



## **EXECUTIVE DIRECTOR'S REPORT**

Peter V. Lee, Executive Director | June 18, 2015 Board Meeting

# ANNOUNCEMENT OF CLOSED SESSION ACTIONS

# OVERVIEW

## Executive Director's Report

- Advertising and Marketing Update
- Public Relations Update
- Special Enrollment Update
- Covered California for Small Business Update
- Board Calendar
- Telling California's Story – Delivering on the Promise

## Covered California Policy and Action Items

- SFY 2015-16 Covered California Budget

# ADVERTISING & MARKETING CONTRACTOR UPDATE

# MARKETING CONTRACTOR SELECTION

- Campbell Ewald
  - Full service, multicultural marketing communications agency with partners providing capabilities in advertising; insights and strategic planning; integrated content strategy and development; understanding of targeted ethnic groups; digital; social; direct mail/email (CRM); and, media planning and buying.
  - Ethnic Subcontractors: Casanova Pendrill (Hispanic/Latino), LAGRANT Communications (African American), Intertrend (Asian)
  - Part of Interpublic Group
  - Other clients: Kaiser Permanente, LifeLock, OnStar, UNICEF, and USAA
  - Efficient, low cost structure

# CONTRACT DETAILS

- Initial three-year period (June 1, 2015 – May 31, 2018)
- Two optional one-year extensions (through May 2020)
- Not to exceed \$52.2 million per year (of which approximately 80% is for media buys)

# COMMUNICATIONS AND PUBLIC RELATIONS CONTRACTOR UPDATE

# COMMUNICATIONS AND PUBLIC RELATIONS CONTRACTOR SELECTION

- Ogilvy Public Relations
  - Ogilvy Public Relations has been the public relations contractor of record for Covered California since 2012. Since then, the company has helped launch the identity of Covered California through brand awareness; media relations support; special projects and events; and long-term, strategic planning.
  - Ogilvy's proposal was developed by a team with in-house and subcontractor expertise in reaching Latino, Asian and Pacific Islander, and African-American communities. Subcontractors to Ogilvy will include T&T Public Relations, specializing in working in the African-American community; and Imprenta Communications Group, which specializes in Asian-language media.

# CONTRACT DETAILS

- Initial three-year contract period
- Two optional one-year extensions
- Not to exceed \$2 million per year

# SPECIAL ENROLLMENT UPDATE

# COVERED CALIFORNIA 2015 SPECIAL ENROLLMENT UPDATE

- **129,800:** Number of special enrollments from February 23 through June 8, 2015
- More than *25% above* the 25,000 per month forecast for special enrollment.

SEP Reason	Individuals Who Selected a Plan
Federally Recognized American Indian/Alaskan Native	1,216
Detected change in eligibility for APTC/CSR	593
Gained citizenship/lawful presence	675
Got married or entered into domestic partnership	539
Had a baby or adopted a child	682
Informed of Tax Penalty Risk ( <i>only available 2/22 - 4/31</i> )	42,413
Lost or will soon lose my health insurance	53,303
Other qualifying life event	25,209
Permanently moved to/within California	4,334
Released from jail or prison	753
Returned from active duty military service	83
<b>Grand Total</b>	<b>129,800</b>

# COVERED CALIFORNIA FOR SMALL BUSINESS UPDATE

# COVERED CALIFORNIA FOR SMALL BUSINESS

- **Current Enrollment through April 2015**
  - Groups: 2,607
  - Members: 17,308
  - Average Group Size: 6.6
- **Agent Commissions**
  - January – September 2014 commissions paid
  - October 2014 – December 2014 commissions processed and submitted to the State Controller's Office
  - January – March commissions processed and submitted to the State Controller's Office
  - April commissions are in process and expected to go to State Controller's office by the end of June

# 2015 PROPOSED BOARD CALENDAR

# 2015 BOARD MEETING DATES / UPCOMING ADVISORY COMMITTEES

- Thursday, January 15, 2015
- No meeting in February
- Thursday, March 5, 2015
- Thursday, April 16, 2015
- Thursday, May 21, 2015
- Thursday, June 18, 2015
- No meeting in July
- Thursday, August 20, 2015
- **Tentatively no meeting in September**
- Thursday, October 22, 2015
- Thursday, November 19, 2015
- **Tentatively no meeting in December**

## Marketing/Outreach Advisory

- Tuesday, July 14, 2015
- Tuesday, September 15, 2015
- Tuesday, December 15, 2015

## Plan Management Advisory

- July's Advisory Meeting Cancelled
- Thursday, August 13, 2015
- Thursday, September 10, 2015
- Thursday, October 15, 2015
- Tuesday, November 10, 2015
- Thursday, December 10, 2015

## Small Business (SHOP) Advisory

- Thursday, July 30, 2015

# TELLING CALIFORNIA'S STORY: DELIVERING ON THE PROMISE

# Covered California's Promise is Delivering on the Triple Aim:

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- Better Care
  - Healthier People
  - Lower Cost
- 

## How Covered California Makes the Promise Real

BEING AN  
ACTIVE  
PURCHASER

EFFECTIVELY  
REACHING  
CONSUMERS

AFFORDABILITY

RIGHT  
CARE AT  
THE RIGHT  
TIME



# Major Changes to the Health Care System because of the Affordable Care Act

## Before the Affordable Care Act

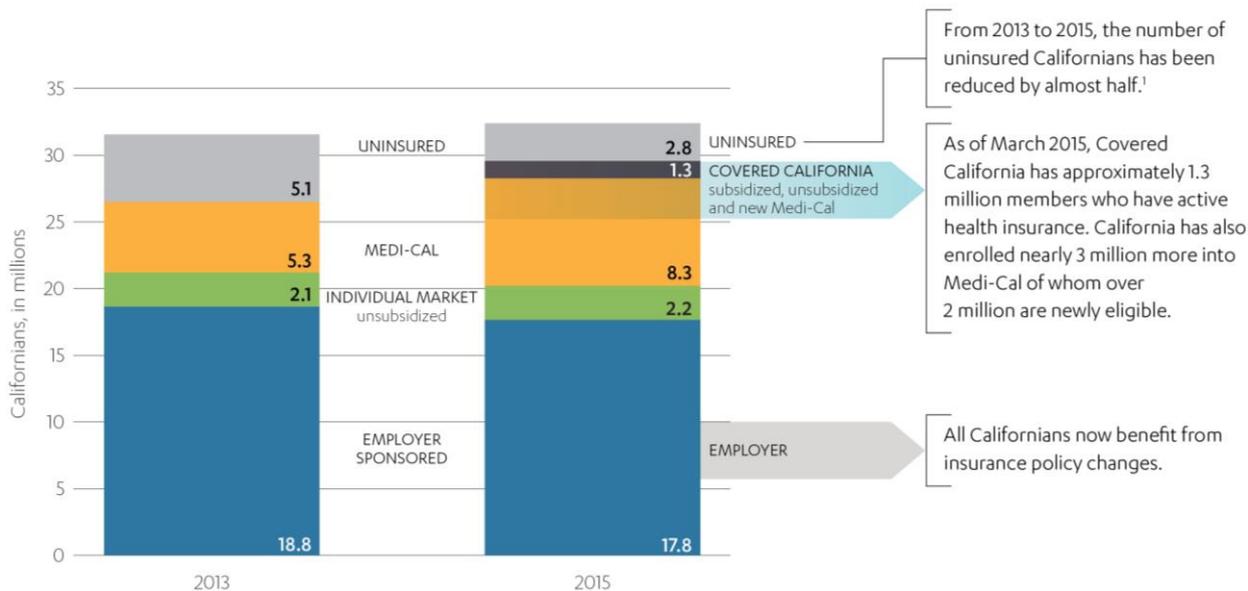
## Today

<ul style="list-style-type: none"><li>• Many consumers denied coverage by insurers because of pre-existing conditions.</li></ul>	<ul style="list-style-type: none"><li>• Guaranteed coverage for all — no screening or price differences due to health status.</li></ul>
<ul style="list-style-type: none"><li>• Many consumers with insurance bankrupted by gaps in coverage and annual or lifetime limits.</li></ul>	<ul style="list-style-type: none"><li>• Insurers are prohibited from setting lifetime limits on essential health benefits, such as hospital stays.</li></ul>
<ul style="list-style-type: none"><li>• Health insurance companies could cancel a plan if an individual omitted minor conditions by accident.</li></ul>	<ul style="list-style-type: none"><li>• Insurers are no longer allowed to re-examine a customer's initial application to cancel, or "rescind," their coverage due to unintentional mistakes or minor omissions.</li></ul>
<ul style="list-style-type: none"><li>• Insurers could remove young adults from their parents' policies, leaving them uninsured.</li></ul>	<ul style="list-style-type: none"><li>• Dependent children up to age 26 must be offered coverage under a parent's insurance plan.</li></ul>
<ul style="list-style-type: none"><li>• Children under 19 could be denied coverage because of a chronic condition.</li></ul>	<ul style="list-style-type: none"><li>• Insurers may not exclude children under the age of 19 from coverage due to a pre-existing medical condition.</li></ul>
<ul style="list-style-type: none"><li>• Medicaid only covered low-income children, pregnant women, elderly and disabled individuals, and some parents, but excluded other low-income adults.</li></ul>	<ul style="list-style-type: none"><li>• Medicaid covers all adults under 65 with income up to 133 percent of the federal poverty level.</li></ul>



# Changing Health Care in California

The Affordable Care Act has dramatically changed the health insurance landscape in California with the expansion of Medicaid, Covered California and new protections for all Californians.



**Source:** The bar chart data are from California Health Benefits Review Program, Estimates of Sources of Health Insurance in California for 2013 and 2015. Other data are from Covered California as of May. **Notes:** The Medi-Cal category in the bar chart does not include the Healthy Families program or those simultaneously eligible for Medicare and Medi-Cal. Medicare recipients and other publicly funded insured are not included in the graph.

<sup>1</sup> <http://www.commonwealthfund.org/publications/press-releases/2014/jul/after-first-aca-enrollment-period>



# Covered California is Operating At Scale and Having Big Impacts

It is now one of the largest purchasers of health insurance in California and the nation.

**1.3**  
MILLION

consumers have active health insurance as of March 2015

Covered California is now the second largest purchaser of health insurance in the state for those under 65.

**\$6.5**  
BILLION

estimate of funds collected from premiums in 2015

Covered California's size gives it the clout to shape the health insurance market.

**1.8**  
MILLION

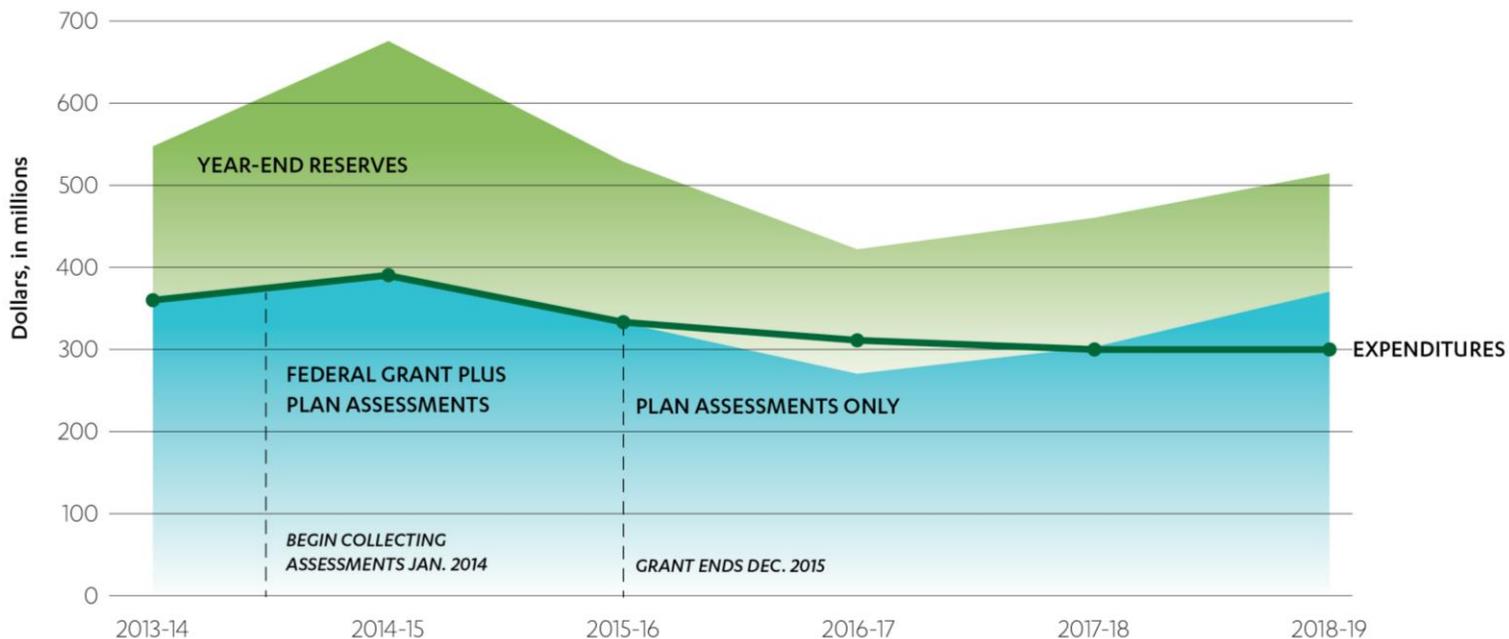
consumers served since Covered California began offering coverage

More than 500,000 Californians have benefitted from coverage through Covered California. Most of them now have either employer-based coverage or Medi-Cal.



# Covered California's Strong Balance Sheet and Financial Management Assures Long-Term Viability

With unrestricted reserves of more than \$200 million in 2015 and the ability to adjust plan fees as appropriate, Covered California has a business model that guarantees ongoing support.

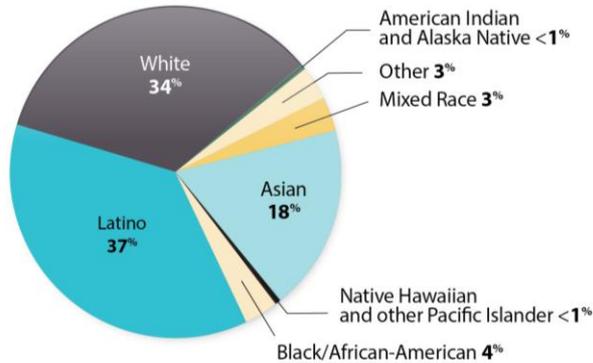




# Covered California is Enrolling All Communities Across Our State

Enrollment data proves that our efforts to reach California's diverse population is working

## Second Open Enrollment Nov. 1, 2014 - Feb. 15, 2015



## Estimated subsidy-eligible population of the state developed by the University of California's statistical model<sup>1</sup>:



## An independent study conducted by the Kaiser Family Foundation<sup>2</sup> confirmed that:

- Covered California enrollees are more racially diverse than the group of Californians with private coverage. 60 percent identify as a race/ethnicity other than white. Latinos make up 37 percent of the total.

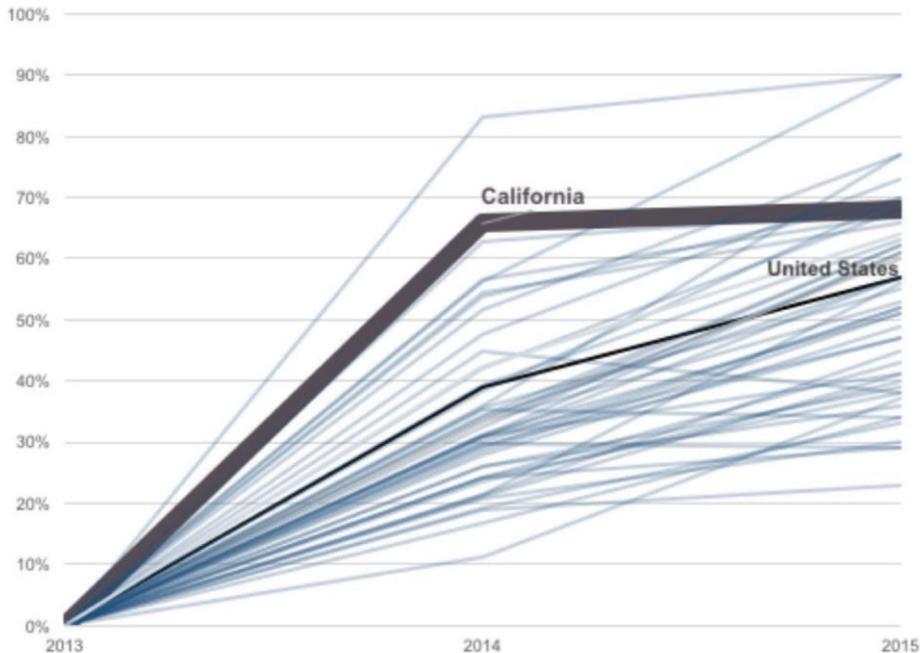
<sup>1</sup> CalSIM version 1.91 Statewide Data Book 2015-2019  
<http://bit.ly/1Que1NV>

<sup>2</sup> Henry J. Kaiser Family Foundation. 2015. "Coverage Expansions and the Remaining Uninsured: A Look at California During Year One of ACA Implementation". Menlo Park, CA.



# Comparing Covered California Subsidy-Eligible Enrollment to Other States

Subsidy-Eligible Plan Selections as a Percent of Total Potential Subsidy-Eligible for All States



Using Kaiser Family Foundation<sup>1</sup> data, by the end of the second open enrollment period Covered California enrolled 68 percent of subsidy-eligible individuals, which is among the top 10 states and 11 percentage points higher than the national average.

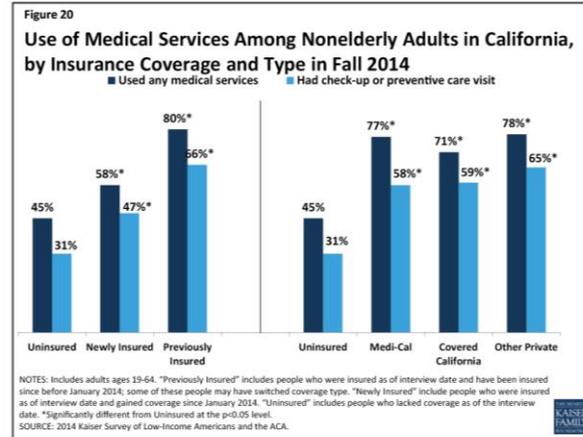
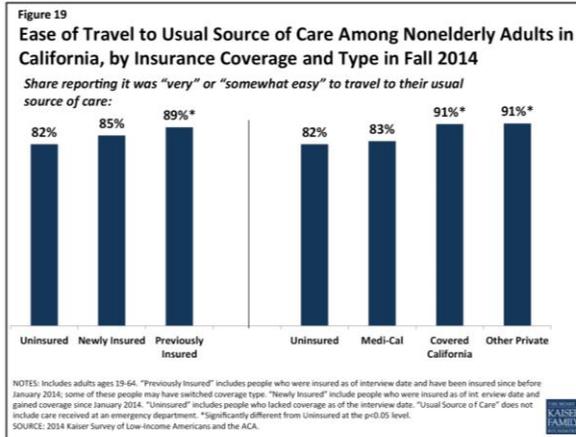
<sup>1</sup> 2015 data: Kaiser Family Foundation's "Marketplace Enrollees Eligible for Financial Assistance as a Share of Subsidy-Eligible Population" (<http://bit.ly/1drsT2L>).  
2014 data: Kaiser Family Foundation's "Marketplace Enrollees by Financial Assistance Status, April 2014" (<http://bit.ly/1lznep5>) and (<http://bit.ly/1MCWJOe>).



# Independent Study Shows Improvement in Health Care Access for Covered California Enrollees

A Kaiser Family Foundation study from May 2015 shows the following trends:

- **91 percent** of Covered California enrollees reported it was “very” or “somewhat easy” to travel to their usual source of care, which matches the Other Private markets (Figure 19).
- **59 percent** of Covered California enrollees had a check-up or preventive care visit by the Fall of 2014, which is **nearly twice the rate** for preventive visits amongst the uninsured (Figure 20). This is not significantly statistically different from other private market, and if extrapolated over time, this means more than **800,000 preventive visits** have been provided through Covered California since Jan. 2014.



**Source:** Henry J. Kaiser Family Foundation. 2015. “Coverage Expansions and the Remaining Uninsured: A Look at California During Year One of ACA Implementation”. Menlo Park, CA.





# Covered California 2015 Standard Benefit Designs

In California, standard benefits allow apples-to-apples plan comparisons and seek to **encourage** utilization of the right care at the right time with many services that are not subject to a deductible.

*Benefits below shown in blue are not subject to any deductible.*

2015 STANDARD BENEFIT DESIGN BY METAL TIER								
Coverage Category	Minimum Coverage	Bronze	Enhanced Silver 94	Enhanced Silver 87	Enhanced Silver 73	Silver	Gold	Platinum
Percent of cost coverage changes	Covers <b>0%</b> until out-of-pocket maximum is met	Covers <b>60%</b> average annual cost	Covers <b>94%</b> average annual cost	Covers <b>87%</b> average annual cost	Covers <b>73%</b> average annual cost	Covers <b>70%</b> average annual cost	Covers <b>80%</b> average annual cost	Covers <b>90%</b> average annual cost
Cost-sharing Reduction Single Income Rang	N/A	N/A	<b>up to \$17,235</b> (100% to ≤150% FPL)	<b>17,236 to \$22,980</b> (>150% to ≤200% FPL)	<b>\$22,981 to \$28,725</b> (>200% to ≤250% FPL)	N/A	N/A	N/A
Annual Wellness Exam	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Primary Care Visit	after first 3 non-preventive visits, pay negotiated carrier rate per instance until out-of-pocket maximum is met	<b>\$60</b> for first 3 non-preventive visits	<b>\$3</b>	<b>\$15</b>	<b>\$40</b>	<b>\$45</b>	<b>\$30</b>	<b>\$20</b>
Specialist Visit	pay negotiated carrier rate per service until out-of-pocket maximum is met	<b>\$70</b> after deductible is met	<b>\$5</b>	<b>\$20</b>	<b>\$50</b>	<b>\$65</b>	<b>\$50</b>	<b>\$40</b>
Laboratory Tests		<b>30%</b> after deductible is met	<b>\$3</b>	<b>\$15</b>	<b>\$40</b>	<b>\$45</b>	<b>\$30</b>	<b>\$20</b>
X-Rays and Diagnostics		<b>30%</b> after deductible is met	<b>\$5</b>	<b>\$20</b>	<b>\$50</b>	<b>\$65</b>	<b>\$50</b>	<b>\$40</b>
Generic Drugs		<b>\$15</b> or less after deductible is met	<b>\$3</b>	<b>\$5</b>	<b>\$15</b> or less	<b>\$15</b> or less	<b>\$15</b> or less	<b>\$5</b> or less
Preferred Drugs		<b>\$50</b> after deductible is met	<b>\$5</b>	<b>\$15</b>	<b>\$35</b>	<b>\$50</b>	<b>\$50</b>	<b>\$15</b>
Emergency Room		<b>\$300</b> after deductible is met	<b>\$25</b>	<b>\$75</b>	<b>\$250</b>	<b>\$250</b>	<b>\$250</b>	<b>\$150</b>
Imaging		<b>30%</b> after deductible is met	<b>10%</b>	<b>15%</b>	<b>20%</b>	<b>20%</b>	<b>20%</b>	<b>10%</b>
Deductible		N/A	<b>\$5,000</b>	<b>\$0</b>	<b>\$500</b> medical <b>\$50</b> brand drugs	<b>\$1,600</b> medical <b>\$250</b> brand drugs	<b>\$2,000</b> medical <b>\$250</b> brand drugs	<b>\$0</b>
Annual Out-of-Pocket Maximum Individual and Family	<b>\$6,600</b> individual only	<b>\$6,250</b> individual <b>\$12,500</b> family	<b>\$2,250</b> individual <b>\$4,500</b> family	<b>\$2,250</b> individual <b>\$4,500</b> family	<b>\$5,200</b> individual <b>\$10,400</b> family	<b>\$6,250</b> individual <b>\$12,500</b> family	<b>\$6,250</b> individual <b>\$12,500</b> family	<b>\$4,000</b> individual <b>\$8,000</b> family

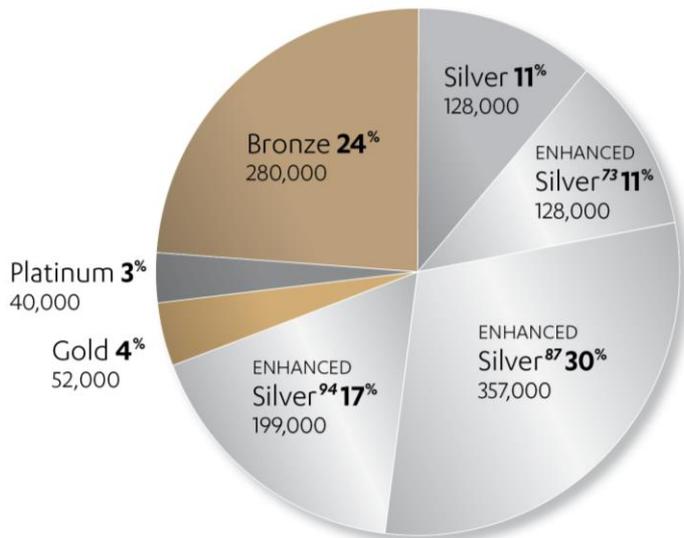




# More Than 69 Percent of Covered California Subsidy-Eligible Enrollees Selected a Silver Plan

58 percent of these enrollees qualified for an Enhanced Silver plan, which means lower out-of-pocket costs when accessing services.

### 2015 Subsidized Enrollment by Metal Tier



Source: Covered California enrollment data as of April 2015, including only subsidized enrollees who have paid for coverage.

A few notes on monthly premium costs:

77 percent pay less than \$150 per individual.

More than 120,000 enrollees pay less than \$10 per individual.

25 percent of enrollees in an Enhanced Silver<sup>94</sup> plan pay less than \$25 per individual, while more than half pay less than \$50. *In addition, these individuals pay only \$3 for doctor visits.*

Covered California's Standard Benefit Design:

- Bronze — three office visits and lab work, not subject to deductible.
- Silver, Gold, Platinum — no deductibles on **any** outpatient services.





## Covered California Standard Benefit Design: A Tale of Three Cities

By offering fewer, but standardized products, Covered California offers **better** options, creating more value for consumers.

The number of health insurance products available at the Silver tier:

Los Angeles

7

Silver products  
available

Denver

35

Silver products  
available

Miami

35

Silver products  
available



# Covered California Standard Benefit Design: A Tale of Three Cities

Products offered in states **not** actively purchasing results in confusing product options that could easily lead consumers to make poor choices, either by picking a product that's too expensive or has the wrong benefit package.

Los Angeles – 7 Silver products available	Denver – 35 Silver products available	Miami – 35 Silver products available
<b>Premium:</b> \$457 - \$649	<b>Premium:</b> \$602 - \$1,362	<b>Premium:</b> \$539 - \$1,267
<b>Benefits not subject to deductible</b> – see standard benefit design	<b>Benefits</b> — For some plans, regular outpatient care is subject to deductible	<b>Benefits</b> — For some plans, regular outpatient care is subject to deductible
<b>Deductible</b> <b>brand drug deductible</b>	<b>Deductible</b> combined medical & drug ranges between: \$0 - \$4,000 \$0 - \$500	<b>Deductible</b> combined medical & drug ranges between: \$0 to \$11,500
<b>High cost and infrequent services</b>	10-20% of your plan's negotiated rate	\$0 to \$11,500
<b>Maximum out-of-pocket</b>	<i>additional details vary widely by plan</i>	<i>additional details vary widely by plan</i>
\$12,500	<b>Maximum Out-of-Pocket</b> Ranges from \$7,300 to \$13,200	<b>Maximum Out-of-Pocket</b> Ranges from \$7,000 to \$13,200
<p>California 2015 Enrollment</p>	<p>Colorado 2015 Enrollment</p>	<p>Florida 2015 Enrollment</p>

Covered California compared plans in three different states for a family of four with 35 year-old adults who earn \$70,000 per year seeking a Silver plan.



# Covered California is Building the Platform To Improve the Delivery of Care

For Covered California, being an “active purchaser” is about far more than just selecting plans and negotiating for the best possible rates. The negotiations and contract requirements are specifically designed to promote the triple aim at the delivery of care: better quality, promoting health and wellness and lowering costs.

Covered California recognizes that promoting better care delivery and reducing disparities requires coordinated action across large public and private purchasers and the plans they contract with.

The following link shows the contract terms all Covered California plans must agree to. Specifically, Attachment 7 addresses quality, network management and delivery system standards: <http://hbex.coveredca.com/solicitations/QHP/library/QHPModelContractAttachments-Final.pdf>.

## **Based on these, plans have requirements to:**

- Participate in payment reform and quality collaboratives
- Develop programs that chart progress in reducing health disparities in meaningful and measurable ways.
- Have a process that determines, monitors and records the health status of consumers over the age of 18 and use the information to promote better health among consumers.
- Encourage consumers to use their insurance and seek health and wellness services.
- Help consumers select a primary care physician, find a federally-qualified clinic or team-based center (medical home) to coordinate all health and wellness needs.
- Actively help consumers with chronic conditions manage their illness through providers specializing in coordinated care. Conditions could include hypertension, diabetes, asthma and heart disease.
- Provide and update information showing total costs and out-of-pocket costs for the most-used services and highest-cost services.

Covered California is assessing health plans efforts in these areas and will be “raising the bar” in coming years.

# APPENDIX

# SERVICE CHANNEL UPDATE

# SALES ENROLLMENT SUPPORT: KEY METRICS

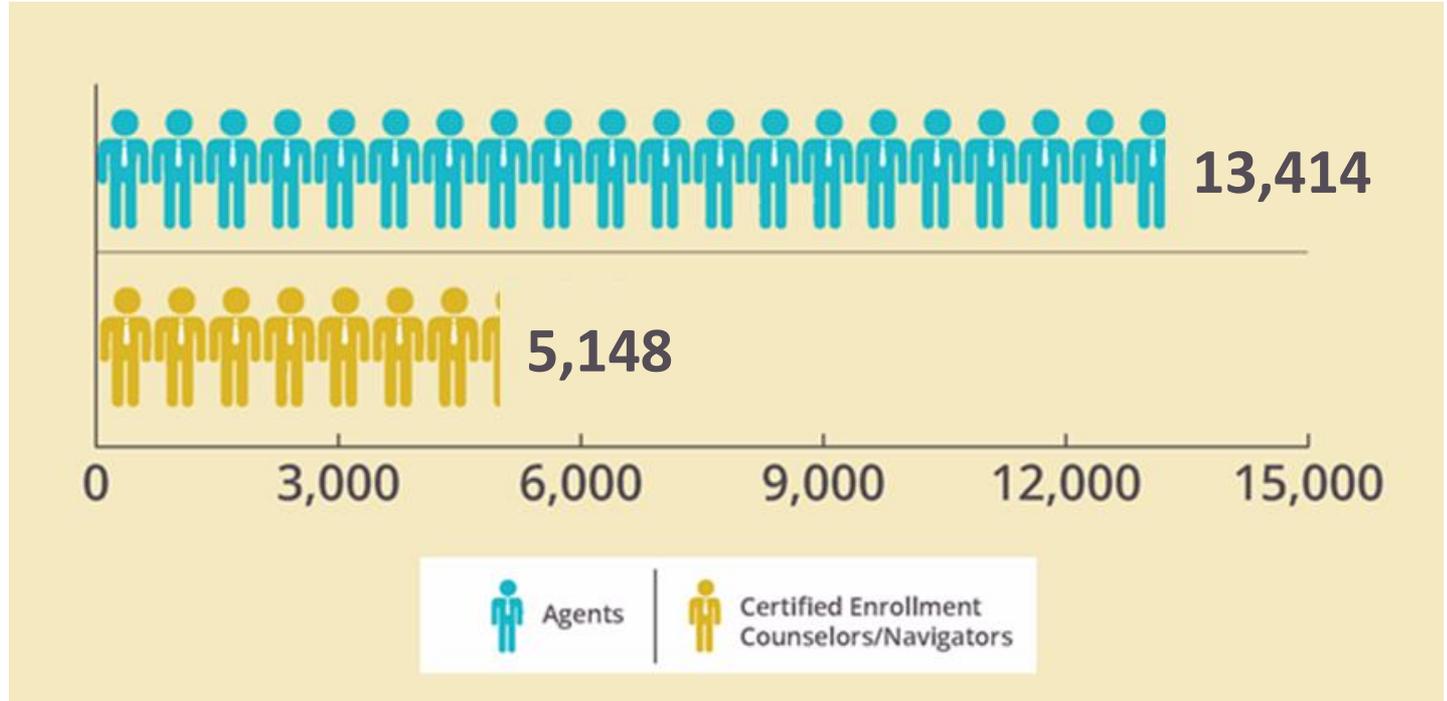
Data as of June 11, 2015

➤ **13,414 Certified Insurance Agents**

- 17% Spanish;
- 9% Mandarin;
- 8% Cantonese
- 4% Vietnamese;
- 5% Korean

➤ **5,148 Certified Enrollment Counselors**

- 59% Spanish;
- 3% Mandarin;
- 3% Cantonese;
- 2% Vietnamese;
- 1% Korean



# ENROLLMENT SUPPORT: COMPENSATION

Total CEE Payments through June 16, 2015

	# Certified Enrollment Entities Paid	Total Paid
Covered CA Plans	600	\$3,216,661
Medi-Cal Payments	525	\$7,100,000
<b>Total Payments made to CEEs</b>		<b>\$10,316,661</b>

Total Agent Commissions Paid through June 16, 2015

	# Certified Insurance Agents Paid	Total Paid
Medi-Cal Payments	~4,700	\$5,906,471
<b>Total Medi-Cal Commissions paid to CIAs</b>		<b>\$5,906,471</b>

# APPENDIX

## 24 MONTH COVEREDCA.COM ROADMAP

## 24 MONTH COVEREDCA.COM ROADMAP

- Next release of changes scheduled for July 27 and will include:
  - Long Term Negative Action- Will allow system to execute and communicate denials and discontinuances for Medi-Cal consumers, including mixed households
  - Additional work to further reduce the number of duplicate or repetitive notices (NOD01&NOD02) sent to the Consumers
- Both Covered California and the Department of Health Care Services continues to manage the 24 Month Roadmap in collaboration with CalHEERS Project, County Welfare Directors Association and Statewide Automated Welfare Systems.

# APPENDIX

# SERVICE CENTER UPDATE

# SERVICE CENTER UPDATE

## Improving Customer Service

- Covered CA Command Center / Workforce management team attended 5 day WorkForce Management Boot Camp training delivered by International Call Management Institute.
- Implemented enhancements to our Customer Relationship Management (CRM) application to improve escalations and appeals reporting
- Service Center Representative (SCR) workgroup continuing to develop SCR refresher training with Covered California University (CCU) – target roll-out 7/15
- Conducted 2 week training for supervisors in both Rancho and Fresno service centers.

## Enhancing Technology Solutions

- Joint Application Design (JAD) Sessions began for the following Interactive Voice Response (IVR) Enhancements:
  - Skill Based Routing
  - Update zip code tables for multiple counties
  - Cantonese language added to self-service functionality
  - Post Call Survey

# SERVICE CENTER PERFORMANCE UPDATE\*

## May 2015 Call Statistics

	Service Level	Calls Offered	Calls Handled	Calls Abandoned	Abandonment Rate	ASA	AHT
Totals	93.62%	168,085	163,772	4021	2.3 %	00:11	14:01

Does not include outbound, SHOP, or internal consults

### Top Consumer Inquiries

1. 1095 documentation
2. Billing/Payment inquiries
3. General inquiries for Covered California

*\*Performance metrics are measured monthly.*

# MAY INDICATORS

- May's contact volume was 168,085 calls, a 32% decrease from April
- Service Level increased slightly in May to 93.62% from April's level of 91.4%
- Average Speed of Answer was reduced from April's 13 seconds to May's 11 seconds
- Average Handle Time decreased from 14:28 in April to 14:01 in May

# QUICK SORT VOLUMES

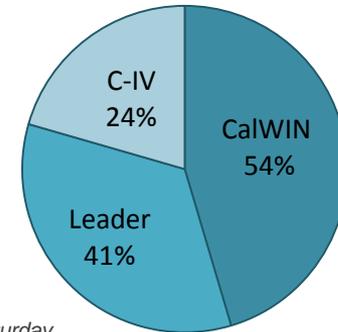
## May Weekly Quick Sort Transfers to County/Consortia

Week 1*	Week 2	Week 3*	Week 4	Week 5*	Total
207	825	886	902	780	3600

\* Partial Week

	Calls Offered	Service Level	Calls Abandoned	ASA
C-IV	740	93.3%	0	00:03
CalWIN	1,634	98.6%	19	00:18
Leader	1,226	92%	3	00:06

### Average Percent of Quick Sort Transfers May '15



Performance metrics are measured monthly. Voice queues normal days of operation for consumers are Monday through Saturday.