those who had insurance but lost it.

Mr. Lee reported on the subsidy and cost-sharing numbers. Forms 1095-A were sent out. Some consumers had to make adjustments up or down. This was the first tax year where there could be a tax penalty. There will be a limited special enrollment period for those who didn't know there was a penalty.

Staff are working to improve the appeals process and allocate additional staff. Only about a quarter of appeals were ruled on in the fall. The rest were informally resolved.

SHOP now includes 2,311 employers and 15,671 members. There will be more information in April.

Mr. Lee shared how the strategy works with the vision and mission of the organization, broken into five key pillars. Staff welcomes comments on these.

He shared a planning calendar for the next several meetings.

Discussion: Legislative Update
David Panush presented. Last week was the bill introduction deadline.

Key bills included:

- AB 248 Health Insurance: Minimum Value: Large Group Market Policies
- AB 339 Health Care Coverage: Outpatient Prescription Drugs
- AB 845 Health Care Coverage: Vision Care
- AB 1305 Limitations on Cost Sharing: Family Coverage
- AB 1425 Small Employers: Health Reimbursement Arrangements
- AB 1434 Health Insurance: Prohibition on Health Insurance Sales: Health Care Service Plans
- SB125 Health Care Coverage
- SB137 Health Care Coverage: Provider Directory

The background material appendix includes more information on these bills.

Board Member Belshé wanted to underscore Mr. Lee's comment about service center progress. She appreciated the team and the work that went into improving this. She wondered about the increase in quick sort volumes and she would like data on those referred to the counties.

Mr. Lee said the counties are receiving and handling calls in the quick sort. The uptick reflects the increase in overall volume.

Chairwoman Dooley felt the data indicated that the quick sort is working, because callers are enrolling once they are there.

Public Comment:
Beth Capell, Health Access California, thanked Board Members Belshé and Kennedy for their service. She remembered Board Member Belshé writing the first grant, which was a

huge effort. They keenly felt the loss of the 2007 effort, but that got us to where we are now. The low special enrollment numbers are troubling. There's more work to do on transitions between Medi-Cal and Covered California. It does not seem to work well, operationally. It is thought that people are not taking advantage of the Exchange for short-term bouts of un-insurance. A significant number of the uninsured are uninsured for less than a year. It's one way Californians should secure their insurance during transitions.

Betsy Imholz, Director of Special Projects, Consumers Union, thanked Board Members Kennedy and Belshé and appreciated the remarks about the 2007 effort. It is hoped we can break out the data more on the payment methods. The cash issue was never fully tackled. Some low-income people don't have bank accounts.

Cary Sanders, Director of Policy Analysis, California Pan-Ethnic Health Network (CPEHN), thanked Covered California for some of the demographic data. She was pleased to see the uptick in African-American and Latino enrollment numbers. However, statewide numbers don't always tell the whole story. Statewide, the limited English proficient (LEP) enrollment numbers were around 20%, but in some geographic regions it was more like 40%. This breakout data is important. They would like this data before June for budgeting. It would affect what investments should be made. They'd like to see some language data, to ensure LEP enrollees are being served. While the response rates are encouraging, it is hoped that the organization considers if there are ways to keep upping the response rates.

Doreena Wong, Project Director, Asian Americans Advancing Justice (AAAJ), voiced that they will miss Board Members Belshé and Kennedy. AAAJ can rely on them to listen to their concerns and they have represented our communities well. She echoed Chairwoman Dooley's comment about seeing different populations enrolling. Last year was the low-hanging fruit year. AAAJ has had to spend a lot more time on each enrollment this year. This year, it has been harder to reach the target community. They resolve a lot of problems and also spend as much time renewing as enrolling. Each year it will get harder to reach people, so in-person assistance is needed. The numbers of Asian community enrollees have dropped, so they would like more data.

Kate Burch, Network Director, California LGBT Health and Human Services Network, echoed all of the prior comments. It would be great to see data on LGBT people and how enrolling them is going. She loves that in Covered California's mission, it says reducing health disparities, and that is not in the strategic pillars. As we move past the first few years, it will be important to see what's happening with health disparities.

Kevin Knauss, Certified Insurance Agent, has not been paid for SHOP enrollments since June 2014. He assumes Pinnacle has been paid. He has received Medi-Cal enrollment payment.

Kathleen Hamilton, Director, The Children's Partnership and the California Children's Health Coalition, appreciated Board Members Belshé and Kennedy for their

extraordinary work. The public often doesn't understand how much work goes into it, but they do understand. She congratulated the organization on the strong enrollment and renewal numbers. She was drawn to the strategic pillars, and hopes that the box under "needed care" is how Covered California will evaluate the quality of not just the health care but also the consumer experience. She hopes there is a plan to execute that pillar, perhaps through the stakeholder workgroups. They remain interested in and committed to that work.

Chairwoman Dooley thanked Ms. Hamilton for her own service, as she is retiring.

David Chase, California Director, Small Business Majority, thanked Board Members Belshé and Kennedy. They agree with Mr. Lee's assessment about SHOP's opportunities coming. Mr. Chase's group thinks of 2014 as the soft launch and 2015 as the grand opening. Half of all workers in California work for small businesses. There are 4 million lives in the small-group market right now and that number is about to go up. They are looking forward to the April Board meeting.

Sonal Ambegaokar, Senior Attorney, National Health Law Program and the Health Consumer Alliance, thanked Board Members Belshé and Kennedy. She appreciated the enrollment numbers but also the retention rate, which is amazing. Ms. Ambegaokar would like some more information on how many people changed plans. The transition issues have been rough between Medi-Cal and Covered California. Hopefully we'll get to a place of seamlessness. Staff has listened to their concerns about the appeals process. There are growing pains and she hopes they will get ironed out. She looked forward to an appeal process about the 1095-A forms.

Jessica Haspel, Senior Associate, Children Now, thanked Board Members Belshé and Kennedy. They appreciate that DHCS and Covered California have worked together to generate data on former foster youth applying. However the data tells us that most of them are either denied Medi-Cal or are entering the wrong program. They want to see the fixes that are needed. They look forward to working on interim fixes. Much stronger warnings are needed, though they appreciate the language that has been added.

Susan Pfeifer, Enrollment Counselor, voiced that she loves the Affordable Care Act and Covered California. It has been hard to find a place for her. Next year, when the grants are submitted, not only should parent organizations submit applications, but local chapters should have signed statements saying that they are on board and should submit plans for implementation. There has been a breakdown there; organizations' headquarters commit but then local chapters don't understand what is happening or do not want to be involved. People couldn't find her in the system, but only her parent organization, which she is not associated with full time. "Find help near you" should be alphabetical by navigator and not organization. She complimented the help desk for enrollment counselors. They have been patient, supportive, and knowledgeable.

On phone: Regina Wilson, California Black Media, thanked Board Members Belshé and Kennedy. The numbers look encouraging. She apologized for saying that Mr. Lee did not

have a comprehensive plan. The numbers prove that he does. There is always room for improvement, but this has been well done. She looks forward to continued partnership.

Anthony Galace, Greenlining Institute, echoed the gratitude for Board Members Belshé and Kennedy. Mr. Galace's organization appreciated seeing the pillars and values, but wanted to see another pillar including regular assessments to allow for adaptation and reform. We need to be preemptive. The confusion around immigration reform and its effect on health care can be seen. We must encourage eligible members of mixed-status families and let them know they are welcome.

Jen Flory, Senior Attorney, Western Center on Law & Poverty, echoed everyone's comments and appreciation. She appreciated how seriously staff is taking the concerns about appeals. Staff acknowledges that there is a lot going on in Medi-Cal. There seem to be barriers to effectuating coverage upon leaving Medi-Cal. We need to prioritize people on that cusp. When people report income changes, it causes a lot of extra records that complicate the process.

Linda Leu, California Research and Policy Director, Young Invincibles, echoed the comments of her colleagues. There are particular challenges to the most vulnerable young people. Former foster youth have been having a hard time enrolling. She also echoed the comments about health equity as a priority and broken-down data.

Julianne Broyles, California Association of Health Underwriters, commented on finding out what channels the granular data on the renewals came through. Agents are detail-oriented. For Medi-Cal, they are encountering split families where the parents can't access their children's details. They look forward to their continuing resolution of various issues. As we go into the 2015-16 years, access to agents on the storefront will improve renewals and in-person enrollments.

Micah Weinberg, Bay Area Council, voiced that the incorrect letters are continuing to compromise the reputation of the Agent community. He congratulated the Board on the first enrollment period and looks forward to continuing the work.

Marchawn Harris, Certified Insurance Agent, Alpha Capital Insurance Services, thanked Covered California for adding the pay now option to the website. She is concerned about the current billing practices, however, and the communication breakdowns with insurance carriers. She has paid her clients' binder payments on the website, and then found out that some payments were not processed or were inappropriately applied. When she spoke to the plans, she was directed to Covered California, and when she spoke to Covered California, she was directed to the plans. Meanwhile, people are being sent to collections who tried to leave their plans. Kaiser applied binders to the old plan and then cancelled the new plan. This takes away from retention numbers.

Hugo Morales, Executive Director, Radio Bilingüe, thanked Board Members Belshé and Kennedy for their historic service. There has been a culture of listening, and that's important. About 50% of the Latino population is effectively illiterate and needs

assistance. Mr. Morales seconded Ms. Sanders's comments about the need for original data. Mr. Morales agreed with Mr. Galace's comments about the need to reach out to mixed-status families and Ms. Leu's comments about the need to take care of former foster youth. Much of the immigrant community is still worried. In Los Angeles, one in five children has an undocumented parent. On Radio Bilingüe, they have been hearing confusion about the penalty, so they're thankful about the extension of the enrollment period. There is a continued need for education because people are confused about the cost and what is covered.

Mr. Lee echoed everyone's comments about Board Members Belshé and Kennedy. They have been part of helping create the culture of listening. Staff will share a lot more broken-down data. Part of a learning organization is working on improvements. Open enrollment was not extended; a special enrollment period with a special criteria for people who didn't understand the penalty is being offered.

Agenda Item V: Covered California Policy and Action Item

Presentation: Covered California Policy Items

Jim Lombard, Director of Financial Management Division presented. He thanked his staff for its help in gathering information. These numbers may look different than Mr. Lee's because of timing and the difference between effectuation and enrollment.

The financial guiding principles Mr. Lombard shared included controlling costs, stability, flexibility, accountability, transparency, and reserve. The next two years will be a transition from federal funds to being self-funded.

Mr. Lombard discussed application of financial principles and budgeting realities. A federal grant will help build a significant reserve. Per member per month (PMPM) fees must be adjusted well in advance.

Discussion: 2014–15 Covered California Potential Budget Adjustment
Covered California's current expectation is that 2014–15 expenditures will be within the budget. Some savings offset expenditures so no augmentation should be needed. Mr. Lombard shared a chart of projected expenditures. Covered California is within the budget but there will be shifting between programs.

Discussion: 2015–16 Covered California Budget Planning
In this scenario, staff are talking about effectuated coverage, not enrolled. These numbers are at the low end of the original forecast because of lower effectuation of coverage than anticipated. Renewal rates are close to projected. Mr. Lombard offered several other programs' rates of participation as a basis for the models and presented assumptions accordingly. Staff recommend using the medium-level forecast as a basis. Revenue projections assume that the PMPM will remain the same.

Mr. Lombard presented a slide of enrollment scenarios across multiple years. The multiyear plan is designed to balance revenue and expenditures by 2017–18. Staff plans to recommend keeping the PMPM the same for now.

Mr. Lee thanked the team and everyone who helped support this. Covered California's preference is to reduce the PMPM over time. There are significant expenditures in the beginning in marketing and reaching harder-to-reach consumers. As Covered California is more anchored in retention, it is expected some expenditures to go down.

Public comment:
Betsy Imholz, Director of Special Projects, Consumers Union, is proud of Covered California for having such a serious sustainability plan. Not all exchanges have been so careful. Ms. Imholz appreciates being conservative on this front. Ms. Imholz wondered if three months was the right reserve point or if it would be helpful to have a longer term emergency fund.

Mr. Lee said written comments were always appreciated between meetings.

Discussion: 2016 Dental Recertification and 2015-16 SHOP Plans Regulations Emergency Adoption
Anne Price, Director of Plan Management showed that some cleanup has been performed on the regulations shown in January. The red font on the slide showed new language added for clarification. The timeline has been adjusted.

For dental there was just one change, that no nonstandard benefit designs would be considered.

Discussion: none

Public Comment: none

Motion/Action: Board Member Belshé moved to approve Resolution 2015-20. Board Member Fearer seconded the motion.

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

Discussion: 2016 Standard Benefit Design Emergency Re-adoption
Mr. Lee noted that the core of this revolves around specialty drugs. Mr. Lee thanked the staff and the stakeholders who have put a lot of work into this effort to balance all the shared goals.

Anne Price showed the changes, which included revisions to the ER physician fee, which was described as coinsurance. Some plans can't administer a different cost-sharing structure, so they're proposing a flat physician fee. This has a negligible impact on the

AV value. This is already consistent in maternity coverage. The cost-sharing would never be more than the actual cost the provider underwent, but laboratories can't do this.

The workgroup worked on the specialty-drug issue with a goal of gathering feedback and discussing specialty drugs and come to an agreement on what would work for consumers in 2016 and onward. It's a complex issue and there is still very little information. Last year, one drug cost $80,000, and some in the pipeline are similar. The workgroup doesn't understand how this will impact adherence or reduce medical costs. The workgroup came up with principles to guide decisions. Benefit designs should foster consumers getting the right care at the right time. Covered California needs to ensure that overall affordability isn't declining. This is driven by specialty drugs. Covered California needs to preserve the plans' abilities to maximize savings and control drug costs. Drugs for chronic conditions present different issues than those to be taken in the short term. Covered California must take steps informed by data and regulatory information.

Ms. Price presented proposed actions. Formularies are not as transparent as Covered California would like. Some drugs are covered in higher tiers but aren't listed on formularies. Staff want to standardize definitions of formulary tiers and make sure people have access to drugs outside of Tier 4. Covered California is asking plans to submit premium impacts if drug caps were implemented.

Staff created a bridge of proposed actions to expand transparency and access. Ms. Price presented a slide of proposed requirements.

Ms. Price presented definitions for the tiers. All of the tiers include cost factors. To help consumers with chronic conditions, at least one treatment must be available on tiers 1, 2, or 3. Tier 4 has coinsurance and the other tiers have flat fees. Staff want to know what the effect would be of placing a cap on them, so consumers would pay a certain percent up to a maximum. Staff have created several scenarios to determine what the various impacts would be. Staff are also asking plans if they could administer these options.

Staff and the Advisory Committee want to prevent patients from not getting treatment because they can't afford it. There is a need to understand complex issues such as what members should do when taking a combination of drugs. Expensive short-term drugs can be like a hospital stay, in that someone may be subject to the whole out-of-pocket cost at once.

Various articles and information were shared with the public related to this topic.

Discussion:
Chairwoman Dooley noted that this is a big and complicated issue. It's appropriate and the Governor's budget creates a workgroup too. There is a great deal of interest in this. Legislation addresses the issue as well. She'd like to see coordination between groups.

Board Member Fearer agreed that this is complex and says it will evolve. Coordination with others is vital. Medi-Cal and PERS face these issues too, as well as others. Their

plan designs are different and their solutions may vary, but they'll have experience to bring to the table. He also voiced concern that plans may design their tiers so as to encourage high-need people to move to other plans. Transparency will help identify cases where that is happening. We need to share knowledge with other purchasers and be attentive to subtle variations and their impacts.

Mr. Lee applauded the staff's work. They looked at what other purchasers do. One report the staff shared compared Covered California benefits with employer-sponsored benefits. Staff are evaluating other programs to see what they do. Mr. Lee underscored that this is a proposed action item to be in place in 2016. Whatever Covered California does now will have to be revised over time. Pharmacy costs are a substantial portion of premiums and will be a growing portion. Staff want to recommend a set of actions that will be deliberate steps that build on a good standard benefit design. People with chronic conditions must have access to care. Covered California does need to watch out for the appearance of or actual steering.

There was a discussion of the timelines for adoption necessary to move forward in enough time for the plans to submit their plans.

Motion/Action: Board Member Belshé moved to pass Resolution 2015-21. Board Member Fearer seconded the motion.

Public Comment:
Beth Capell, Health Access California, thanked staff for the useful and productive process. Ms. Capell is also concerned because 90% of Covered California enrollees are under 400% of the federal poverty level, and the benefit design means those individuals face drug coinsurance of as much as $6,000 for the first prescription of the year. The fourth point, about what caps there should be, if any, is critical. Health Access California supports the recommendations about transparency. This would be real progress. Health Access California also supports standardization of the definitions. They are troubled by the consequence of the fourth tier that relies solely on cost. There are important limitations for the third tier. It says if there are drugs on the fourth tier, there should be some on tiers 1-3. However, for some conditions, the mix of drugs they need is pretty specific to the patient. There is progress but it doesn't solve everyone's problems, which is why caps are important. Health Access California's preference would be $200 for maintenance drugs and $500 for drugs taken for a shorter period of time. They expect this will need to be redone next year.

Jerry Jeffe, California Chronic Care Coalition, was a member of the study group. He highly commended Anne Price and staff for keeping everyone going in the right direction. It was such a good process and Mr. Jeffe would recommend it to other state agencies. Stakeholders were included from the very beginning and had a voice. Mr. Jeffe's organization likes the steps in general, but the devil is in the details. Until the options come back by staff in May, we really don't know what the details are. They are cautiously optimistic. They are concerned about adverse selection. California Chronic Care Coalition has been consulting with others around the country and they have

compiled a huge amount of information. They will present the work Covered California is doing to others.

Jen Flory, Senior Attorney, Western Center on Law & Poverty and the Health Consumer Alliance, appreciated the work of the stakeholder group. The devil is indeed in the details. Ms. Flory's concern is that for those close to the poverty level, if they have a chronic condition, the best solution would be for them to decrease their income to get into Medi-Cal, which seems like bad policy because it does not encourage people to lift themselves up out of poverty. Ms. Flory said her group is happy to see movement toward co-pays. There are problems with consumers not understanding that there are multiple fees, however. It's not just one co-pay per event.

Cary Sanders, Director of Policy Analysis, California Pan-Ethnic Health Network (CPEHN), appreciated the group's hard work and thoughtfulness. People of color represent a disproportionate share of those with chronic illnesses, so this is an important issue to them. Ms. Sanders said her group appreciates Board Member Fearer's comments about transparency and steering. They understand the technical issues behind a cap but spreading the cost out over time would help.

Janice Rocco, Deputy Commissioner, Department of Insurance, said the department asks that Covered California consider the fourth issue, the capping of drug costs, and impose a $200 cap per month. It's consistent with what other states are doing. The Department of Insurance is hopeful that the stakeholder process will lead to that. The process was valuable. The Department of Insurance ran the cap per month through the calculator and the impact is negligible. The 2016 plan design that was adopted in January has some people hitting their out of pocket max in the beginning of the year. The bronze plan is even worse and there's no prescription drug coverage until the $6,500 out-of-pocket has been reached. If there's a way to make the decision in April, that would be preferable.

Athena Chapman, Director of Regulatory Affairs, California Association of Health Plans, said they were happy to participate and thanked the staff. The cost of specialty drugs is problematic. The cost will help the consumer at the point of service but won't affect the actual pricing of the drugs. There are concerns about the timing. Ms. Chapman stated her organization wants to ensure that a decision is made as soon as possible. Lots of drugs are coming down the pipeline so we do need to remain flexible.

Allison Barnett, Anthem Blue Cross, voiced support for a cap but asked for action to be taken sooner than in May so they can operationalize the changes. Anthem would prefer scenario 2, option 1.

Bill Wherle, Vice President of Health Insurance Exchanges, Kaiser Permanente, acknowledged the work and passion of Board Members Belshé and Kennedy. He thanked staff for leading the work group. In the course of the work group, Kaiser learned that they were doing something differently than everyone else. Now they have conformed their practices to what everyone else, including Medicaid, does. All carriers should have a certain number of drugs on each of the tiers when competition is available. Kaiser can't

think of many cases outside of the specialty drug world where consumers would hit their maximum out-of-pocket year after year. Those amounts are meant for people experiencing extreme events. It doesn't seem right to set the cap there. Kaiser would go for the lower caps, or $100–200, which are consistent with what is seen in the group market. Kaiser would make a distinction between maintenance drugs and generic drugs. The timeline is problematic. Please make the decision as soon as possible so there is time to make a distinction between the two. Short-term drugs are more like a procedure.

Sonal Ambegaokar, Senior Attorney, National Health Law Program and the Health Consumer Alliance, appreciates the staff's approach on more transparency. She seconded Ms. Flory's comments. When co-pays is discussed, every dollar makes a huge impact on those closer to the federal poverty level. Ms. Ambegaokar thanked Board Member Fearer for voicing concern about discrimination. Ms. Ambegaokar's group have filed a suit against plans discriminating against HIV patients and are using the Affordable Care Act to defend those patients.

Betsy Imholz, Director of Special Projects, Consumers Union, said they've spoken previously about the medical part of the benefit design. The work group was a crash course in pharmaceutical and health economics. The information is that we are in a very dynamic and chaotic moment with specialty drugs. There are no solid definitions and there are runaway prices. For these affected populations, getting these drugs are life and death matters. There's steering that is liked and steering that is not liked. Steering that is preferred is leading someone to use a medically effective and cheaper treatment. Bad steering is causing discriminatory impact such as forcing people into other plans. For some people with conditions like Hepatitis C, there is no drug on another tier. If someone goes to the independent medical review process, it could be determined that they must have this drug and then they'd get the benefit of a lower tier. We have made significant steps forward. They support caps of $200 and $500, distinguishing between short- and long-term drugs.

Mr. Lee wondered if there was a way to come back to issue number four. Understanding what plans can administer would be helpful.

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

Chairwoman Dooley thanked Ms. Price for her work.

Discussion: Enrollment Assistance Policy Considerations

Mary Watanabe, Deputy Director, Sales Division presented on outreach and enrollment assistance. The organizations participating in these programs vary in what they offer. More detail will come back in two months. In-person assistance contracts expire June 30, and organizations will become grantees or become unpaid Certified Application Counselors. Navigator grants expire June 30. Staff will meet with grantees and stakeholders to reevaluate the program. Staff are proposing making them partially performance-based but not entirely.

Discussion: Enrollment Assistance Regulations Permanent Adoption
Staff are removing all references to the in-person assistance program. There were no substantive changes to the navigator program regulations.

Motion/Action: Board Member Fearer moved to approve Resolution 2015-15. Board Member Kennedy seconded the motion.

Discussion: Plan-Based Enrollment Regulations Permanent Adoption
No major changes have been made. One plan requested the removal of recertification requirements. Staff recommend leaving that requirement in. Voter registration recertification is required annually and this can help track that.

Motion/Action: Board Member Belshé moved to approve Resolution 2015-16. Board Member Fearer seconded the motion.

Discussion: Medi-Cal Managed Care Regulations Emergency Adoption
There has been widespread approval for allowing these plans to offer assistance in enrollment.

Motion/Action: Board Member Kennedy moved to approve Resolution 2015-17. Board Member Fearer seconded the motion.

Discussion: SHOP Eligibility and Enrollment Regulations Permanent Adoption and Emergency Re-adoption
Changes were related to fields on the application and administration of benefits. They are just minor changes.

Motion/Action: Board Member Kennedy moved to approve Resolution 2015-18. Board Member Fearer seconded the motion.

Discussion: SHOP Appeals Regulations Permanent Adoption
There have been no changes to these regulations.

Motion/Action: Board Member Fearer moved to approve Resolution 2015-19. Board Member Belshé seconded the motion.

Mr. Lee thanked Ms. Watanabe and her team for all this work. Many stakeholders have collaborated to help make this a fairly simple process.

Public Comment:
Sumi Sousa, San Francisco Health Plan, appreciated seeing the Medi-Cal regulation package. This has been a long time coming and are thankful it is finally happening.

Doreena Wong, Project Director, Asian Americans Advancing Justice, thanked Ms. Watanabe for working so closely with grantees. Moving toward a grant that is only

partially performance-based is good because it covers more of the work they do. Ms. Wong's group, AAAJ, appreciate that all of the expertise that the navigator grantees have accumulated will matter. California will be a model for other states.

Pleshette Robertson, Sac Cultural Hub Media Foundation, thanked Ms. Watanabe and her staff, especially for the last regional meeting, where they learned a lot. Ms. Robertson's group remain committed to helping hard to reach populations. There are severe concerns about the future of the navigator program and the impact it will have on its community if organizations do not achieve their entire goal. This plan not to pay navigators the remaining two payments will require them and many to close doors due to high labor costs as early as April 1. Even though people will see the impact of the tax penalty on April 15, and a fair number of prospective QHP will be ready to sign people up to avoid a penalty. Under California's no wrong doors policy, they have kept the doors open. But California has significantly underestimated the number of Medi-Cal consumers that navigators would have to help. The Navigators started out prepared and with infrastructure, but they were asked to fragment their services between Medi-Cal and Covered California and erect barriers with partners, who they used to work well with but now compete with. Navigators complete their work without adequate compensation. If this decision to modify the contracts is not made and they must close their doors, they ask what will happen to the community members that they have served and those waiting to be served. New enrollment is important but so is retention. They ask that payments be continued in a modified fashion. Ms. Robertson is a huge fan of Covered California.

Steve Young, General Counsel, Independent Insurance Agents and Brokers of California, stated that the people of California owe the Board and staff a debt of gratitude. Mr. Young stated his organization doesn't mind requiring agents to certify that they'll get in trouble if they make false statements, but the SHOP regulations' wording requires an employer and an employee to require an agent to make this certification. It does not make sense. It should be the agent's responsibility. Mr. Young said his organization was working with staff on this issue and think it fell through the cracks. The hope is to work on this before it becomes final regulations.

Nicole Stefko, Senior Program Coordinator, California Primary Care Association, thanked Board Members Belshé and Kennedy. She thanked Ms. Watanabe's team for their thoughtful work. They support moving forward with a block-grant-based navigator program. This recognizes the full scope of enrollment support and will keep this program moving forward.

Yali Blair, California Coverage & Health Initiatives, echoed the thanks to Board Members Belshé and Kennedy. Ms. Blair thanked the Board for the thoughtful work in engaging stakeholders. Ms. Blair's organization believes there will not be a diminished need for navigation in the next few years. More targeted outreach requires more time. It's hard to reach these populations. CalHEERS is also still in its infancy and lots of kinks need to be worked out, as people transition between programs and plans. Ms. Blair stated they'd like to consider the far future of the navigator program, which is many people's one stop shop. As we think globally, we should think about retention and churning and

what happens as we try to reduce health care costs and help people understand how to use their coverage. We should leverage their infrastructure.

Alice Huffman, President, California NAACP, thanked Board Members Belshé and Kennedy, Mr. Lee and Ms. Watanabe. NAACP was a misfit, but have done the best they can. Maybe consideration could be given for keeping their doors open, now that they are identified with Covered California. They counsel, advocate, and help more Medi-Cal enrollees than Covered California enrollees. Covered California selected NAACP to be out there to assist confused enrollees. NAACP doesn't want to create a gap in service. They were not aware they were working for the federal government in terms of all the regulations. Ms. Huffman said NAACP got into this for universal health care and the Affordable Care Act.

Betty Williams, 1 Solution, SacCultural Hub, agreed with Ms. Robertson and Ms. Huffman. The fiscal solvency of Covered California is great, as is the fiscal solvency of navigator agencies. In the interest of continuing service to their communities, they encourage the board to modify the current contracts to allow top-performing organizations to continue receiving all or a portion of the funding for the remainder of the contract. We are in the post-enrollment period. Post-enrollment work takes more time than open enrollment. Ms. William's organization has over 200 individuals who haven't picked their plan or paid their premium. Educators need to reach those people, as some just need outreach. But the contract pays for production, not education. It is now the special enrollment period, and there's additional education required with relation to the tax penalty. It's going to be a harder enrollment time. If navigators are not there, and the phones are ringing, what will happen? People have come to expect them to be there.

Mr. Lee appreciated all the navigators. They've wrestled with what policies to do. Navigators get paid for Medi-Cal enrollment separately.

Vote: Roll was called, and the motion to pass Resolution 2015-15 was approved by a unanimous vote.

Vote: Roll was called, and the motion to pass Resolution 2015-16 was approved by a unanimous vote.

Vote: Roll was called, and the motion to pass Resolution 2015-17 was approved by a unanimous vote.

Vote: Roll was called, and the motion to pass Resolution 2015-18 was approved by a unanimous vote.

Vote: Roll was called, and the motion to pass Resolution 2015-19 was approved by a unanimous vote.

Discussion: Individual Eligibility and Enrollment Regulations Emergency Re-adoption

Thien Lam, Director of Eligibility and Enrollment presented. Changes were made to address federal regulations and provide clarifications. Some definitions were added. Consumers were given five extra days for mail time for verifications. Some language was added for the verification of family size. Some language was added to clarify special enrollment period circumstances. There was clarification for consumers who passed away. There was additional clarification language added to give the plans authority to continue to collect the ATC. They wanted to make sure they reimburse consumers who were retroactively terminated.

Discussion:

Board Member Belshé remembered a discussion of attestation and verification. How is that related to these? The Board directed staff to operationalize a verification process.

Ms. Lam said that is different and staff is still working on that. This is just information on revisions to address federal regulations. Attestation in this case was with regards to employer-sponsored coverage. The federal government has extended how long they have.

Mr. Lee said staff has been evaluating attestation with the plans. They are not seeing problems with enrollment or any indication of people abusing the special enrollment period. They are still operating under an attestation mode. That's consistent with almost all other states.

Board Member Belshé is glad there is data, but remembers that the Board was concerned about moving beyond self-attestation toward something more concrete.

Public comment:

Beth Capell, Health Access California, appreciated the definitions of plan and product, which helps further the policy objective with respect to standard benefit design. Ms. Capell said her group may suggest minor technical changes. Ms. Capell hearkened back to the discussion about special enrollment being significantly less than anticipated. That is also factoring into thinking about how special enrollment is handled.

Jen Flory, Senior Attorney, Western Center on Law & Poverty, echoed Ms. Capell's comments about special enrollment. People need to be encouraged to enroll now rather than create additional barriers. Ms. Flory said her group largely support these regulations. Consumers should not have to prove that their relatives died when they are un-enrolling them.

Sonal Ambegaokar, Senior Attorney, National Health Law Program and the Health Consumer Alliance, thanked Ms. Lam's group for working with stakeholders. These regulations do conform to federal law. Ms. Ambegaokar appreciated Board Member Belshe's comment about self-verification. If we continue to look at who is enrolling and do the analysis, we'll see that people aren't defrauding the system. As we move to a verification system, moving away from paper, and asking for death certificates, it would

be best if we can allow people to submit them electronically and not add additional burden to those who are in a very sad time.

Betsy Imholz, Director of Special Projects, Consumers Union, noted that changes look very technical. Her organization has worked a lot on self-attestation and almost everyone uses it. The requirement to prove a death remains in the regulations, but only one other state is doing that and they'd like it eliminated.

Agenda Item VI: Adjournment

The meeting was adjourned at 4:02 p.m.