



EXECUTIVE DIRECTOR'S REPORT

Peter V. Lee, Executive Director | January 18, 2018 Board Meeting

ANNOUNCEMENT OF CLOSED SESSION

IN MEMORIAM AND APPRECIATION FOR MAYOR OF SAN FRANCISCO, ED LEE (MAY 5, 1952- DEC. 12, 2017)



COVERED CALIFORNIA BOARD CALENDAR: 2018

- February (no meeting)
- March 15
- April 24 (possibly no meeting) (Tuesday)
- May 17
- June 14
- July 19 (possibly no meeting)
- August 16
- September 13 (possibly no meeting)
- October 11
- November 8
- December 13 (possibly no meeting)

MEETING OVERVIEW

- Executive Director's Report
 - Open Enrollment Update
 - Federal Policy Update
- Covered California Policy and Action Items
 - Discussion**
 - Proposed Standard Benefit Design
 - 2019 Qualified Health Plan Certification Policy
 - Action**
 - Covered California for Small Business (CCSB) Eligibility and Enrollment Emergency Regulations Readoption and Permanent Rulemaking Authorization

OPEN ENROLLMENT UPDATE

2018 OPEN ENROLLMENT: PROGRESS FOR NEW SIGN UPS

220,000

Individuals have selected health care plans as of December 15, 2017

Note: Stay tuned for release of enrollment figures on January 22, 2018.

2017 RENEWALS

1.2 million

Individuals went through renewal. Approximately 43% actively renewed.

Renewal rate very similar to 2017.

SOULS TO ENROLL CHURCH VISITS



MARTIN LUTHER KING JR. DAY PARADE



MARTIN LUTHER KING JR. DAY PARADE



YOU'RE INVITED!
LAST DAY OF 2018 OPEN ENROLLMENT
&
MEDIA EVENT
CELEBRATING FIVE YEARS OF SUCCESSFUL OPEN ENROLLMENTS
CHANGING CALIFORNIA ~ CHANGING LIVES!



Covered California
1601 Exposition Blvd.
Sacramento, CA 95815

10:30 am on January 31, 2018



FEDERAL UPDATE

THE ROLLER COASTER FOR CONSUMERS CONTINUES

A new Covered California analysis provides a brief summary of what occurred in 2018 and an overview of the potential impacts for 2019, along with a review of some of the major mitigating policies that could be adopted:

- Issuers and states faced considerable challenges in 2018 due to federal policy changes and uncertainty (e.g., the removal of direct federal cost-sharing reduction funding).
- Reduced marketing and outreach for the federally-facilitated marketplace began in the final week of Open Enrollment 2017 and has continued into Open Enrollment 2018.
- The 2019 plan year has the potential to be just as uncertain and volatile as 2018 due to major policies changes that include:
 - The removal of the individual mandate tax penalty;
 - The potential continuation of reduced marketing spending for the federal marketplace; and
 - Implementation of association health plans and short-term, limited-duration plans.
- Statewide average premium increases in 2019, absent federal policies to stabilize these markets, could range from 15 to 30 percent, but could be higher for some carriers.
- Action on three federal policy options in early 2018 could significantly mitigate the potential 2019 rate increases:
 1. Funding state-based invisible high-risk pools or reinsurance programs
 2. Restoring marketing and outreach funding
 3. Reinstating the health insurance tax “holiday” for 2019



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The Roller Coaster Continues — The Prospect
for Individual Health Insurance Markets
Nationally for 2019: Risk Factors, Uncertainty
and Potential Benefits of Stabilizing Policies
January 18, 2018

Executive Summary

- Issuers and states faced considerable challenges in 2018 due to federal policy changes and uncertainty, including reduced carrier participation and the need to make premium work-arounds to address the removal of direct federal funding for the cost-sharing reduction (“CSR”) program. For those receiving subsidies, their premium cost fell on average 3 percent in federally facilitated marketplace (FFM) states, while on average the premium for the lowest-cost Silver plan for those who did not receive subsidies increased 32 percent.
- Reductions to marketing and outreach for the federally facilitated marketplace began in the final week of open enrollment 2017 and have continued into the 2018 open-enrollment period. Total enrollment in the federally facilitated marketplace in 2018 closed with 6.7 million, down 9 percent from the 2016 level. To the extent a risk pool is shrinking, it is very likely to be getting “less healthy” and more expensive for all those insured, especially for the 6 million unsubsidized individuals who do not receive the Advanced Premium Tax Credit to offset the premium increases.
- The 2019 plan year has the potential to be just as uncertain and volatile as 2018 due to major policies changes that include (1) the removal of the individual mandate tax penalty, (2) the potential continuation of reduced marketing spending for the federal marketplace, and (3) implementation of association health plans and short-term, limited-duration plans.
- Statewide average premium increases in 2019, absent federal policies to stabilize these markets, could range from 15 to 30 percent — with some carriers in certain states having even higher rate increases, depending on state factors.
- Action on three federal policy options in early 2018 could significantly mitigate the potential 2019 rate increases, with reductions felt most directly by the 6 million consumers who purchase individual coverage without subsidies on-exchange or in the off-exchange Affordable Care Act-compliant market:
 1. Funding state-based invisible high-risk pools or reinsurance programs could produce an average rate reduction of 12 percent with a range of 9 to 16 percent depending on the state;
 2. Restoring marketing and outreach funding in the FFM in 2019 could reduce rates between 2 and 4 percent; and
 3. Reinstating the health insurance tax “holiday” for 2019 could reduce rates between 1 to 3 percent.

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www.CoveredCA.com

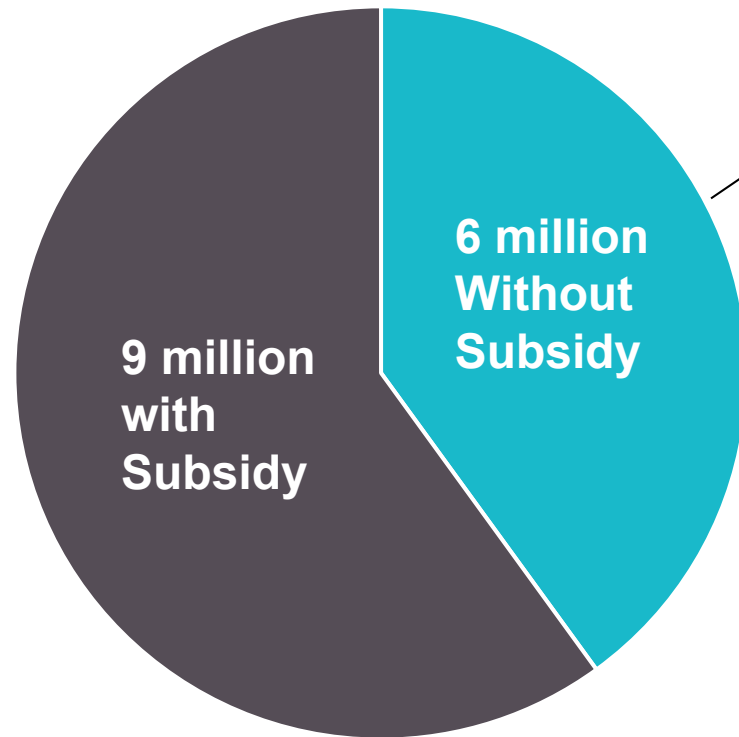


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For more information, see: http://board.coveredca.com/meetings/2018/01-18/CoveredCA-Roller_Coaster_Continues_1-18-18.pdf

PREMIUM INCREASES DIRECTLY IMPACT THE 6 MILLION AMERICANS WHO DO NOT RECEIVE SUBSIDIES

Total individual market of 15 million people



Who are the unsubsidized:

- Unsubsidized consumers have an estimated median income of \$75,000, compared to an estimated median income of \$66,000 for all individuals aged 19 to 64.
- Most are NOT high income individuals and the existing premiums are struggle for many

REDUCED FEDERAL MARKETING IS ASSOCIATED WITH A DOWNWARD TREND IN ENROLLMENT

- Reduced marketing and outreach for states served by the federally-facilitated marketplace began in the final week of Open Enrollment 2017 and continued into Open Enrollment 2018.
- Total enrollment in the federally-facilitated marketplace (FFM) in 2018 closed with 8.7 million, down 5 percent compared to 2017, and representing a 9 percent decline from the 2016 level.
- It is likely the declines in enrollment “off-exchange” were even larger, since those populations felt the full brunt of high premium increases, while for 2018 those receiving subsidies experienced on average premium decreases.
- To the extent a risk pool is shrinking, it is very likely to be getting “less healthy” and more expensive for all those insured, especially for the 6 million unsubsidized individuals who do not receive the Advanced Premium Tax Credit to offset the premium increases.

Annual Enrollment: FFM and Covered California – 2015 to 2018

Total Plan Selections	2015	2016	2017	2018
Federal Marketplace	8,838,291	9,625,982	9,201,805	8,743,642
Covered California	1,412,200	1,575,340	1,556,676	*

PREMIUM INCREASE DRIVERS FOR 2019

Estimates reflect potential state average increases; some states and individual carriers could be higher or lower. Premium estimates reflect gross premiums and would be fully born by the 6 million Americans who do not receive subsidies. For those who receive subsidies, premium increases would likely be far less.

PREMIUM INCREASE DRIVERS

	Low	Medium	High
Premium Drivers on Top of Medical Trend	8.6%	14.7%	23.2%
Individual Mandate Premium Impact	8%	10%	13%
2018 Enrollment Change Premium Impact	-2.3%	1.3%	6.3%
2019 Ongoing Marketing Reduction Premium Impact	2.6%*	2.6%	2.6%
Short-Term and Association Health Plans	0.3%	0.8%	1.3%
Medical Trend	7%	7%	7%
Total Potential 2019 State-Level Premium Rate Increase	15.6%	21.7%	30.2%

FEDERAL POLICY ACTIONS THAT COULD MITIGATE 2019 PREMIUM INCREASES

Estimates reflect the range of how each stabilizing policy would affect states based on their circumstances. The effect on premiums in some states for individual carriers could be greater.

OPTIONS TO MITIGATE PREMIUM INCREASES

	Low	Medium	High
Reinsurance (see Covered California reinsurance analysis*)	-9%	-12%	-16%
<i>Gross reinsurance funding level (billions)</i>	\$12	\$12	\$12
<i>Net federal cost of reinsurance (billions)</i>	\$5	\$5	\$5
Enhance Marketing and Outreach	0.0%	-2.3%	-4.2%
Health Insurance Tax Holiday	-1%	-2%	-3%

*For more information, see: http://hbex.coveredca.com/data-research/library/CoveredCA_Reducing_Premiums_1-10-18.pdf

For more information, see: http://board.coveredca.com/meetings/2018/01-18/CoveredCA-Roller_Coaster_Continues_1-18-18.pdf

BOTH NEWS COVERAGE AND ADVERTISING PROMPT ACTION BY CONSUMERS

Exposure to **news** and **advertising** led consumers to ...



Source: NORC at the University of Chicago. 2015. "Covered California Overview of Findings from the Third California Affordable Care Act Consumer Tracking Survey." Oct. 22.

Covered California survey research has found that exposure to news and advertising were BOTH associated with a high rate of discussing health insurance with friends and family, thinking about purchasing insurance, or looking for more information on CoveredCA.com.

Health Care Press Coverage

2017 Enrollment Period vs. 2018 Enrollment Period

**Prepared for Covered California
January 22, 2018**

agilvy

Key Findings

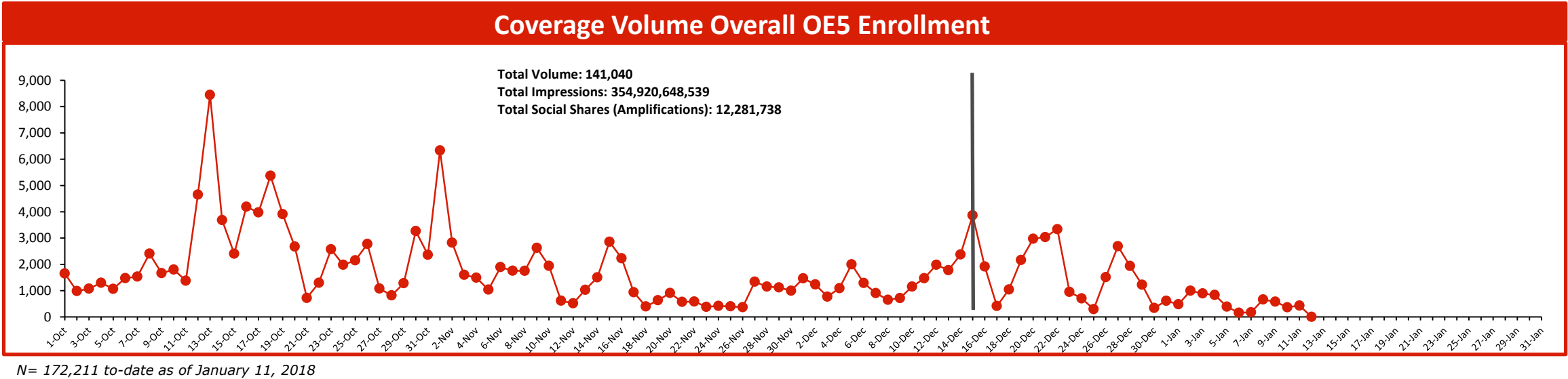
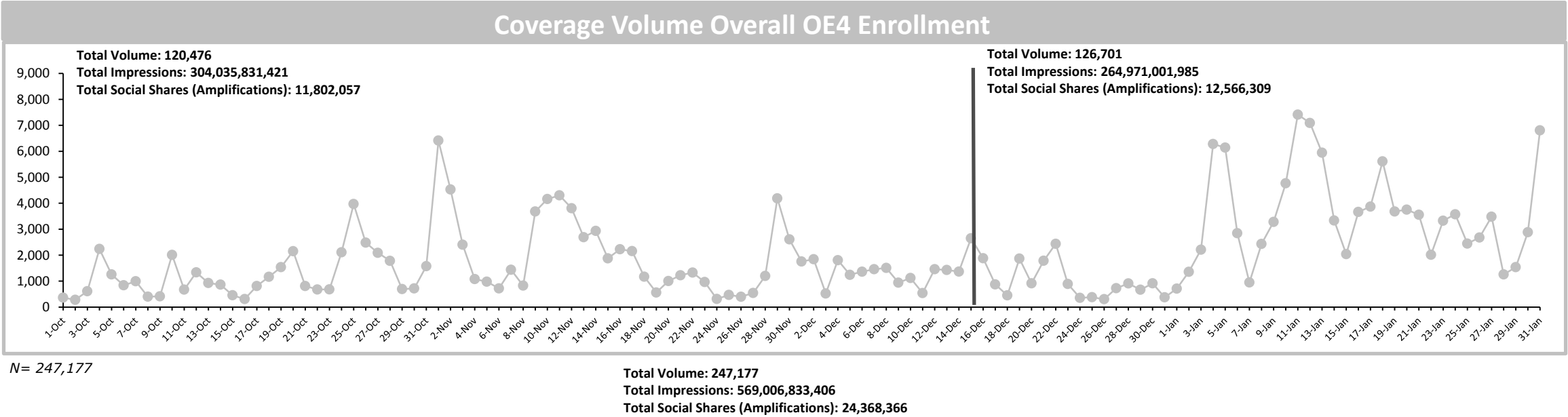
When looking at October 1 - December 15th Year-over-Year (2016 vs. 2017), coverage volumes, total impressions were higher in 2017.

While Trump's actions drove news nationally and locally - that news spurred calls to action for enrollment in media markets across the nation.

Coverage of 'enrollment,' 'enrollment period' and 'deadline' increased by 53%, 125% and 129%, respectively, Year-over-Year.

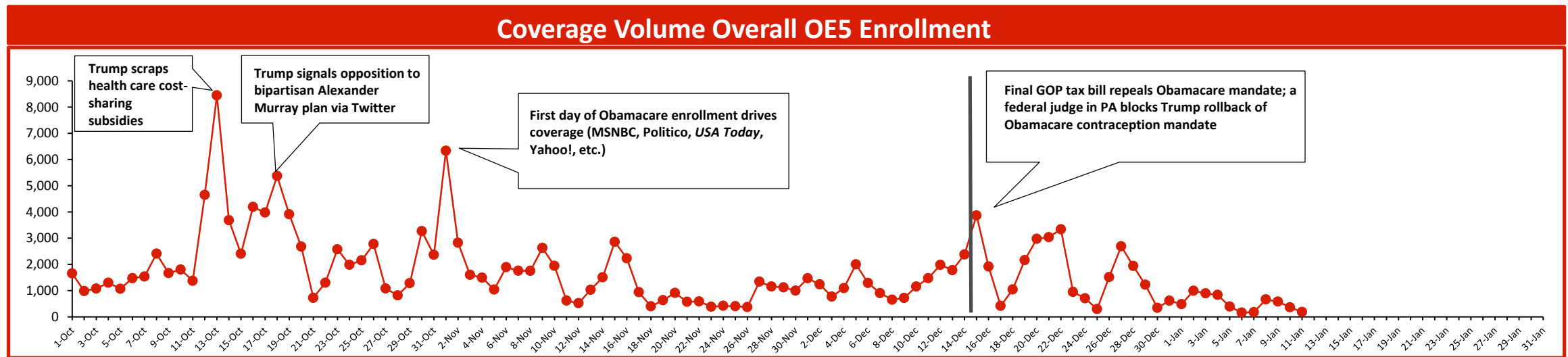
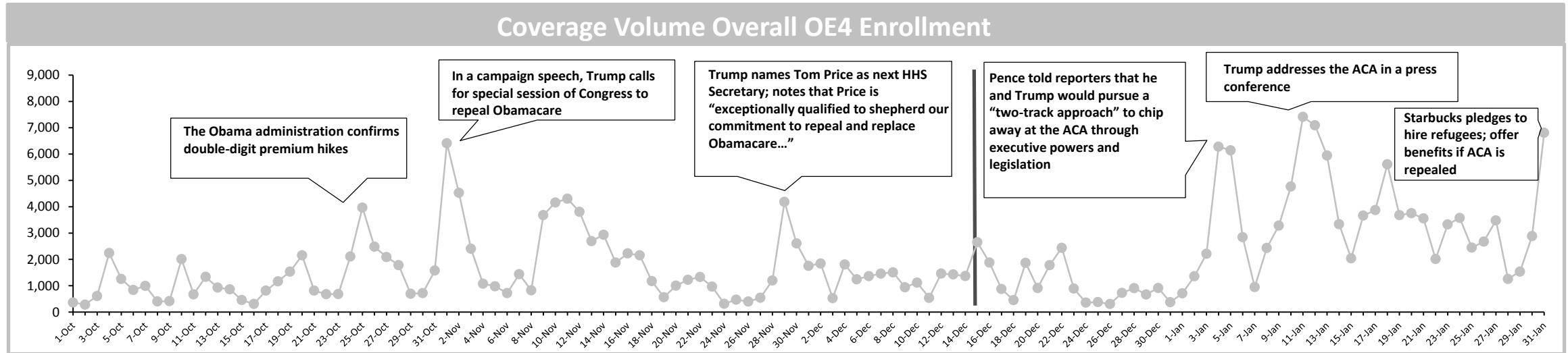
- When comparing it to full OE4 (through January 31, 2017), coverage of the phrase 'enrollment period' was higher in OE5 coverage, despite the shorter time period.

National coverage: When looking at October 1 - December 15th Year-over-Year (2016 vs. 2017), coverage volumes, total impressions and social shares were higher in 2017





National coverage: GOP efforts to repeal the ACA drove news in both 2016 and 2017

- While national news focused efforts on Trump and Congress, local publications (e.g., WSPA, STLtoday, *Miami Herald*, etc.) focused on what changes meant to local residents and reminded their readers of the enrollment deadline



National articles about potential repeal or the national political debate on health care drove impressions (awareness) during both respective enrollment periods

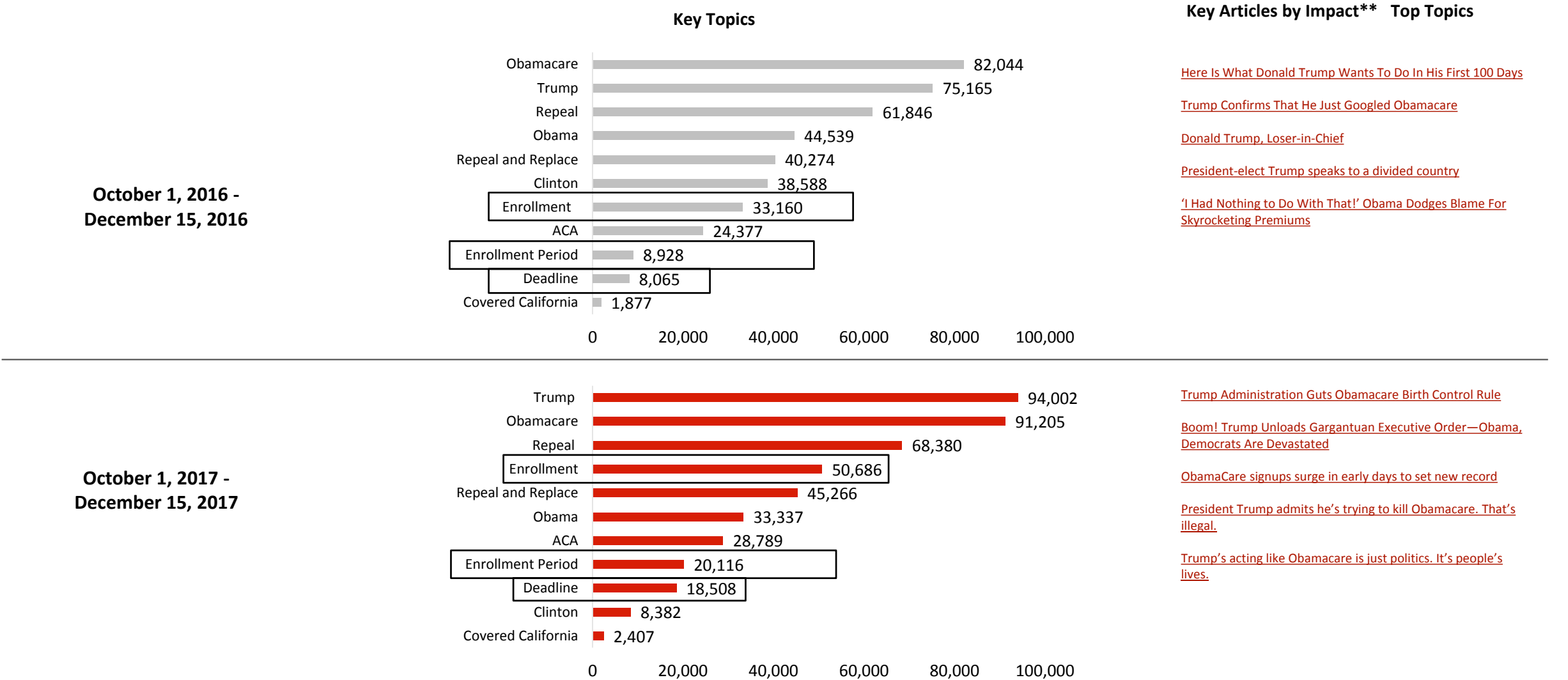
	October 1, 2016 January 31, 2017	October 1, 2016 December 15, 2016	December 16, 2016 January 31, 2017	October 1, 2017 December 15, 2017	YoY Change
Total Volume of Coverage*	247,177	120,476	126,701	141,040	17% 
Top Coverage Impressions**	569,006,833,406	304,035,831,421	264,971,001,985	354,920,648,539	17% 
Highest Readership Articles (Top 3)	<ol style="list-style-type: none"> 1. Health insurance deadline looms in spite of Trump's order 2. Big insurance merger looks doubtful, impacting Obamacare 3. CT exchange wants to require broker commissions for health plans 	<ol style="list-style-type: none"> 1. Do Increases in Health Insurance Premiums Spell Doom for Obamacare? No, and Here's Why. 2. Trump nominates Obamacare critic as health secretary 3. Trump firm on agenda but says Americans have nothing to fear 	<ol style="list-style-type: none"> 1. Health insurance deadline looms in spite of Trump's order 2. Big insurance merger looks doubtful, impacting Obamacare 3. CT exchange wants to require broker commissions for health plans 	<ol style="list-style-type: none"> 1. Trump and GOP Sen. Bob Corker get into a Twitter flame war 2. WATCH: Rand Paul appears wildly distraught upon greeting Trump at White House 3. Trump's health care order: What's in it? 	N/A
Top Markets in Coverage (Top 3)	New York California Texas	New York California Texas	New York California Texas	New York California Texas	N/A

Source: TrendKite

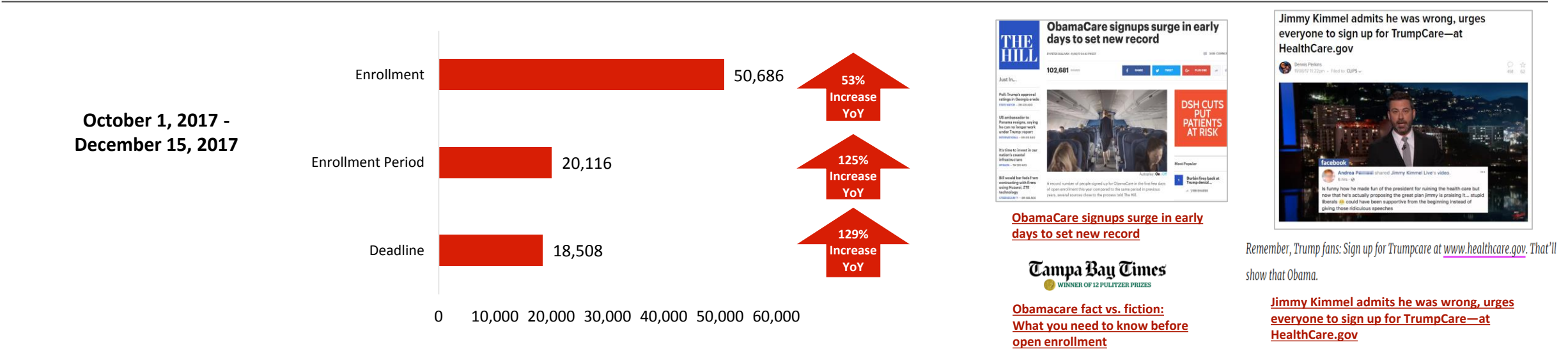
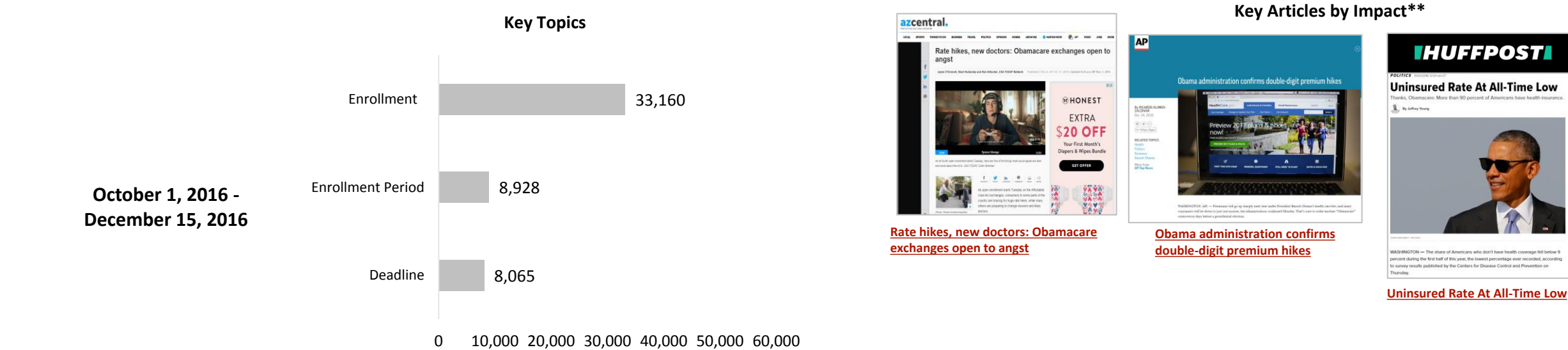
* Volume of coverage = the number of articles appearing during the timeframe that fit the criteria of the established search string.

** Impressions = the number of viewers of a piece of content. Calculated using unique monthly visitors. Monthly unique visitors are determined by tracking first-time visitors to a site over a 30-day period.

National Coverage: Core terms intrinsic to enrollment increased dramatically during the 2018 open-enrollment period.



Coverage nationally: Coverage of ‘enrollment,’ ‘enrollment period’ and ‘deadline’ jumped by 53%, 125% and 129% Year-over-Year



**Impact is an estimate of the awareness and engagement generated by an article
Key topic coverage includes English language coverage only

25

Objective & Methodology

Ogilvy was commissioned by Covered California to develop a report on national media amplification of ACA enrollment coverage during the respective 2017 and 2018 enrollment periods.



Topic:

- Enrollment in the ACA, or Obamacare

Timeframe:

- October 1, 2016 - Present
 - October 1, 2016 - December 15, 2016
 - October 1, 2016 - January 31, 2017
 - December 16, 2016 - January 31, 2017
 - October 1, 2017 - December 15, 2017
 - October 1, 2017 - Present

Sources:

- TrendKite, a media monitoring platform

Channels:

- Online versions of traditional news outlets, online news and broadcasts news, where available (excluding radio, social media and pay walled content)

Market:

- U.S. coverage for all markets nationally (Includes national publications like the *New York Times*, as well as local publications such as the *Cleveland Plains Dealer* and *Miami Herald*, etc.)

Languages:

- English
- Spanish

Questions:

- How did the overall media environment around ACA enrollment change YoY?
- How did media coverage specifically of the ACA change YoY?

Search String:

- (("obamacare" OR "ACA" OR "affordable care act" OR "trumpcare" OR "health exchange") AND ("enrollment" OR "open enrollment" OR "enroll" OR "register" OR "signup" OR "sign up" OR "get covered" OR "get America covered" OR "sign-up" OR "exchange" OR "deadline" OR "marketplace" OR "repeal and replace" OR "healthcare law" OR "save our care")) OR (((("obamacare" OR "ACA" OR "la Ley de Protección al Paciente y Cuidado de Salud" OR "Ley de Cuidado de Salud a Bajo Precio" OR "trumpcare" OR "AHCA" OR "seguro médico" OR "Intercambio de seguros")) AND ("inscripción abierta" OR "período especial de inscripción" OR "inscribir" OR "registrar" OR "obtenga cobertura" OR "Mercado de Seguros Médicos" OR "derogar y reemplazar" OR "revocar y reemplazar" OR "save our care"))) AND (tk_location:"United States") NOT (tk_filter:"Press Release")

Additional Questions (to be addressed with further research):

- How has influencer engagement impacted enrollment coverage and amplification on social media?
- What is the breakout of coverage by specific regions (i.e., California, Ohio, Florida)

Ogilvy

APPENDICES

APPENDICES: TABLE OF CONTENTS

- Covered California for Small Business Update
- Service Channel Update
- Website Update
- Service Center Update

COVERED CALIFORNIA FOR SMALL BUSINESS

Current YTD Group & Membership Update (1/10/18)

- Groups: 5,037
- Members: 41,430*
- Retention: 85%
- Average group size: 8.2 members
- YTD net membership growth: 35%
- New business sales goal: 110%

Operations Update (11/30/17)

- 100% of new groups set up in 3 days or less
- 100% of new groups sent initial invoice in 3 days or less
- 99.7% of account maintenance transactions completed in 3 day or less



* Membership Reconciled to 1/10/18

ENROLLMENT ASSISTANCE PROGRAMS

- Uncompensated partners supporting enrollment assistance efforts.

ENROLLMENT ASSISTANCE PROGRAM	ENTITIES	COUNSELORS
Certified Application Counselor	311	2,330 Certified
Plan-Based Enroller	11 Plans	1,095 Certified
Medi-Cal Managed Care Plan	2 Plans	30 Certified

OUTREACH & SALES ENROLLMENT SUPPORT: KEY METRICS

Data as of January 10, 2018

14,292 Certified Insurance Agents

- 17% Spanish
- 7% Cantonese
- 7% Mandarin
- 4% Korean
- 4% Vietnamese

1,357 Navigator: Certified Enrollment Counselors

- 63% Spanish
- 4% Cantonese
- 3% Mandarin
- 3% Vietnamese
- 2% Korean

2,330 Certified Application Counselors

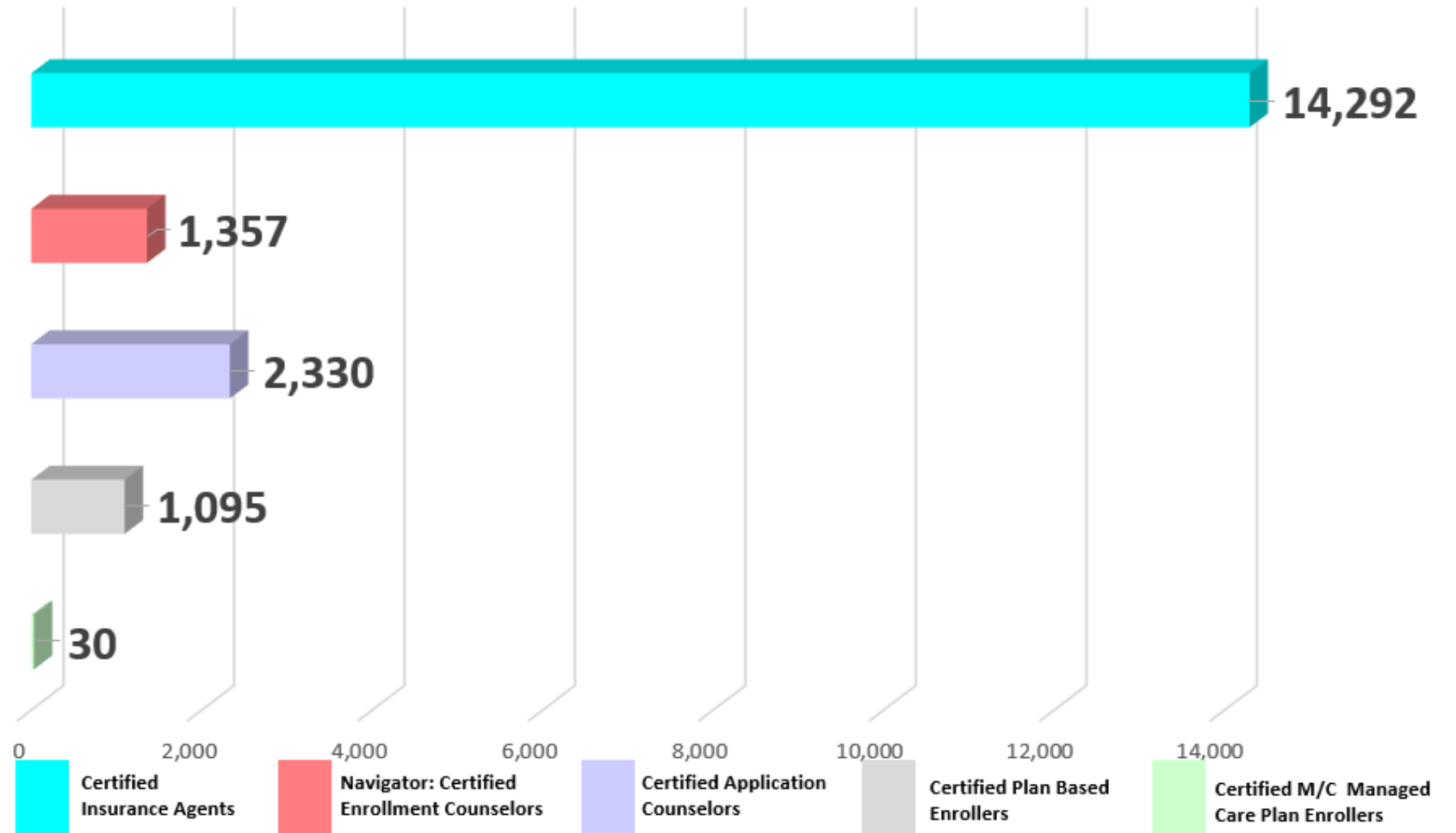
- 59% Spanish
- 5% Cantonese
- 4% Mandarin
- 1% Vietnamese
- 1% Korean

1,095 Certified Plan Based Enrollers

- 45% Spanish
- 10% Cantonese
- 2% Mandarin
- 7.5% Vietnamese
- 7.3% Korean

30 Certified Medi-Cal Managed Care Plan Enrollers

- 44% Spanish
- 36% Cantonese
- 31% Mandarin
- 1% Russian



CALHEERS UPDATES

- CalHEERS deployed Release 17.12 on December 18, 2017, which included the following features:
 - Updates to allow the production of 2017 Consumer tax forms (1095's)
 - Providing consumers the ability to retrieve their tax forms from a direct link on their homepage
- The next release of CalHEERS, Release 18.2, is planned for February 12, 2018 and will include the following features:
 - Implementation of features to allow Insurance Agencies to assist consumers and manage business for multiple Agents within their group
 - Improvements for consumers transitioning from Medi-Cal
 - Generating a Carrier 834 performance metrics report to track issuer contractual timeliness and accuracy
 - Updating password and account security questions to improve the user experience

OTHER TECHNOLOGY UPDATES

- Enhancements planned for the CoveredCA.com website:
 - Continue to work on updating analytics and tagging strategy for CoveredCA.com to give greater insight into the consumer journey online. We will use this data to fine-tune CoveredCA.com to ensure consumers are able to find the information they need as efficiently as possible
 - Continue to work on implementing a Content Management System for CoveredCA.com to allow designated staff to make their own timely content updates to their sections of the website
- Service Center transition project:
 - Original systems on standby since transition are on track to be officially closed down on 1/31/2018
 - Voice services and Interactive Voice Recognition (IVR) and self-service dropped to 99.5% uptime for the month of December due to one (1) regional incident impacting network connectivity
 - Stabilization of the Workflow Management (WFM) and Quality Management (QM) applications continues with analysis of performance and availability issues for these services

SERVICE CENTER UPDATE

- Improving Customer Service
 - Began voluntary and mandatory overtime effective December, 2017
 - Extended hours of operation through February 3, 2018
 - Released Virtual Assistant/ChatBot request for proposal week of January 13, 2018
 - Singled skilled Asian languages staff to improve consumer journey
 - Started 1095 form printing and mailing of tax year 2017 notices on January 2, 2018
 - New Interactive Voice Response messaging to inform consumers how to access their 1095 form(s)
 - Provided 1095 refresher training to all staff
- Enhancing Technology Solutions
 - Implemented Service Center Dashboard in partnership with Information Technology team for the WFM and Operations team
 - Implemented improvements to the Interactive Voice Response
- Staffing Updates
 - Vacancy rate down to less than 10 percent (2017) from 19 percent (2016), a reduction of almost 9 percent
 - Surge vendor fully staffed at 600

SERVICE CENTER PERFORMANCE UPDATE*

Comparing December 2017 vs. 2016 Call Statistics

Year	Calls to IVR	Calls Offered to SCR	Abandoned %	Calls Handled	ASA	AHT	Service Level %
2017	932,454	413,491	16.69%	338,694	0:09:58	0:18:58	18.28%
2016	988,371	421,437	11.31%	360,458	0:08:46	0:17:24	28.38%
Percent Change	6% decrease	2% decrease	48% increase	6% decrease	14% increase	9% Increase	36% decrease

- While the total number of calls offered decreased from 2016 by 2%, the average handle time increased by 9%. This resulted in a net increase in total call workload of approximately 7% from 2016 to 2017 for the month of December.
- A total of 14,968 additional calls potentially could have been handled the month of December 2017, if our Average Handle Time was comparable to December 2016 (based on call arrival patterns)

QUICK SORT VOLUMES

Quick Sort refers to the calculator tool used to determine if a consumer is eligible for CoveredCA or should be referred to Medi-Cal. The tool also determines which consortia the consumer should be referred. This volume represents the total of those transfers.

December Weekly Quick Sort Transfers

Week 1*	Week 2*	Week 3	Week 4*	Week 5*	Total
105	528	706	425	283	2,047

*Partial Week – 12/25 – All service centers were closed in observance of Christmas.

December Consortia Statistics

SAWS Consortia	Calls Offered	Service Level	Calls Abandoned %	ASA
C-IV	370	98.65%	0.54%	0:00:06
CalWIN	740	91.08%	0.68%	0:00:17
LRS	495	99.80%	0.20%	0:00:07

SAWS = Statewide Automated Welfare System (consortia). California has three SAWS consortia's to provide service to the counties.

C-IV = SAWS Consortium C-IV (pronounced C 4)

CalWIN = California Welfare Information Network

LRS = formally LEADER = Los Angeles Eligibility Automated Determination, Evaluation and Reporting Systems

QuickSort Transfers December 2017

