

CALIFORNIA HEALTH BENEFIT EXCHANGE BOARD

June 18, 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 10:01 a.m.

Board members present during roll call:

Diana S. Dooley, chair

Genoveva Islas

Marty Morgenstern

Board members at alternate location:

Paul Fearer

Agenda Item II: Closed Session

Chairwoman Dooley called the meeting to order at 1:35 p.m. A conflict disclosure was performed; there were no conflicts from the board members that needed to be disclosed.

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 May 21, 2015.

Presentation: May 21, 2015, Minutes

Discussion: None

Public Comment: None

Motion/Action: Board Member Fearer moved to approve the May 21, 2015, minutes. Board Member Morgenstern 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

The Board discussed contracting matters, including plan contracting. The Board approved staff's issuing an RFP for readability and culturally appropriate materials; an amendment of the contract with Richard Heath and Associates through June of next year; a renewal of the interagency agreement with the Department of Social Services to process appeals; an update of the interagency agreement with University of California to support CalSIM work and the underlying work done by the California Health Interview Survey; amending a contract for support for postage (postage used to be paid through the Accenture contract); issuing an RFP for project management services to support Covered California through the next year; amending the contract with Pacific Business Group on Health through June 2018 (relating to eValu8); amending the interagency agreement for oversight and management of CalHEERS between OSI and Covered California; a noncompetitive bid contract with SRI to do geo mapping; amending the language-line contract through December 2016; and issuing a new RFP for next year's open enrollment period for surge capacity.

Mr. Lee announced the impending retirement of David Panush. He has thirty-five years of state service. He has a reputation of hiring the best staff out there. He has been a great contributor to work with legislature and advocates. He embodies partnership.

Chairwoman Dooley greatly appreciated Mr. Panush's work.

She noted that we have come a great distance together, and the organization is getting to a point in its evolution where long-term sustainability is the focus. The enabling statute required a salary survey for the compensation, and that created a broad range. We've changed descriptions and our model, and we're finally starting to settle into what this organization is going to look like. Paul Fearer and she have an RFP out to update the salary survey with a recommendation to formally adopt salary ranges for an operational organization. In the meantime, the Board decided to provide another bonus to Mr. Lee for his commitment. The Board also made a base compensation adjustment to the salary for Chief Deputy Executive Director, Yolanda Richardson. They are a tremendous team and asset.

Mr. Lee stated that this is a labor of love for many of the staff.

Discussion: Executive Director's Update

Mr. Lee noted that there are media clips in the Board materials. One was a study released on how data was used last year to inform negotiations. This gives health plans the information to better understand who's insured. There was action taken at the last meeting to cap specialty drugs. That action was in the national news. There's research in there, too. Urban Institute reports that over 9 million Americans are having fewer problems paying their medical bills. Another Urban Institute report says most with medical debt had health insurance when they accrued that debt. There is a Health Affairs study on our hospital networks, which are shown to be narrower but similar to large-

employer networks (and with higher quality care). There is a Kaiser Family report on the uninsured and coverage in California. Also, a Families USA study on nongroup health insurance, and how Californians are foregoing needed care because of money. Lastly, we have a study by the White House Council of Economic Advisors on the consequences of state decisions not to expand Medicare.

Discussion: Advertising and Marketing

Campbell Ewald, a marketing agency with experience in reaching ethnic populations was selected. It is a two-year-contract, with the option to extend. Covered California is appreciative of the work Weber Shandwick has done that helped Covered California make history with the “I’m In” campaign.

There is a new contract for communications and PR with Ogilvy. They have subcontractors with specific expertise with African-Americans and Asian media, as well as the Latino community. This is on earned media. It’s much smaller than in the past. We have an in-house marketing team.

Since special enrollment commenced, almost 130,000 people have enrolled. Approximately 42,000 were those who were newly informed about the tax penalty. The biggest reason for special enrollment by far is people losing coverage. Special enrollment is a large-scale operation. Enrollment continues every day.

Covered California for Small Business has slightly over 17,000 members. Group size is, on average, 6.6. Agent commissions are being processed and sent out faster. We are almost caught up. As we get ready for fall, this will be the major opportunity for growth for Covered California for Small Business.

There will be no July Board meeting. There may not be September or December meetings. The potential September date will be shared in August. There will still be advisory group meetings and other meetings. There is a range of ways we are steering the ship of Covered California.

Mr. Lee gave an update on the Covered California story. The goal has been delivering better care, having a healthier population, at lower cost. Covered California and the Medicaid expansion are part of a dramatic shift in the health care marketplace. Health plans are required to spend 80 percent or more of premiums on actual health services. These are game changers. Mr. Lee shared slides of numbers on rates of coverage in California and the impact that has been made. Also, those with coverage have better coverage and people don’t lose coverage when they lose their jobs. Increasingly, you won’t hear about enrollment figures, but covered lives. Covered California is now the second-largest purchaser in the state. Our premiums have significant clout. We have the market share to get the plans’ attention and change the delivery system.

The budget today is a \$335 million budget. This is a break-even budget for the next year. The number one way we’ve attained sustainability is enrolling a lot of people, especially diverse populations and those eligible for subsidies. We all did a very good job. Mr. Lee

showed a chart comparing California to other states. Some states have greater enrollment because they have no Medicaid expansion and millions remain uninsured. The investments California is making in our analytics are unique. There are early indicators right now that are promising. Most people have access to care.

Mr. Lee shared a slide of standardized benefits. The organization has worked with consumer advocates and clinicians to set up standard benefit designs. A Kaiser Family survey found that 75 percent of enrollees understood their benefits. We still have work to do, but we do have a platform from which to educate people.

About 77 percent of those with subsidies pay less than \$150 per individual. About 120,000 pay less than \$10 per month (many of those are in bronze). Those in enhanced silver products have low premiums, but they also have lower cost sharing and no deductibles. That same Kaiser Family study said that 44 percent of enrollees say it's a struggle to pay premiums. Many of those people struggle to pay all of their bills. We're bringing it within reach.

Mr. Lee shared comparison slides about other states. Covered California has fewer plan options, because it gives better choice to consumers. This means that products offered in states without active purchasing have a lot of options, but some lead consumers to make really bad choices. Staff priced the experience of a family of four in different cities around the nation. Many consumers are picking bronze plans in the face of the many and expensive options.

Attachment 7 in our standard plan contracts is critical. It lays out the plan requirements. We want to ensure people get the right care at the right time. We are now 18 months into providing coverage in California.

Discussion: None

Public Comment:

Beth Capell, Health Access California, was delighted we've beat CalPERS and that we're trying to use those numbers to better serve consumers. They've worked hard on those standard benefit designs. They appreciate the organization's responsiveness. They look forward to working on delivery system reform. Ms. Capel said they are looking mostly at adults with low and moderate income levels as a target rich group for meeting the goals of lower costs, better care, a better health care system, and improved health equity.

Cary Sanders, Director of Policy Analysis, California Pan-Ethnic Health Network (CPEHN), congratulated the Board for surpassing CalPERS. They are excited to hear about the new marketing contract and the new focus on ethnic communities. The numbers sound positive. They look forward to working on delivery system reform. In regards to the slide on the triple aims, they know that the organization also does work on health equity as part of that. They see those values. They want to help to transform how care is provided to communities Covered California enrolls.

Tim Coxen, InSync Consulting Services, noted that they are currently partnered with a vendor to manage the call centers. They have been supporting the project the last six to eight months. Between two organizations and Covered California, we've done a great job. They've been told there's a short-term extension in the pipeline. But they haven't heard anything yet. They are concerned about the population they're trying to serve. They service about 1700 calls a day, and the calls regard crucial life-changing events. What will happen to the service levels? Will the call times go up? They currently have 152 multicultural, bilingual representatives. They are all wondering if they will have jobs soon. He asked that the Board consider this over the next few weeks and hopes to keep continuity in the project.

Elizabeth Landsberg, Western Center on Law and Poverty and the Health Consumer Alliance, thanked Mr. Lee for stepping back and telling the story and looking at how things have changed. People may be surprised to hear consumer advocates be thankful for limited choice, but it keeps chaos to a minimum.

Betsy Imholz, Consumers Union, congratulated the organization on the good special enrollment numbers. She echoed Ms. Landsberg's appreciation for the storytelling. There are a lot of accomplishments to tout, and the aspirations are there as well. The opportunities are great for reducing disparity, cost-containment, and delivery system reform.

Chairwoman Dooley noted that the PowerPoint Mr. Lee shared is available online.

Mr. Lee welcomes suggestions on other ways to "Tell the Story". He stated he could not more strongly affirm that health equity and addressing disparities in healthcare are baked into the mission statement. A central issue is that people receive the right care, regardless of income, language, or cultural position.

There will be a new RFP issued for the service center. He noted that there are currently more people on the phone than we probably need, expense wise.

Agenda Item V: Covered California Policy and Action Items

Mr. Lee noted that the PowerPoint presentations Jim Lombard is sharing will be part of a revision document. Mr. Lee shared how what Covered California is doing frames its ongoing sustainability. Part of this is the organization's roadmap to the future. He shared the mission and the vision and guiding values. Five strategic pillars support those: affordable plans, needed care, effective outreach and education, positive consumer experiences, and organizational excellence.

Mr. Lee noted that there are a few revisions to the navigator funding and the structure of that funding, and support for consumer assistance through the Health Consumer Alliance. A range of navigator organizations spent a lot of time making thoughtful comments. He thanked all the groups who have joined in the enrollment effort.

The navigator program has changed over time, as we've learned. Staff has a proposal to change it again to make it performance-informed and be multiyear to help organizations plan. The proposal in May was to reduce funding next year. No changes will be recommended in the payment structure for navigators. Staff seeks Board approval for funding up to \$13 million, which would be budget neutral, since it will reduce funds to strategic infrastructure. Covered California would spend this amount based on grantees applying that meet the criteria for performance and outreach in targeted communities. Mr. Lee addressed comments on marketing. The new navigator program allows them to spend money on marketing at events. Money will not be diverted from the marketing budget. Staff is seeking to make the reporting burden as small as possible, but Covered California takes seriously its obligation to ensure all funds are appropriately spent.

We believe in evidence and sharing data on enrollment and also on effectuated coverage. The issue of reflecting California's ethnic diversity in staffing is the responsibility of Mr. Lee and Yolanda Richardson. We own that as an organization.

Mr. Lee takes the issue of advocacy very seriously. Staff is proposing to continue to contract with the Health Consumer Alliance, increasing the amount to \$1,375,000. It looks forward to reworking the scope. The value of what they brought in individual support is critical. Staff is recommending a change in funding, and it is still a reduction, similar to other programs.

Discussion: Covered California Budget

Presentation: Covered California Policy and Action Items

Jim Lombard, Chief Financial Officer, presented. He thanked his staff and all the staff at Covered California. This budget represents a multiyear strategy to get the organization meeting its goals. This is consistent with Covered California's vision and mission. This transitions us from federal funds to our operating funds as we go forward. It provides the necessary reductions to help the multiyear plan. It focuses on outreach, sales, and marketing. The budget will be \$335 million. We'll spend a little less than we had anticipated and thus it will increase reserves.

Mr. Lombard shared slides of details of adjustments by function or area. Some areas will be reduced and consolidated. Some of the infrastructure funds can be used for the navigator program. The budget also includes money for voter registration to meet statutory and legal requirements. He shared a visual of the budget breakdown. There are no job losses provided in this budget.

It is prudent to retain a sufficient reserve, especially because there aren't really provisions for bonds, etc. Per-person-per-month (PMPM) fees can be raised if necessary.

Staff recommends that the Board adopt a resolution approving the budget and authorize the director to make adjustments as necessary, reporting revisions to the Board.

Discussion:

Board Member Islas commended the staff and Mr. Lee for being willing to negotiate a bit in response to requests. She appreciates the enrollment work that navigators do.

Public Comment:

Elizabeth Landsberg, Director of Legislative Advocacy, Western Center on Law & Poverty and the Health Consumer Alliance, voiced that she referred several people to the Health Consumer Alliance when they had issues with their insurance. She appreciated the comments Mr. Lee made and that the budget slides included the mission and the vision and guiding principles. You can see how important independent consumer assistance is in those slides. They appreciate the proposed increase, which does still represent a one-third decrease with the same level of enrollment. They urge the Board to consider funding at the same level.

Doreena Wong, Project Director, Asian Americans Advancing Justice, supported Ms. Landsberg's comments about increasing the amount for the Health Consumer Alliance. She thanked Mr. Lee for meeting with them and shooting for an amicable resolution. He addressed many of their recommendations. She appreciated the commitment to data collection and addressing health disparities and trying to work out reporting requirements. Ms. Wong appreciated the increase in the allocation for navigators, and only spending the funds if there are strong proposals. They share the goal of getting the most people enrolled. About 50 percent of the current navigators may not get that funding. Could we increase it further?

Cary Sanders, Director of Policy Analysis, California Pan-Ethnic Health Network (CPEHN), thanked Mr. Lee and the Board for listening to the comments of the navigators. The additional funding for consumer assistance will hopefully be helpful. She agreed with Ms. Landsberg's comments that they're doing a lot of problem solving. They should be open to reconsidering depending on caseloads. This should be the same for the navigator program. It's not apples to apples for CECs and agents, because agents are in it for themselves. It is important to help the navigators and nonprofits figure out how to get the word out. The "find help near you" option on the website helps connect people to assisters.

Kim Lewis, Managing Attorney, National Health Law Program and Health Consumer Alliance, commended Mr. Lee and staff for the budget work and achieving a self-sustaining exchange. Thanks for considering increasing the amounts. It's still about a 30 percent decrease over last year. This will result in staff decreases. The reduction is similar to what they did for the navigator program, but unlike the navigators, they assist people who are having problems with complex cases over a period of time. It's a highly skilled job function. The strategic pillars are very important and the consumer center is part of that. We want to ensure people have a good experience and remain covered.

Julianne Broyles, California Advocates Inc., voiced appreciation for the array of accomplishments. They always appreciate the metrics that the Board provides. They would like to see more information on avenues of assistance. They would also like the Board to review its position on fees for Medi-Cal enrollments. Agents have been a viable

channel for those enrollments. They have been doing that since their contract began. Agents are a large source of those enrollments, and still being required to perform these enrollments without pay seems illegal. Agents like to solve problems for people. It would be helpful to convene a group of stakeholders to talk about how agents can further help those that they have helped with Medi-Cal enrollments.

Hugo Morales, Executive Director, Radio Bilingüe, commended Mr. Lee for the story. They hear from their listeners how coverage is a life changer. They really appreciate person-to-person assistance and advocacy resources. The Kaiser Family study hears the listeners about how they are challenged by their premiums and their co-pays. They are challenged in general. We should be sensitive to that. This is a large group.

Betsy Imholz, Director of Special Projects, Consumers Union, noted that this budget is impressive and something to be proud of. They don't get funds as navigators, but they get calls on occasion. They send them to the Health Consumer Alliance, and that organization has handled complex problems well. Staffing up and getting staff expertise is difficult. If there's any way to find more funding for the Health Consumer Alliance, that would be helpful. Covered California's business is enrolling, but also making people happy and keeping them covered.

Anthony Wright, Health Access California, supported the articulation of enrollment goals and consumer principles. They support Ms. Landsberg's comments. Marketing, outreach, and enrollment are a big part of the budget, but this is a significant reduction. They worry that this reduction is like letting off the gas in a time when we still need momentum. They're glad they have new partners in the world of introductions. The advisory committee looks forward to meeting with them in July. They hope there is an opportunity for that investment moving forward. It is important that we get this right. Sustainability for this organization is not in question. We have more than a critical mass to be sustainable and we have reserves. Investments will only help in sustainability and reserves. There must be an evidence-based trigger to change our minds and make bigger investments.

On Phone: Edgar Barrera, Consumer Watchdog, cited Mr. Lee for responding to their letter with regards to the lackluster voter registration efforts. Covered California has enrolled only about 48,000 in voting, though millions have gone through the portal. It takes enrollees to a separate site to register. The system can simplify the process by keeping people on the site and auto-filling the form with the information it already has. Mr. Lee suggested that they participate in the stakeholder process, which creates a forum for suggestions, on how to enhance and simplify CalHEERS. But it won't change unless the Board and staff make a commitment to change. People are upset about the lack of transparency in the CalHEERS revision process. The exchange is using those funds to "conform with current law," and there are no plans to change. He asked for a commitment to making registration easier.

Mr. Lee spoke to the issue Ms. Broyles raised. With the change in navigator funds, the only payments we'll be doing are those. In California, over 6,000 individuals are certified

enrollment counselors who can enroll, but they will be unpaid. Covered California has never been the source of payment for Medi-Cal enrollment. The issue on how to deal with the single point of entry issue is challenging and they must work on that. We've evolved with changes. We anticipate that many people in organization that have not received funding up till now will keep doing enrollment work. Non-compensated work is not just an agent issue. Nonprofits don't have big margins to work with. It's a struggle for everyone.

Motion/Action: Board Member Morgenstern moved to adopt the staff-recommended budget for 2015-16. Board Member Islas seconded the motion.

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

Agenda Item VI: Adjournment

The meeting was adjourned at 3:21 p.m.