

CALIFORNIA HEALTH BENEFIT EXCHANGE BOARD MINUTES

Thursday, January 18, 2018
Covered California Tahoe Auditorium
1601 Exposition Blvd.
Sacramento, CA 95815

Alternate Location:
Covered California – Fresno location
7201 N. Palm Ave.
Fresno, CA 93711

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

Chairwoman Dooley called the meeting to order at 10:30 am.

Board members present during roll call:

Diana S. Dooley, Chair

Genoveva Islas (present during open session only via video conference/alternate meeting location in Fresno)

Paul Fearer

Art Torres

Agenda Item II: Closed Session

The Board convened to discuss personnel, contracting and litigation 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 1:00 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 December 7, 2017 meeting minutes.

Presentation: December 7, 2017 Meeting Minutes

Discussion: None

Motion/Action: Board Member Fearer moved to approve the December 7, 2017, minutes. Board Member Torres seconded the motion.

Public Comment: None

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

Agenda Item IV: Annual Election of Board Chair (Action)

Motion/Action: Board Member Torres moved to re-elect Dooley. Board Member Islas seconded the motion.

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

Agenda Item V: Executive Director's Report

Announcement of Closed Session Actions (Discussion)

Peter V. Lee, Executive Director, reported on contracting matters the Board took up, which included a review of the quarterly reports (posted online), the Campbell Ewald contract extension, and Board approval of an interagency agreement with the California Department of Social Services.

Next, Mr. Lee shared that Covered California continues to recruit for the position of Director of Outreach and Sales Division. Additionally, he noted that Covered California also continues to recruit for the Health Equity Officer position in the Plan Management Division and thanked advocates for their comments on the job description.

Executive Director's Update (Discussion)

Discussion: Covered California Holiday Giving

Mr. Lee recognized the contributions made by Covered California employees to the state employee's holiday food drive in which staff donated nearly four tons of food.

Discussion: Review of Board Material

The action item regarding regulations for Covered California Small Businesses (Agenda item VI. B) will be carried forward to the March Board meeting.

Next, Mr. Lee highlighted three reports: First, the attachment to the Congressional Budget Office's report on the potential impact of the removal of the individual mandate. This tax act passed in December 2017 and takes effect in 2019. Second, the Kaiser Family Foundation report on how health plans fared in 2017. Third, the Centers for Medicare & Medicaid Services (CMS), Office of the Actuary's report on healthcare costs in America.

Discussion: In Memoriam

Mr. Lee recognized the many contributions Joe Munso made throughout his career. Mr. Munso was the former Department of Health and Human Services Undersecretary. He came out of retirement to work with Covered California. Mr. Munso died on January 10, 2018.

Mr. Peter V. Lee remembered Mayor Ed Lee, the Mayor of San Francisco. Mayor Lee died on December 12, 2017.

Member Torres shared his remembrances of Mayor Ed Lee. Chair Dooley also shared her remembrances of Mayor Ed Lee.

Discussion: Board Meeting Calendar

Mr. Lee shared the Board's updated meeting calendar. There will not be a Board Meeting in February 2018.

Discussion: Open Enrollment Update

Mr. Lee reported that as of December 15, 2017, 220,000 individuals have selected health care plans. The renewal rate is similar to last year at 1.2 million people renewing. Mr. Lee also reported that Covered California is participating in a lot of open enrollment promotion. The final of sixteen murals sponsored by Covered California will be at Charles R. Drew University of Medicine and Science (King/Drew Medical Center).

Discussion: Federal Policy and Federal Update

Mr. Lee noted that changes at the federal level directly affect California. Mr. Lee reported that last year, there was a policy change at the federal level to not directly fund cost sharing reduction subsidies. In response, Covered California worked with regulators and California's health plans to protect consumers. The solution proved effective and other states followed California's solution.

Discussion: The Roller Coaster for Consumers Continues Report

This report provides a brief summary of what occurred in 2018 and an overview of the potential impact for 2019, along with a review of some of the major mitigating policies that could be adopted.

Mr. Lee introduced Misha Gutierrez, the Executive Vice President for the Ogilvy Sacramento office and Christine Romano (via phone), the Vice President of Media Measurement and Analysis for Ogilvy. Ogilvy was tasked with reviewing local and national press nationwide looking for specific search terms within the media's online news sources. Ogilvy reviewed both English and Spanish sources. They used comparative timelines between years to promote the accuracy of the data.

Ms. Gutierrez presented the following findings for open enrollment period four (OE4) vs open enrollment period five (OE5): The volume of stories and exposure to the stories were higher in 2017 compared to 2016. The current administration's actions prompted more national and local news coverage. The local level stores fought to clarify the confusion and encourage enrollment. Key words showed marked increase in coverage. Instances of "enrollment" increased by 53%. Instances of "enrollment period" increased by 125%. Instances of "deadline" increased by 129%. Overall coverage and impressions increased by 20%. These findings indicate news stories drive substantial increases in enrollment.

Public Comment:

Betsy Imholz, Consumers Union applauded Covered California's instinct and efforts in emphasizing outreach and education particularly related to subsidies. Ms. Imholz suggested Covered California explain the government subsidies related to income levels more overtly. Ms. Imholz expressed concern that individuals may believe the

subsidies are only available to those with super low-income while in actuality the subsidies are available to those with higher incomes than people would expect.

Doreena Wong, Asian Americans Advancing Justice Los Angeles showed appreciation to Peter V. Lee for his recognition of Mayor Ed Lee. Ms. Wong agreed that the outreach, advertisements, and marketing did increase enrollment. Ms. Wong reported that as a navigating partner, they also saw an increase in enrollment and renewals. Ms. Wong noted there was confusion regarding Covered California's deadlines versus the federal deadlines. Ms. Wong encouraged continued investment in marketing to ensure these deadline confusions are effectively clarified for next year.

Jen Flory, Western Center on Law and Poverty congratulated Covered California on the high enrollment numbers. She reported that someone at Vermont Legal Aid contacted her and she shared Covered California's outreach methods so that they might implement them in their state. Ms. Flory expressed hope that stakeholders will continue to work together to obtain the best deal for consumers as other factors that affect premiums come into play.

Carrie Sanders, California Pan-Ethnic Health Network (CP-EHN), thanked Covered California for efforts driving enrollment and dedication to diverse communities. Ms. Sanders expressed her disappointment in the federal five percent decline. She also lamented her understanding that the majority of individuals who did not obtain health coverage are from communities of color.

Beth Capell, Health Access California, thanked Covered California for its role in informing the national discussion and debate at the federal level. Ms. Capell also expressed appreciation for Governor Brown's signing multiple bills to stabilize California's market. She expressed her intent to continue working with Secretary Diane Dooley and Covered California's legislature on ensuring California continues to have a stable and vibrant individual insurance market with increased affordability.

Agenda Item VI: Covered California Policy and Action Items

2019 Qualified Health Plan Issues

Proposed Standard Benefit Design

Mr. Lee introduced James DeBenedetti, Director, Plan Management Division at Covered California. Looking at the 2018 benefit design and the new 2019 Actuarial Value (AV) Calculator, Mr. DeBenedetti reported that most plans require adjustment to remain in compliance. A detailed comparison chart is available online. The charts compare how each benefit has changed since 2018 and how each benefit compares to the others. Many stakeholders contributed to these proposals through the Plan Management Advisory Work Group and a Benefits Sub-Committee. Mr. DeBenedetti then presented the proposed cost share changes in 2019.

No changes are proposed for the Platinum Coinsurance and Copay Plans. The AV increases by 0.5-0.8%.

Changes proposed for Gold Coinsurance and Copay Plans include increased maximum out-of-pocket (MOOP) from \$6,000 to \$7,200 and increased primary care office visits from \$25 to \$30.

Three changes were proposed for Silver Plans (Standard, Cost-Sharing Reduction plans, Covered California Small Business). First, increased maximum out-of-pocket from \$7,000 to \$7,550 (smaller increases for Cost-Sharing Reduction plans, which have lower maximum out-of-pocket expenses. Second, increased cost shares (office visits, x-rays) by \$5 (final amounts differ by service type and metal tier). Third, removed deductible for inpatient physician fees on Silver plans and the Covered California Small Business Silver Copay plan.

One change was proposed for the Bronze Plan; the maximum out-of-pocket would increase from \$7,000 to \$7,550.

Two changes were proposed for High-Deductible Health Plans. First, increased deductibles of \$500 for Silver and \$1,200 for Bronze. Second, the maximum out-of-pocket costs would be set at the 2018 Internal Revenue Service allowed amount of \$6,650 (a \$100 increase from 2017).

All plans would see clarification for the cost share for medical transportation. This would apply to both emergency and non-emergency medical transportation.

Mr. DeBenedetti then described desirables for 2020's benefit design. Further research/development is needed for these potential 2020 designs. First is a No-Deductible Silver Plan (copay only). Second is a value-based insurance design. Third is a "High Actuarial Value" Bronze Plan. This proposed "High Actuarial Value" plan would offer lower cost sharing than currently offered on Bronze Plans but also offer a premium that is lower than the Silver Plan. This change would require changes in state laws. Fourth is funded Health Savings Account for Cost-Sharing Reduction eligible members who select Bronze plans.

Mr. DeBenedetti then expanded on the No-Deductible Silver Plan. He explained this plan has been deferred in 2019 to provide additional time to properly review the potential impacts. This proposed design is for 2020. There are many potential impacts. First, the consumer preference on cost sharing approaches and potential confusion on plan value among renewing Silver enrollees. Second, rate changes among issuers opting to offer only the copay plan and impact to APTC. Third, product discontinuance for issuers opting to offer the copy plan and downstream effects (plan filings, consumer notification and education, CalHEERS plan choice display, etc.). Fourth, a regulatory review of cost shares to rule out potential illusory benefits. Fifth, a compressed timeline for 2019 filings.

Mr. Peter V. Lee took the floor to express appreciation to Anthem for bringing forward this concept. He stressed Covered California's commitment to alleviate consumer confusion and never have plans compete to win by consumer confusion. Mr. Lee returned the floor to Mr. DeBenedetti.

Mr. DeBenedetti then talked about proposed dental plan design adjustments. First, Covered California will maintain an 85% actuarial value (+ / - 2%) requirement for the pediatric dental essential health benefits consistent with prior years. Second, to maintain this actuarial value, Covered California proposes increasing the pediatric deductible from \$65 to \$75. Third, additional options were considered as potential approaches to decrease the actual value in the 2019 Dental Pediatric Coinsurance Benefit Design. These options were shared with the Dental Technical Workgroup and the Plan Management Advisory Workgroup.

Other changes include removing obsolete 2017 dental procedure codes and nomenclature for the copay plan. CDT-18 Code D9239 was added. The proposed copay schedule will remain in draft from until it can be updated with new CDT-19 codes (available May 2019). The only change to the adult coinsurance plan design is the removal of endnote 14 from the Dental Standard Benefit Design.

Public Comment:

Beth Capell, Health Access California thanked the board and the staff for the opportunity to have a benefit design workgroup where these issues are discussed. She acknowledged the many choices the benefit design workgroup considered before settling on these benefit designs. Ms. Capell remarked that stability is a value she has come to appreciate and they will consider this when looking at the no-deductible design. She urged everyone to consider the literacy and numeracy levels of the consumers. She then expressed their reluctant willingness to support the increasing copays and the deductibles in order to meet the actuarial value.

Betsy Imholz, Consumers Union thanked the workgroup for their work on benefit design and specifically mentioned the contributions of Covered California's Allie Mangiaracino. Ms. Imholz stated that they were reluctant to any increases that consumers have to suffer but they support the recommendations on the final design. Ms. Imholz expressed a desire to understand more about the consumer experience and if people really understand these benefits. Ms. Imholz stated they are sharing what is learned with others. She received interest from federal actors when she shared a paper on both the process and substance of what was done in Covered California with benefit design, standardizing benefits, and making them consumer friendly.

Alicia Kauk, National Health Law Program and the Health Consumer Alliance (HCA), expressed appreciation for the opportunity to be a part of the benefits subgroup of the plan management advisory group for a third year. She stated they don't like seeing increases in maximum out-of-pocket costs but they are supportive of the final outcome.

She stated they look forward to working toward finalizing the plan designs for 2019 and 2020 and beyond.

Carrie Sanders, California Pan-Ethnic Health Network (CP-EHN), publically recognized the contributions to the benefit design by Covered California's Allie Mangiaracino and James DeBenedetti. Ms. Sanders stated they don't like costs going up but understand the necessity within the constraints and they support the current design. She is looking forward to future robust discussions on the 2020 benefit design. She expressed intrigue regarding the No-Deductible Silver Plan (copay only) proposal and thanked Covered California for their thoughtful consideration of impact to consumers. She expressed her gratitude for the shared information on dental plans and expressed a desire to participate in the dental technical workgroup in the future. Ms. Sanders voiced her support for keeping the copay and costs as low as possible. She then expressed interest in discussions and feedback regarding quality and Attachment 7.

Jen Flory, Western Center on Law and Poverty and Health Consumer Alliance (HCA), stated they hated anything that makes out-of-pocket costs go up for consumers but they appreciate being consulted on the issues. They endeavor to find solutions that have the least harmful impact on consumers. Ms. Flory expressed interest in the No-Deductible Silver Plan and expressed gratitude to the contributions of staff. She recommended that if the No-Deductible plan is implemented, the choices be simplified and standardized to ensure clarity across tier levels.

2019 Qualified Health Plan Certification Policy

James DeBenedetti, Director, Plan Management Division, summarized the possible adjustments to the certification policy. Mr. DeBenedetti stated that while it is unknown what new plans will be accepted into the program, the current plans will be included. He stressed commitment to ensuring movement between Medi-Cal and Covered California plans be as seamless as possible.

For Plan Year 2019, Qualified Health Plan (QHP) and Qualified Dental Plan (QDP) Certification Applications will be open to: issuers offering QHPs certified for 2018, issuers offering QDPs certified for 2018, Medi-Cal Managed Care plans, issuers newly licensed since May 2, 2017, and Covered California for Small Business (QHP applications only) for all currently licensed health plan issuers.

QHP and QDP issuers contracted for Plan Year 2018 will complete a simplified certification application since their three-year contract with the Exchange covering 2017-2019 plan years imposes ongoing requirements included in the certification application and this contract performance is considered in the evaluation process. Using this simplified certification application reduces resources used to review already established, monitored, and reported elements according to the issuer contract. It increases collaboration on quality initiatives and proposed product, and network strategies. It also places the emphasis on areas that "really matter" to the consumer experience and align

with the Triple Aim. A sample document was posted to the website. It includes a grid that illustrates what was removed/retained and why.

Mr. DeBenedetti then reviewed the certification policy milestone dates.

Peter V Lee then took the floor and explained how the timeline underscores how policies that might affect premiums need to happen soon. He reminded the Board and the public that there were changes in coverage due to Anthem's departure from a number of markets. Mr. Lee thanked Anthem and the other plans in those regions where Anthem departed. Mr. Lee stated that in times of transition, Covered California and these insurers put in a huge amount of effort to ensure there are not disruptions in care and consumers are not impacted negatively.

Public Comment:

Beth Capell, Health Access California expressed appreciation for the condensed contract and the work that staff and the Board completed to improve the contract. Ms. Capell stated they often speak about Attachment 7 nationally and that they are looking forward to hearing more about the results. In regards to the exit of Anthem from several regions, Ms. Capell agreed that the lack of complaints and news stories is a tribute to the enormous volume of work from Anthem, other plans, and comments from advocates. Ms. Capell credited her colleagues at Western Center who pointed to the handling of Anthem's exit as a model for similar transitions going forward. Ms. Capell then expressed their hope that consumers will know the rates before they sign up for coverage during the open enrollment period that begins on October 15.

Betsy Imholz, Consumers Union expressed appreciation for the shortened contract. She also stated her appreciation for the good work that went into ensuring continuity of care. She thanked the legislature and the governor for their efforts in this regard. She acknowledged that the Marketplace is still incredibly dynamic but that these kind of transitions are going to continue. She hoped the lessons learned could be carried over.

Agenda Item VII: Adjournment

The meeting was adjourned at 2:30 pm