

CALIFORNIA HEALTH BENEFIT EXCHANGE BOARD MINUTES

Thursday, October 5, 2017  
Covered California Tahoe Auditorium  
1601 Exposition Blvd.  
Sacramento, CA 95815

**Agenda Item I: Call to Order, Roll Call, and Welcome (Discussion)**

Chairwoman Dooley called the meeting to order at 11:00 am.

**Board members present during roll call:**

Diana S. Dooley, Chair  
Genoveva Islas  
Paul Fearer  
Art Torres

**Members Absent:**

Marty Morgenstern

**Agenda Item II: Closed Session**

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 Open Session to order at 12:30 pm.

**Agenda Item III: Approval of Board Meeting Minutes (Action)**

After asking if there were any changes to be made, Chairwoman Dooley asked for a motion to approve the August 17, 2017 meeting minutes.

**Presentation:** August 17, 2017 Meeting Minutes

**Discussion:** None

**Motion/Action:** Board Member Fearer moved to approve the August 17, 2017, 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 (Discussion)**

Peter V. Lee, Executive Director, reported on personnel matters the Board took up. Specifically, he announced that Jim Lombard, Chief Executive Officer would be leaving Covered California

at the end of October, and expressed appreciation for Mr. Lombard's service. Mr. Lee also shared that the board appointed Dora Mejia (currently Chief Deputy in the Financial Management Division) to fill Mr. Lombard's shoes.

The Board also discussed contracting matters in closed session, but they will be reported once they become finalized.

While this was not discussed in closed session, Mr. Lee announced the hiring of Jen Jacobs as Deputy Director for Plan Management Division.

## **Executive Director's Update (Discussion)**

### **Discussion: Review of Board Material**

In reviewing the board materials, Mr. Lee noted that Covered California for Small Business (CCSB) now has over 35,000 lives and that Covered California announced the 2018 rate increase of 5.6%.

Second, Mr. Lee shared that Covered California won two Best of California awards; one for most innovative use of social media, and another for best application to serve the public.

Next, Mr. Lee shared that in an effort to continue to inform the national debate, Covered California released and sent to Administrator Verma and Congress the Marketing Matters Report; released an analysis on the potential impact of the Graham Cassidy proposal; and, joined ten other state-based marketplaces in sending a letter to leaders of the Senate and members of the administration on potential impacts of Graham Cassidy. Mr. Lee also called attention to an article he authored in the Journal of the American Medical Association on the role of marketplaces in promoting competition.

Lastly, Mr. Lee called attention to some of the reports in the board materials, including a report published by Consumers Union on consumer-centric benefits for California's individual market.

### **Discussion: Update on Cost Sharing Reduction Policies**

Mr. Lee shared slides with the cost-sharing reduction contingency plan that was previously approved by the Board and noted that Covered California will hold off on making a decision until October 11. This will give Congress time to act. Mr. Lee also announced that in an effort to reduce consumer confusion about rates, Covered California will launch the Compare tool on October 11.

### **Discussion: Update on State Policy**

Mr. Lee reported that Governor Brown signed AB 156 and SB 133, which affect Covered California. AB 156 will bring state law in compliance with federal open enrollment rules, but will preserve the length of open enrollment period for 90 days. SB 133 requires plans and insurers to provide continuity of care with regard to covered enrollees, when those enrollees have their coverage terminated because a plan leaves the market.

### **Discussion: Open Enrollment Update**

Mr. Lee reported that open enrollment activities in full swing. Covered California held kick-off sessions throughout California with over 1,800 participants including agents, navigators, county representatives, health plan representatives. Covered California will also have a two-track bus tour at the beginning and end of open enrollment. This year's theme is "Covered in Art." Covered California commissioned artists' murals across the state, each with a theme of promoting health, wellness, coverage and that Covered California is woven into the fabric of local communities.

### **Discussion: Report on Marketing Matters**

Mr. Lee reported that Covered California unveiled the *Marketing Matters* report in Washington DC on September 13, 2017. The report details how significant investments in marketing and outreach are key element to stabilizing individual insurance markets. He encouraged meeting attendees to download it from the Covered California website.

### **Discussion: Report on Consumer Survey in Advance of Open Enrollment 5**

Jennifer Miller, Senior Marketing Specialist presented recent consumer research that Covered California conducted and how it applies to the Open Enrollment 5 marketing campaign. This research was a continuation of the December survey and provided an update on Californians' intent to enroll. Key findings were as follows: Awareness of Covered California and the ACA continues to rise; continued education is still needed as nearly three quarters of uninsured subsidy-eligible Californians do not know that they are eligible for subsidies or wrongly think they are not eligible; those who expect to be eligible for subsidies are much more likely to enroll; confidence positively impacts new enrollment; members who expect to be eligible for subsidies are much more likely to renew; and, 4 out of 5 of those who are uncertain or "concerned" still intend to renew.

Next, Ms. Miller shared that Marketing also conducted multiphase qualitative research to test a variety of concepts and adjusted the marketing campaign based on evidence. Research found those who remain uninsured do not feel they need insurance. The marketing campaign shows "life can change in an instant, be covered when it does." Marketing also adjusted and amplified the financial help message across all channels. Marketing also included a new message on stability and confidence. Lastly, Marketing adjusted vertical integration among creative elements.

Mr. Lee noted that "Covered in Art" reinforces stability and that Covered California is here for the long haul. He also highlighted that due to spending on marketing ads, California has the healthiest risk mix in the entire nation, which lowers premiums.

Chair Dooley noted that Covered California will continue to be nimble and responsive, even if a positive resolution from Congress comes too late for this open enrollment.

**Public Comment:**

Betsy Imholz, Consumers Union, thanked Covered California for providing robust data and policy analysis at the national level. She is pleased that the governor signed AB 156 and SB 133. She thanked Mr. Lee for calling out the Consumers Union report and agreed with him that everyone who participated in the process made a big contribution. Lastly, she thanked Covered California for the marketing research. She noted that Consumers Union receives calls from consumers who are confused about cost-sharing reductions and how they differ from tax credits.

Carrie Sanders, California Pan-Ethnic Health Network (CP-EHN), thanked Covered California for their communication efforts to ensure consumers understand what is going on. On the marketing research, Ms. Sanders asked whether there were any differences in some of the sub populations and how many layers of research was conducted. She noted that the immigrant community in particular is very concerned about coverage and options. She would like to hear more on how Covered California is targeting the different population segments. Lastly, she thanked Mr. Lee for calling out the Consumers Union report.

Doreena Wong, Asian Americans Advancing Justice Los Angeles, echoed comments made by previous speakers. She appreciates the range of communities in the marketing research and the commitment to do advertisements in four different Asian languages. Ms. Wong requested there be a webinar to educate navigators and enrollment counselors on communicating open enrollment changes to consumers. Lastly, she expressed appreciation for the 90-day open enrollment period.

Jen Flory, Western Center on Law and Poverty and Health Consumer Alliance (HCA), is pleased that the governor signed AB 156 and SB 133. She is thrilled Covered California conducted market research and is spending more money on marketing. She noted there is a lot of consumer confusion about the federal exchanges and the California exchange and recommended consumer outreach be done prior to open enrollment to reiterate that California's marketing budget is not suffering, and that the open enrollment period is the same.

Anthony Galace, Greenlining Institute, echoed comments made by previous speakers in commending Covered California. Mr. Galace thanked Covered California for highlighting young people of color in the marketing strategy.

Alicia Kauk, National Health Law Program and the Health Consumer Alliance (HCA), echoed comments made by previous speakers. She is pleased that the governor signed AB 156 and SB 133. Ms. Kauk also expressed appreciation for the marketing budget increase. She also expressed concern that the distinction between advanced premium tax credits and cost sharing reductions is not clear to all consumers. She appreciates working with the Covered California communications sub group and recommended that there be talks about the financial assistance to the consumers in terms of what they will see and what they will pay, as opposed to focusing on the details of what cost-sharing reductions are,

Beth Capell, Health Access California, echoed comments made by previous speakers. She noted that California was very different in January 2014. What has happened during this administration and as a result of Covered California and Medi-Cal has been transformational and the awards

Covered California received speak to this enormous effort. Covered California's message being delivered today is more important than ever. Lastly, she noted that that Health Access has frequently suggested heavy investments in marketing and she is pleased that the positive impact of this investment to Californians has been documented.

### **Discussion: Report on New Single Streamlined Application**

Mr. Lee noted that while outreach gets people to the door, it does not get them into coverage. The Service Center, county-eligibility workers, and agents all use CalHEERS, the enrollment system that helps people be determined eligible and to pick the right plan. CalHEERS itself is a joint project, shared between Covered California and the Department of Health Care Services, with oversight and coordination from the Office of Systems Integration. CalHEERS is also informed and run by the team at Accenture and Fjord.

Amanda Hutchinson, CalHEERS provided updates made this year to improve the consumer experience. The first update was on the single-streamlined application redesign. Throughout the design process, the team focused on three design pillars: personalize based on user data, simplify to make it easy to understand and approachable on any size screen or device, and, humanize by adding visual aids and tips to guide the user throughout the navigation. She highlighted application screenshots in the presentation slides on the pillars.

Next, Ms. Hutchinson provided an update on the provider search tool, which allows users to search for providers based on the doctor name or facilities. Previously, consumers had to leave the application to go to the providers themselves to find out what providers were available.

Mr. Lee noted that on the single-streamlined application redesign, the application adapts to a consumer's situation, which will result in a far better experience. Mr. Lee also commented that the provider search tool has gone through a lot of test and review. However, it will not be perfect and Covered California is working closely with the Department of Managed Health Care.

Member Islas asked if there was thought put into literacy and academic achievement of the population with regards to the single-streamlined application. Ms. Hutchinson responded that the application was tested for fifth grade level.

Member Islas noted that there are still many consumers who are not cell or web enabled and would need to be reached by marketing efforts and encouraged to visit an agent. Mr. Lee responded that the application, marketing and advertising all work together. Marketing efforts will ensure that consumers who need help will be informed about their options for enrolling.

### **Public Comment:**

Jen Flory, Western Center on Law and Poverty and Health Consumer Alliance (HCA), noted that the application redesign was long overdue. Advocates have been involved in the process since inception. With regards to language, advocates had the opportunity to provide input. She also noted that advocates were able to watch user testing and see how people interacted with the system. Overall, she believes this is a much cleaner application that will be shorter for most

people. She believes it will result in more completed applications. Additionally, this redesign builds on previous work regarding the income rules.

Alicia Kauk, National Health Law Program and the Health Consumer Alliance (HCA), thanked staff for inviting NHLP to perform user testing. There are significant improvements to the single streamlined application, most notably the suppression of certain information. She agreed with Ms. Flory that more consumers are likely to complete the application.

Betsy Imholz, Consumers Union, hopes the language in the provider directory that says it is not current is elevated, encouraging consumers to double check with their plan and provider because it is constantly changing.

Carrie Sanders, California Pan-Ethnic Health Network (CP-EHN), echoed comments made by previous speakers on the single streamlined application. She is pleased that there was some attention to cultural and linguistic differences and would like to hear more about those efforts. She is pleased with the integrated provider directory and the level of data verification that Covered California is doing to ensure information consumers receive has been vetted. For future iterations, she asked that there be additional categories, as required under SB 137 with languages spoken and community clinic affiliation.

Beth Capell, Health Access California, commented on the application redesign, noting that it is not just about literacy but also about literacy with numbers. With respect to the provider directory, she commended Covered California for taking this on again. Lastly, she is pleased the Governor signed SB 137.

Chair Dooley noted Covered California has made a lot of progress with the provider directory and it is starting to bleed into the commercial market in terms of what consumers are expecting.

#### **Discussion: Quality Rating System (QRS) Fall 2017**

Dr. Lance Lang, Chief Medical Officer, presented on the Fall 2017 QRS. Covered California QRS is comprised of the following elements: 1. Report four ratings: a summary quality rating and three summary component ratings. 2. Summary quality rating is a roll-up of three summary components. 3. Summary ratings constructed by aggregating CMS produced standardized scores. 4. CMS standardized scores based on national, all-product type benchmarks 5. CMS case-mix adjustment for CAHPS measures. 6. 1–5-star performance classification 7. Scores are displayed in CalHEERS and will be available on CoveredCA.com starting in November 2017 (Individuals and Families Page). Dr. Lang noted that CMS has adopted Covered California's methodology for next year. He also noted that there has been some evolution. Last year, eight Covered California plans two stars or less. This year eight of Covered California's plans are three stars or better.

#### **Discussion: Update on Anthem and Health Net Transition**

Mr. Lee reported that nearly 150,000 consumers that are enrolled in Anthem will need to change plans. Covered California will be doing a lot of outreach to consumers to encourage them to shop. He called out a letter from the California Medical Association that expressed concern with consumers being auto enrolled in the lowest cost plan, not the lowest cost plan, in their same

product, and other concerns. Mr. Lee said that Covered California will be very engaged with consumers, plans, and the physician community. If consumers do nothing, Covered California will auto renew them in the lowest cost plan in their region. However, consumers will have until the end of open enrollment to change their plan. With regards to those consumers impacted by continuity of care, Covered California is doing outreach to those members and working very closely with plans, in particular where they are “terminating,” Anthem and Health Net, to provide data appropriate with privacy protections and to ensure the plan that is receiving them knows about the individual’s health care circumstance. Mr. Lee noted that plans that may receive auto enrollments are looking to reach out ahead of time so consumers know what services they will provide.

Member Fearer asked who is financially responsible for a consumer that defaults to another plan and is eligible for continuity of care. Mr. Lee responded that the issue is complex, but generally it would be the responsibility of the new plan.

He also asked if it is purely up to the consumer who is eligible for continuity of care whether they continue with their old doctor. Mr. Lee responded that about 84% of Anthem’s physicians are in other health plans. The issue is more complex, depending on whether they are on a particular course of treatment and what that treatment is for.

**Public Comment:**

Beth Capell, Health Access California, stated that when a consumer seeks continuity of care under the law that will be in effect on January 1, if they have a serious condition or they are in the midst of a course of treatment, and if their physician agrees to accept the rate from the new plan, then they can continue with the doctor when they are enrolled in the new plan. Health Access, however, agrees with Chair Dooley that in some instances, consumers will choose to change. This law is an opportunity to complete a course of treatment and to have time to transition, so that consumers are not abruptly transitioned. She noted this was originally developed for the group work, where employers often change plans and it has now been adapted in the new individual market. She noted these are important protections, and she commended both the staff and the plans for attempting to sort out how to assure that people have the least disruption in care possible. On the quality ratings, and some of the clinical indicators, she noted that people need to have been in care for at least two years and Covered California’s consumers turn over significantly. She said this is worth looking at in thinking about quality and other measures going forward.

Betsy Imholz, Consumers Union, appreciates the governor signing continuity of care legislation. On the quality ratings, Consumers Union can see from the chart that there are going to be some problems about giving anybody any quality information and they are hopeful that they can work with Dr. Lang and with Plan Management on that. She is also hopeful there can be more discussion about whether there is something that could be put out there for self improvement amongst the plans on some of the measures.

Jen Flory, Western Center on Law and Poverty and Health Consumer Alliance (HCA), commented on transitions from Anthem and Health Net, noting she is heartened to see some of

the work that has been going on ahead of time to make sure that people transition over appropriately.

Catrina Reyes, California Medical Association, stressed the importance of the accuracy of the provider directory, especially since the patients will be using the provider directories to determine which plans contract with their physicians. Also, when consumers select replacement plan, she urged Covered California to require the health plans to match patients' existing primary care provider with a new health plan. When physicians are not in a Covered California plan, CMA urges Covered California to inform patients in advance (such as the Anthem withdrawal). Similarly, Covered California should let physicians know of the withdrawal of Anthem from a number of the regions and the plans that it will be replaced with, so that they know this could potentially mean their patients could be switching physicians.

## **Agenda Item V: Covered California Policy and Action Items**

### **2018 Dental Copayment Standard Benefit Design Revision (Action)**

James DeBenedetti, Director, Plan Management Division, presented a proposal to revise the 2018 dental copayment standard benefit design. He noted that while the Board approved the standard dental design back in March, unfortunately the code book that illustrates all of the different procedures that a dentist may perform for the year 2018 had not been finalized yet. The dental design will be revised to include one more dental procedure code.

**Motion/Action:** Board Member Torres moved to pass resolution 2017-43. Board Member Islas seconded the motion.

**Public Comment:** None

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

## **Covered California Regulations**

### **Individual Eligibility and Enrollment Regulations Emergency Readoption (Action)**

James DeBenedetti, Director, Plan Management Division presented the passive health plan replacement policy in response to Anthem reducing their footprint. He noted it was similar to what was presented in August, with minor changes based on stakeholder feedback. Covered California will implement an active outreach program to promote shopping by individuals who no longer have the option of remaining with their current health plan. To maximize both affordability and continuity, enrollees who do not actively select a replacement will be enrolled in one according to the following criteria / hierarchy. The enrollee will be placed in the lowest premium health plan that is: 1. The same metal tier (if available) 2. From the same issuer (if available) or 3. Same HSA-compliant status (if available). Due to the wide variability in provider network sizes (e.g., some HMO networks are larger than some EPOs and PPOs in the same region), product types (HMO, EPO, PPO) will not be used as a criteria for passive enrollment into a replacement plan.



Bahara Hosseini, Legal, presented a high-level summary of changes to the eligibility and enrollment regulations. Changes to the regulations include clarifying the income inconsistency process specifying that a 10% income threshold will be used to clear income inconsistencies; adding proration of premium language, which specifies how premiums will be calculated for partial month coverage; revising the passive renewal regulations; adding an over age dependent age out process in the passive renewal regulation.; and, adding a large employer appeal decision implementation process into the regulation.

Chair Dooley highlighted that the default plan will be the last option. Communication efforts will be focused on encouraging people to make an active choice.

Mr. Lee added that the 90-page set of regulations has been months in process. He thanked stakeholders for their involvement and called out a letter Covered California received from the California Association of Health Underwriters (CAHU) expressing concerns with using the language “sell.” Mr. Lee responded that the regulations do not include the word “sell.”

Member Torres requested that regulation language on the 27-year old age out be forwarded to him. He asked Ms. Hosseini clarification on what happens under the existing regulations. Ms. Hosseini responded that at renewal, Covered California will have a report of all individuals who are over the age of 26 and are still enrolled on their parents’ plan. Consumers would receive a notice that they need to pick their own plan. If they do not take action, they will be passively renewed into their own individual plan, instead of their parents’ plan. However, the plan will be the same type of plan as the parents’ plan. The cost of the plan will depend on many variables.

**Motion/Action:** Board Member Torres moved to pass resolution 2017-42. Board Member Fearer seconded the motion.

Jen Flory, Western Center on Law and Poverty and Health Consumer Alliance (HCA), supports the proposed regulations and thanked staff for working with stakeholders. She added that this is a reason why advocates wanted open enrollment to continue into January.

Alicia Kauk, National Health Law Program and the Health Consumer Alliance (HCA), supports the regulations, particularly the proration of premiums and the auto renewals policy. She would like to ensure that moving forward, appeals and timing of premium payments are clarified amongst all the plans.

Betsy Imholz, Consumers Union, supports the proposed regulations and commended staff for their thoughtful approach on the decision tree. The combination of the outreach, marketing, the encouragement to shop and to pick a plan first and then default to the passive renewal puts Covered California head and shoulders above a lot of states that just do passive renewal.

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

### **Agenda Item VI: Adjournment**

The meeting was adjourned at 2:30 pm