

CALIFORNIA HEALTH BENEFIT EXCHANGE BOARD MINUTES
Thursday, October 27, 2016
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 10:00 am.

Board members present during roll call:

Diana S. Dooley, Chair

Paul Fearer

Art Torres

Genoveva Islas

Marty Morgenstern

Agenda Item II: Closed Session

Discussion: Announcement of Closed Session Actions

The Board convened to discuss personnel and contracting matters. A conflict disclosure was performed and there were no conflicts from the board members that needed to be disclosed.

Chairwoman Dooley called the Open Session to order at 12:17 pm.

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 August 18, 2016 meeting minutes.

Presentation: August 18, 2016, Minutes

Discussion: None.

Motion/Action: Board Member Torres moved to approve the August 18, 2016, minutes.
Board Member Islas seconded the motion.

Public Comment: None

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

Agenda Item IV: Executive Director's Report

Announcement of Closed Session Actions

Peter V. Lee, Executive Director, announced that the Board discussed personnel and contracting matters. Personnel matters the board took up in closed session included an update on Covered California's executive recruitment for two chief deputy positions, and a final review of Mr. Lee's performance goals. Contract matters the board took up in closed session included approval of issuing an RFP for interpretation services, a two-year contract extension of with Pinnacle, an interagency agreement with the Department of Social Services related to CalHEERS, pursuing a competitive process to get new Microsoft tools in the office, and engagement with Manatt.

Executive Director's Update

Comments to the Board

Mr. Lee noted that Covered California received comments from the California Medical Association (CMA) regarding the 2017 requirement that all health plans, within 60 days of enrollment, have preliminary assigned consumers to a primary care clinician. The California Rural Indian Health Board also provided comments on the 2016 tribal consultation. Lastly, a joint sign-on letter was received in support of the 1332 Wavier.

Press Coverage

Mr. Lee called attention to a Health Affairs piece that he authored, which discusses California's story and lessons learned nationally.

Reports and Research

Mr. Lee called attention to some of the reports in the Reports and Research materials, including an Assistant Secretary for Planning and Evaluation report, which noted that states that expanded Medicaid have lower premiums in Marketplace; a Kaiser Family Foundation study, which noted that states that did transition to all ACA plans in 2014 have lower premiums; a UC Berkeley researcher's study that highlighted the impact of partisanship on enrollment; and a Standard and Poor's investment analysis, which noted the rate increases happening around the country are corrections by insurers that are an unwelcome, but a needed side effect of the evolving insurance marketplace.

Board Meeting Calendar.

Mr. Lee announced that there would be no December 2016 meeting. Additionally, he presented the 2017 planned Board meeting schedule.

Expert Panel at November Board Meeting

Mr. Lee shared that for the November 17, 2016 meeting; there will be a panel of experts discussing issues on the federal landscape and delivery reform; to help the Board think about what is coming down the track.

Discussion: Covered California for Small Business (CCSB)

Mr. Lee shared that CCSB is growing above goals and membership targets, with 29,000 people enrolled.

Discussion: 1332 Waiver Update

Brandon Ross, Assistant General Counsel, highlighted what other states have submitted or are considering Section 1332 Waivers, specifically Hawaii, Massachusetts, Vermont, and Ohio.

In terms of California's 1332 Waiver submission, Mr. Ross reported that staff submitted the Waiver and it is under review by the Health and Human Services. Staff expects to hear back in the following two to four weeks on any additional information they might need from California. If they accept it, then it will move into the 180-day period for the full review

Discussion: Special Enrollment (SEP)

James DeBenedetti, Director, Plan Management Division, provided some background on special enrollment. Consumers can enroll in Covered California during special enrollment if they have a qualified life event. Carriers are concerned that Covered California currently relies on attestation from consumers about their qualified life event. They are also concerned that consumers could be waiting until they get sick to enroll, without having a qualified life event. Covered California wants to keep rates as low as possible, but also collaborate with carriers, advocates and other stakeholders to identify options and process improvements to the verification process. Mr. DeBenedetti provided an overview of the guiding principles for implementing special enrollment policies, which include; ensuring that eligible individuals are enrolled; not being overly burdensome to members; completing verification prior to effectuation and consideration of technology capabilities and resource limitations.

In an effort to understand the problem, staff is currently analyzing over 500 statistically valid random sample cases and researching to inform future SEP policy discussions. The two qualifying events staff is looking at are loss of minimum essential coverage and a move to/or within California. Random samples do not include consumers adding new members to their coverage or consumers transitioning from Medi-Cal to Covered California.

An enterprise-wide internal SEP workgroup was formed to discuss priorities, future policies, and process improvements related to SEP. Covered California issued a Request for Information (RFI) on September 12 to determine solutions that may be available to provide electronic verification. Responses were due October 26. Five responses were received and staff will use that to develop a Request for Proposal (RFP) in late 2016 or early 2017. In the meantime, meetings will continue with the health plans and advocates.

Mr. DeBenedetti provided an update on recent cost and enrollment data from the plans through June and August for special enrollment period (SEP). SEP represented between 5–20% of total enrollment. Two plans saw modest increases in SEP percentage at 2%, but another has a 20% growth in SEP. There are 4–6 months left in 2016 so numbers could increase.

In terms of claims cost, SEP enrollees are about 10–15% more expensive than open enrollment enrollees. The impact on premiums through this year, based on special enrollment is about 1%

increase for one plan, and up to 5% for the highest plan. The greatest impact is on the largest network plans.

Discussion: C-Section Release

Dr. Lance Lang, Chief Medical Officer at Covered California shared that Secretary Dooley recently announced an honor roll of hospitals that have a hit a national target for appropriate rate of cesarean sections for low risk deliveries. 104 out of 248 hospitals in the state have achieved the goal.

California Health Care Foundation is funding not only data collection but also an improvement program. Roughly 90–100 hospitals that have signed up for this improvement program. A pilot program a couple years ago showed that any hospital that works on this with their medical staff and nursing staff could achieve up to 20% reduction in a single year. Mr. Lang added that staff is optimistic that all hospitals contracted with a qualified health plan will hit that target by the end of 2019.

Chair Dooley congratulated Mr. Lang for leading and bringing the group together.

Dr. Lang encouraged everyone to visit www.calhospitalcare.org and look up his or her local hospital.

Public Comment:

Beth Capell, Health Access California, is hopeful that the 1332 Waiver will be handled expeditiously. Secondly, on SEP, she acknowledged that advocates have been working cooperatively with staff to try to refine the approach in a way that is not unduly burdensome for consumers, assures that those who are actually eligible are appropriately taking advantage of it, and does not inadvertently require documents that do not exist. She is pleased with the C-section results, which is why a lot of time was spent on Attachment 7 and 14.

Jen Flory, Western Center for Law and Poverty, echoed Ms. Capell's comments on the Waiver and the healthcare quality improvements. In terms of SEP, she noted that disagreements remain in the assumptions. First, special enrollment will soon be a much larger percentage of enrollment than open enrollment, as more Californians are covered. Higher claims costs are not surprising, because people who are motivated to make sure they do not have a gap in coverage often need healthcare. Lastly, Western Center still opposes pre-verification. While moving towards implementing an electronic verification will and make it easier, there are cases where it will take longer for somebody to get the documents, and they could end with that gap in coverage.

Cori Racela, National Health Law Program and Health Consumer Alliance, encouraged staff and the board to look with a critical eye towards the causal effects of increased costs for this population. Consumers may be more motivated to seek care if they are sick, and that is not necessarily a reflection of ineligibility for a SEP. She also encouraged the board to have a critical eye towards the drop in numbers of people enrolling during SEP. The pilot is a good vehicle for this, but NAHP and HCA want to ensure that the verification process is not deterring people if they are in fact eligible for SEP.

Wendy Soe, California Association of Health Plans (CAHP), continues to support a pre-enrollment verification process for special enrollment periods, particularly as the data does show that enrollees that are gaining coverage through SEP tend to be higher cost. She added that the data suggest some potential fraud and abuse, and CAHP would love to see the results of the pilot survey. CAHP's interests, in the face nationwide rising premiums, is to ensure that the long-term integrity of the risk pool is maintained and really ensure that people are appropriately using SEP. CAHP encourages the board to move forward with such a proposal as soon as possible.

Cary Sanders, California Pan-Ethnic Health Network (CP-EHN), is pleased that the Waiver was submitted, as well as the released C-section rates. In terms of special enrollment, she reiterated Western Center's comments that the goal should be to get people enrolled. CP-EHN is concerned that pre-verification, without the ability to show documents, will affect consumers' ability to get into coverage. While staff's efforts to make the process around documentation easier is appreciated, the emphasis should still be on getting people enrolled.

Discussion: Open Enrollment 4

Mr. Lee provided an overview of Open Enrollment 4 highlights. Open enrollment will start with a renewal process for over 1.3 million individuals that are actively enrolled as of October. He noted that the market is not static and churn is part of the nature of the Covered California, as consumers move between Covered California, employer-sponsored insurance and other health care coverage. Modeling has been done to predict likely enrollment and the best estimate is in the range of 400,000. Enrollment numbers will likely end about where they started. However, it will be new people having coverage that otherwise would not have it, and others that had coverage with Covered California now having coverage somewhere else. Mr. Lee shared that one of the reasons why Covered California has done relatively well is because of the organization's commitment to marketing and outreach. This is one of the areas where California is a model for the rest of the nation. He added that the tour bus and open enrollment advertising would begin after the election.

Discussion: Marketing Update

Colleen Stevens, Director, Marketing, provided an overview of lessons learned as well as the marketing campaign for open enrollment. Marketing spent the summer talking to the people that have yet to sign up to find out the barriers or the motivators that would get them to sign up. One of the things that was uniquely different this year is that focus group testing looked at both acculturated Latinos, and at Spanish dominant Latinos, to see if there were differences between those two populations. Covered California also conducted research with LGBTQ populations, as well as African Americans, Chinese, Vietnamese, and Koreans to figure out how to nuance messaging for each population to get the maximum value. Marketing found that the "it's life care" slogan still is very relevant across populations. Secondly, as with previous years, affordability is still the number one barrier. Third, the people who have not signed up before are harder to convince and they have found ways to cope. Fourth, there is still confusion about Covered California is and what products they offer. Lastly, health care is a complicated process, and there is a need to continue to educate people about the process. Ms. Stevens played English and Spanish advertisements that will run for open enrollment. To address confusion about what

Covered California offers, marketing will be displaying billboards (in print and online), where by region the different health plans that are available are listed. The goal is to help consumers connect being covered and the various carriers Covered California works with. With the LGBTQ population, they were loud and clear about is that messaging about LGBTQ should not be subtle. Ms. Stevens showed an ad reaching out to the LGBTQ population as well as the other media vehicles used by target population. With regards to retention efforts, Ms. Stevens reported that hundreds of thousands of e-mail messages are being sent to consumers reminding them to shop and compare. Another thing the marketing team has added is a lead capture on the home page of the website. Right now, Covered California only gets information about people when they come through the website and start an application. She added that 86% of people who come to the website leave and Covered California has no trail or record about them. Lead capture has just been up a couple of weeks, and already 1,600 hundred people have signed up.

Chair Dooley asked for clarification on what happened to consumers who were with United Health Care and whether their plans defaulted to another option or dropped. Ms. Stevens responded that consumers must proactively choose their coverage. She added that Marketing will saturate them with messages because Covered California does not want to lose them. Mr. Lee added that Covered California would be providing individualized service for the United Health Care enrollees that have not made other choices.

Mr. Lee underscored that Covered California will be featuring the brand names of the plans. Secondly, he noted that roughly 30% of consumers enroll unassisted, while 70% get help. That help is fed by the marketing.

Discussion: CALHEERS Demo

Karen Ruiz, Director, Information Technology reported that that this year, a lot of time was spent between Covered California, DHCS, and the Office of Systems Integration doing a very significant upgrade on decision support tools.

Michael Caldwell, Covered California University, provided a demo to the Board on what customers experience when they go through the website, specifically the shop and compare tool. The two highlights of the shop and compare tool are that now consumers can select if each of the members in that household want health care. Additionally, when a consumer selects a health plan in the estimating tool, that health plan will remain in the consumer's cart throughout the application experience.

Member Morgenstern asked how many people walk away because they are discouraged and confused. Ms. Ruiz responded that many consumers will start the shopping experience on their own and do have questions. There are lots of options for folks when they reach that point, such as live chat, assistance from the service center representatives, and the option to seek local help from an agent assister.

Chair Dooley asked what the privacy protocol is when seeking assistance from agents. Ms. Ruiz responded that the consumer selects their agent. A new feature will soon be implemented that will suggest agents if consumers are not sure who to select. Chair Dooley asked if the lead capture will tell Covered California, how many people visit the site that actually do not complete

an application. Ms. Ruiz said yes. Chair Dooley is interested in knowing what that data shows about consumers that leave the website without signing up.

Mr. Lee underscored a couple of things. First, the shop and compare tool, up until this last year, shop and compare looked different from when consumers enrolled. Now they look just the same. Secondly, up until OE4, only three plans were displayed at a time for consumers. Now there will be nine plans displayed on one page. Third, Covered California is testing something called “health on demand” which will enable consumers to chat with a customer service representative or find an agent or navigator near them. Consumers will be asked if they would like to get a call from someone. Lastly, Mr. Lee noted that when plans are displayed, the rank order is combining their premium and what their out of pocket cost is likely to be. Consumers are nudged to make a better choice by ranking plans by not just their premiums, but what their likely out of pocket expense.

Mr. Lee noted that this release was the biggest update since launching. Implementation went well and was on time.

Public Comment:

Anthony Wright, Health Access, appreciated the staff updates and all the progress that made to date. He noted that there is a community of both organizations and foundations and others that are appreciate these steps and want to take additional steps. It is troubling to hear some of the misinformation that people are getting about the ACA. The ACA provides two new tools. A, the ability to shop, to find a better value, and B, the financial assistance to address it. He added that it is necessary to educate people in the marketing about those two things, especially in light the new data that suggests that 313,000 Californians are eligible for subsidies but are not taking advantage of those subsidies.

Bill Whirley, Kaiser Permanente, commended Covered California on the lead capture. It is incredibly innovative and something that Kaiser is trying to encourage the federal exchange and other state exchanges to look at. From Kaiser’s experience, it makes a big difference. Mr. Whirley is hopeful that staff will be persistent in testing the different ways to reach out to people.

Agenda Item V: Covered California Policy and Action Items

Covered California Regulations

Discussion: Covered California for Small Business (CCSB) Eligibility and Enrollment Regulations Emergency Readoption

Robert Manzer, Deputy Director, Covered California for Small Business, presented the re-adoption of emergency regulations for CCSB. Covered California is currently operating under emergency regulations, and was granted authority by the legislature to continue emergency rule making authority through January 1, 2019. In the meantime, small business health options program (SHOP) eligibility and enrollment regulations need to be updated. Changes include cleaning up language, simplifying requirements, and aligning all elements with current state and

federal law. Staff has reached out to stakeholders for review comment on the proposed changes and responded directly to those who have commented. He referred to the Board to the presentation slide that highlights the primary proposed changes.

Motion/Action: Board Member Torres moved to pass Resolution 2016-44. Board Member Fearer seconded the motion.

Public Comment: None

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

Discussion: Remote Identity Proofing Regulations Readoption

Tessa Hammer, Legal, presented proposed substantive changes to the remote identity proofing regulations. Visual verification is one of the ways in which a consumer may provide proof of identity. A list of acceptable documents outlines what documents consumers may submit to pass visual verification. Staff proposes to expand the list of acceptable documents so that the regulations coincide with the changes made in CalHEERS. These changes were presented at the August board meeting and no proposed comments or changes were received.

Motion/Action: Board Member Torres moved to pass Resolution 2016-43. Board Member Fearer seconded the motion.

Public Comment:

Jen Flory, Western Center on Law and Poverty and the Health Consumer Alliance, is pleased that additional documentation has been added to the acceptable documents. Consumers who need to use paper documentation tends to be most often new immigrants and the unbanked.

Cary Sanders, California Pan-Ethnic Health Network (CP-EHN), supports the changes to the regulations. She is pleased with the additional documentation.

Beth Capell, Health Access, is pleased that the regulations now acknowledge that not everyone who is an employee has a social security number, and that taxpayer ID numbers are also valid. It is the employer's job to police whom they hire, not Covered California's.

Mr. Lee reminded everyone that one of the reasons why Covered California launched successfully is because remote identity proofing was not in place the first few months of the first open enrollment. Rather, individuals attested under penalty of perjury who they were. Remote identity proofing was implemented in August 2014.

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

Discussion: Enrollment Assistance Regulations

Drew Kyler, Branch Chief, Outreach and Sales Division, noted that federal ACA regulations were recently amended. Federally-Facilitated Exchanges are required to implement all of the

changes, but most changes are optional for State-based exchanges. Staff is proposing that regulations be changed to align with federal changes. Changes include continuing to pay for fingerprinting costs of certified enrollment counselors (CEC) as they become certified with Covered California; requiring CECs to provide consumers with assistance with filing an appeal, that they provide targeted enrollment assistance to underserved populations; provide consumers with referrals to proper tax advice; and, that they inform consumers that they are not tax advisors. Lastly, it would put a cap on the value of a gift that can be provided to an applicant by a CEC, to a nominal value or less than \$15 in value. Mr. Kyler added that staff is currently working closely with stakeholders to ensure that the right language is used for the last change.

Chair Dooley asked for clarification on the types of gifts referenced in the regulations. Mr. Kyler responded that the gifts are typically gift bags, water, a pen, etc.

Public Comment:

Dorena Wong, Asian Americans Advancing Justice Los Angeles, is pleased with the change to include the cost of fingerprinting and background checks. With regards to the referrals to licensed tax preparers, Ms. Wong noted that CECs already do that and they are uncomfortable saying they might have to refer to licensed tax preparers. Ms. Wong would prefer to see more language about sharing information about tax resources; about preparation and tax consequences rather than providing referrals to licensed tax preparers and advisors. CECs cannot vouch for the referrals and do not know if tax preparers are licensed or not.

Jen Flory, Western Center on Law and Poverty and the Health Consumer Alliance (HCA), reiterated Ms. Wong's comments on the language regarding referrals to licensed tax preparers. HCA's consumer centers have had challenges in trying to get consumers to the right tax advice, particularly when it is outside of tax season. There are certain tax issues that the health consumer centers can give information about when it has to do with the actual ACA itself. However, some people do need more advanced planning. Ms. Flory encouraged staff to think about whether Covered California is going to help compile the information. Additionally, free tax clinics are not available outside of tax season and most consumers cannot afford to go to a tax advisor.

2015/16 Year End Update Briefing

Jim Lombard, Director, Financial Management Division, provided an update on how Covered California closed out the last fiscal year, as well as the current fiscal year.

For FY 15/16, due to plans paying as billed, revenues trended higher, resulting in an increase of about \$7 million. In addition, staff assumed a potential \$10 million revenue loss, which never materialized. Together, these two adjustments results in an additional \$17 million at year-end, and it raised total revenue for the year to \$267 million. Expenditures were \$23 million lower than June projections, largely due to some additional vacancies, some lower expenditures in contracts, additional costs for statewide administrative costs, which never materialized, and the cost allocation plan. This resulted in an added \$40 million to the FY 15/16, for a total of \$317 million.

Mr. Lombard reviewed the multiyear forecast and noted that premiums increased from what was originally planned, from about an 8% increase to 13%. This results in about \$4 million in the current year and ongoing of roughly \$14 million. He noted that in the short-term, Covered California picked up a little over a month in reserves. Mr. Lombard noted that as the FY 17/18 budget is built and staff knows more information about expenditures, actions can be taken in future years, to reduce the rates to bring reserves below 12 months.

Mr. Lee noted that this really shows how stable and sustainable Covered California is as a business. Covered California does not rely on any state general funds, or federal funds. He added that Covered California is not allowed to ever have more than a 12-month operating budget in reserve.

For FY 16/17, Mr. Lombard reported that Covered California is on track as far as enrollment goes. Revenue a little bit above and expenditures are a little bit below. There will be more information to report, as open enrollment unfolds. He noted that the multiyear forecast assumes that the rate would decrease in 18-19 and 19-20.

Agenda Item VI: Adjournment

The meeting was adjourned at 1:54 p.m.