

COVERED CALIFORNIA BOARD MINUTES
Thursday, November 8, 2018
Covered California Tahoe Auditorium
1601 Exposition Blvd.
Sacramento, CA 95815

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

Chairman Michael Wilkening called the meeting to order at 10:20 am.

Board Members Present During Roll Call:

Jerry Fleming
Dr. Sandra Hernandez
Art Torres
Michael Wilkening

Note: Paul Fearer arrived late and missed the roll call

Agenda Item II: Closed Session

A conflict disclosure was performed and there were no conflicts from the Board members that needed to be disclosed. The Board adjourned into Closed Session to discuss personnel, contracting and litigation matters pursuant to Government Code Sections 100500(j), 11126(a), 11126(e)(1), and 11126.3(d).

Chairman Michael Wilkening called Open Session to order around 11:30 a.m.

Chairman Wilkening stated his condolences for the families of the victims of the mass shooting in Ventura (November 7, 2018). Among the victims, Sargent Ron Helus lost his life trying to save the lives of others.

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

Motion/Action: Chairman Wilkening asked for a motion and a second to approve the November 8, 2018 meeting minutes.

Presentation: November 8, 2018 Meeting Minutes

Discussion: None

Motion/Action: Dr. Sandra Hernandez moved to approve the November 8, 2018 Meeting Minutes. The motion was seconded by Jerry Fleming.

Public Comment: None

Vote: Roll was called. The motion was approved by unanimous vote.

Agenda Item IV: Executive Director's Report

Chairman Wilkening stated that the next meeting's agenda would include an item regarding the selection of a Vice Chair for the Covered California Board. The Vice Chair would lead the meeting if the Chair Person was not available.

Announcement of Closed Session Actions (Discussion)

Peter V. Lee reported that the Board approved Covered California issuing a request for proposal to update Covered California's communications and public relations firm. The Board also approved the expansion of Covered California's existing contract with Faneuil to provide additional staff during the current Open Enrollment Period.

Executive Director's Update (Discussion)

Mr. Lee stated that the one Action Item on the Agenda includes a presentation from Al Bingham at Wakely on Covered California's Risk Mix. The presentation discussed what's happening in California compared to the rest of the nation.

Mr. Lee called attention to reports provided to the Board. First, Mr. Lee called out a report from the Insure the Uninsured Project (ITUP) on potential routes for expanding coverage. Mr. Lee reported that many of the strategies named in the report are being actively looked at by the Affordability Workgroup. UCLA will be modeling these for Covered California.

Mr. Lee also called out a summary of recent CMS regulations on 1332 waivers. Historically, the waivers were designed to ensure consumers receive coverage and Affordable Care Act compliant plans. Mr. Lee said the new regulations give states the ability to widen the Guardrails and potentially embrace coverage of short-term plans. These short-term plans do not satisfy the requirements laid out by the Affordable Care Act. Mr. Lee reminded everyone that California's Legislature and Governor have made a number of decisions that ensure California consumers have plans and products that work for them. Mr. Lee stated that while the waiver is available, he is quite sure California will not make use of it.

Peter V. Lee then called attention to a report from the California Health Care Foundation on disparities in health coverage. Mr. Lee stressed the importance of this report and at looking at disparities and/or lack of disparities in coverage. Mr. Lee said it was important to celebrate the report but also to understand that there is still work to do. Mr. Lee said that the celebration point is that after five years under the Affordable Care Act, there is today, no statistical difference in the rate of uninsured amongst whites, Asian-Pacific Islanders, and African-American...all of whom have less than a 6% uninsured rate. That is remarkable news. For Latinos, there is still a statistical difference in coverage. The biggest reason for that not delved into in the report is the high population of undocumented, which are part of the uninsured. That said, even amongst Latinos, they showed the biggest drop in the percentage of the population who are uninsured going from over 21% to about 12%. So, it really is a very important marker point of the good work California is doing. Peter V. Lee noted two additional

items from the report. First, that everyone spends a lot of time rightly appreciating the incredible impact that Medi-Cal expansion has had in the State of California. Interestingly, this report identified that after continued increases in the percentage of those under 65 covered by Medi-Cal reaching 33% in 2016, it actually dropped in 2017 to 29%. A substantial drop, but not a drop in the number of uninsured because people are having employer-based coverage, coverage in the individual market such as through Covered California. So, it is actually a very important data point as we step back and look at what's going on in California.

Mr. Lee reported that during the public comment period after the PricewaterhouseCoopers (PwC) presentation at the last Board Meeting, one comment was received. Mr. Lee summarized the comment as basically saying "don't merge them." No comments on the substance of the report were received outside of Board Members. Mr. Lee reported that the finalized report will be transmitted to the Legislature this week. Mr. Lee thanked everyone for the good discussion on the topic at the previous Board Meeting and the good work provided by PwC.

Mr. Lee explained that he would be joining the bus tour after the Board Meeting. Mr. Lee then reiterated comments he made at the bus tour kickoff event earlier in the day. Mr. Lee said "elections matter." There are some big take homes from this election for California nationally that are specifically related to the work of Covered California.

Nationally, with this election with the Democratic majority in the House, but more importantly with three very, very red states, Nebraska, Utah, and Idaho. These states voted to expand Medicaid in their states. Those three states joined 33 states like California that have already expanded Medicaid. Those 33 states that are joining, though, a majority of those states have Republican governors. The reason this is an important observation is that with this election, you saw Republicans and Democrats running on the importance of protecting people who have pre-existing conditions, running on the need to expand coverage, running on the need to make healthcare more affordable. With this election, the Affordable Care Act is now irrevocably the law of the land. Repeal and replace is over.

Covered California has been part of a state model that is working and working very well. Covered California worked shoulder-to-shoulder with the Brown Administration, which took the leadership to expand Medicaid. Covered California looks forward in the coming weeks and months to be working shoulder-to-shoulder with the Newsom Administration. The work Covered California is doing with the Affordability Workgroup is looking at how to expand coverage to make it more readily available.

Mr. Lee then reminded everyone that the new ads that were previewed at the last Board Meeting were released. Out of Covered California's \$330 million budget, about a third is directly related to marketing and outreach. The average Californian is expected to encounter Covered California ads 51 times prior to the end of open enrollment on January 15th. Advertisement is important because we know that healthy people need to

be reminded that "Life Can Change in An Instant." Getting healthy people in the risk mix lowers costs for everybody.

Mr. Lee stated that the bus would have twenty-three stops in sixteen different cities. Skilled dancers will perform and demonstrate how "Life Can Change in an Instant." These messages will be shared widely across social media. Mr. Lee said the dancing reflects the diversity of California in a truly tremendous way.

Peter V. Lee then explained that while there was a date set for a December Board Meeting, it was very likely to be cancelled. Mr. Lee called attention to the schedule for future Board Meetings and explained that some were marked as "may be cancelled."

Mr. Lee then introduced Mavilla Safi, Director of the Services Center and Karen Ruiz, Director of the IT Division and asked them to introduce everyone to Covered California's new ChatBot, affectionately known as CiCi.

Mavilla Safi said that CiCi provides an additional channel of communication to consumers that is available twenty-four hours a day, seven days a week. CiCi answers simple questions without service center assistance to free up service center representative to assist with more complex customer inquiries. CiCi is very useful at gathering detailed insights into consumer questions.

CiCi guides consumers through multiple scenarios for logging in. This is the highest trending question. CiCi can respond in either English or Spanish for over ninety different topics. CiCi supports trend analytics on use to identify future improvements. Since the launch, CiCi has provided over 26,000 responses to over 13,500 consumer inquiries.

A video demonstrating CiCi in action was shown.

Karen Ruiz then stated their excitement in seeing the high usage of CiCi. Ms. Ruiz explained that the high usage numbers are mostly from just the first two weeks of usage. Teams throughout Covered California participated in the testing. Ms. Ruiz explained that right now, CiCi handles common questions but Covered California will expand the topics over time. Covered California is working with CalHEERS to integrate CiCi into the actual enrollment experience. Password resets instructions are expected to be particularly useful. IVR or voice input components are also in development. Integration of other emerging technologies such as home assistance (Google and Alexa) are also in development. To date, the feedback received from consumers using CiCi has been positive.

Dr. Sandra Hernandez asked what was envisioned in terms of Covered California and CalHEERS collaboration.

Ms. Ruiz said they would like to make CiCi more context aware so that when a consumer is having trouble logging in and they launch CiCi, she would be aware that

they have been trying to login and can help them. If a consumer is on a particular page of the web application and they click on CiCi, she would know which page they are on and could respond accordingly. CiCi might even pop-up when the system recognizes that a consumer is having difficulty with a particular page or item.

Peter V. Lee stated that the integration of CiCi means consumers are assisted more quickly. Prior to CiCi, consumers were often told to call when there was an issue. Now, more of those issues are handled quickly by CiCi without the consumer needing to call.

Mr. Lee asked if there were any questions from the Board and found there were none.

Peter V. Lee then presented preliminary fiscal year close-out numbers. The final numbers come out a few months after the end of the fiscal year. Mr. Lee said None of these are surprises. On the revenue side, about 6% more revenue than was budgeted, about \$18 million. Covered California brought in about \$333 million in revenue. Mr. Lee reminded everyone that Covered California receives zero federal funds and zero state funds. Covered California funds themselves through an assessment on premiums. Covered California has to be very mindful of what is spent because every dollar of the expenses is loaded on top of premiums. The reason that Covered California spends so much of the budget on marketing is that it improves the risk mix and lowers premiums. Covered California looks at spending and the analysis is that the \$333 million budget actually results in premiums that are north of \$1 billion less than would have been, but for Covered California's efforts.

Mr. Lee stated that Covered California's expenses ended up being about \$4 million less than budgeted and that includes having set aside a \$10 million transfer for capital reserve program and resulted in ending cash reserves being about \$9 million over what was projected. Covered California ended the year with almost \$300 million in cash reserves. Covered California has cash reserves because while a public entity, it's run like a business. The reserve is what provides the cushion.

Mr. Lee asked if there were any question. There were none.

Peter V. Lee then called out some of the statistics for October's services volumes. Open Enrollment began on October 15, 2018. Mr. Lee stated that this year, Covered California did not publicize it as heavily as was done in the past. It is not the same as last year, in which open enrollment began on November 1st. This year, twenty-two percent more calls were handled. About 40,000 more people's calls were handled by the Service Center. The average speed to answer calls was less than forty seconds on average, compared to two minutes a year ago. Covered California is always looking to ways to have better response times. Automations such as the new ChatBot help. Mr. Lee said that as we approach peak times, Covered California is doing everything possible to have great service levels and fast response times that are critical to consumers. Mr. Lee wants to avoid consumers giving up after being forced to wait too long.

Mr. Lee asked if there were any question from the Board. There were none.

Mr. Lee asked if there were any public comments.

Public Comment:

MJ Flores, Health Access California extended great enthusiasm regarding Open Enrollment. Ms. Flores appreciated the extra steps Covered California has taken toward outreach and consumer engagement specifically the bus tour dancers and CiCi. Ms. Flores stated their appreciation of the different modes of communication and noted the value of outreach to younger consumers. Ms. Flores stated the coming year will be different given the absence of the individual mandate. Ms. Flores said they appreciate Covered California's work and look forward to benefiting from a full three-month long open enrollment period in California.

Doreena Wong, Asian Americans Advancing Justice Los Angeles joined MJ Flores in thanking Covered California for the outreach efforts and bus tour. Ms. Wong said they are very excited about the tour and look forward to participating in the next round of bus tours. She said they appreciate the new ChatBot. CiCi sounds really exciting and will be able to handle more consumers. They are pleased that CiCi functions in both English and Spanish. Ms. Wong said that they always encourage California to do more as California is the model for other states. Ms. Wong suggested adding additional languages to the ChatBot. Ms. Wong said she would be interested in seeing how an IVR for Chinese speakers might work. She said they look forward to working with Covered California to explore the possibilities. Ms. Wong ended by stating their belief that Covered California's considerable investment in outreach and marketing is very beneficial. This outreach and marketing work with the Service Center, advertisements, the Navigator Program, the Asians, and the CACs is what really what makes California different from other states.

Peter V. Lee then introduced Al Bingham from Wakely. Mr. Lee said that Wakely has become one of the preeminent actuarial and policy groups looking at the Affordable Care Act nationally. Mr. Bingham worked with John Bertko, Covered California's Chief Actuary for many years. Mr. Lee said this study will help Covered California understand where California stands relative to the rest of the nation.

Mr. Al Bingham of Walkely thanked Mr. Lee for the invitation to speak and reiterated that this report was published as a Health Affairs blog article. This data is part of an ongoing national project. Mr. Bingham said one of the unique things about this data is that it allows us to look at average risks on versus off-exchange, which is something that Centers for Medicare & Medicaid Services (CMS) may be doing, but they haven't published.

Mr. Bingham said they examined the research question "what is the source of California's Individual Market success?" The project came about because issuers in their financial statements and in developing their rates, need to understand something

about their risk adjustment transfers, either their payables or their receivables, several months before CMS actually publishes anything. Wakely collects this information from issuers but only in states where there is a significant amount of participation by the issuers. The issuers do not get information about each other. They do get information about the state average premium. Wakely has been doing this in over thirty states since 2014. It simulates the CMS Risk Adjustment Methodology and provides issuers with what their likely or estimated risk adjustment transfer will be. So, it allows those issuers then to take that information, use it to help them to determine what to put in their financial statements, use it in their own projections internally about what to put into their rates in terms of what their likely risk adjustments will be. For this study, they used data from 2015, 2016, and 2017. Wakely used the same coefficients for all three years, so they could get a really good look at how it changes in market morbidity. They looked at the risk scores in total. They looked at it by metal tiers. They looked at it for on and off-exchange. Wakely did this by comparing California average risk, Medicaid expansion states with and without California average risk, and then, all others. They also did it with California other state exchanges with or without California and the federal exchange.

Mr. Bingham said they realize there is a bit of an overlap in state exchanges in states that expanded Medicaid, but the numbers were striking. Mr. Bingham then showed a chart on California's success spans metal levels and years. The chart shows that that the average risk in California is significantly lower than it is in other states. One thing that is probably influencing is the prevalence of enrollees was zero conditions that are scored for the risk scorers. Mr. Bingham explained that HCC is government speak for Hierarchal Categorical Conditions that is essentially assigning weights to diagnoses. Mr. Bingham then asked if there were any questions.

Mr. Peter V. Lee asked if with the 2017 risk score being 0.26 lower, is it fair to say that those are about 26% healthier in California than they are in the rest of the nation? Mr. Bingham said this was correct.

Mr. Lee then said his understanding is that the risk mix translates to healthcare cost. Mr. Bingham said that it does.

Mr. Lee then asked if it is fair to say that, that 26% healthier population means that healthcare cost in California are 26% lower than they would have been if we had the same health mix as the rest of the nation? Mr. Bingham said he would agree that this is true.

Mr. Bingham reiterated Peter V. Lee's statement and agreed that if you had the same level of risk as the rest of the country that's in the data sample, that you would indeed, have a higher cost and leading to a higher premium.

Peter V. Lee said if California had the risk mix of the rest of the nation, our premiums in California, would be somewhere in the neighborhood of \$2 billion higher for on and off-exchange populations given the number of people and the premiums in California.

Mr. Lee said it puts in perspective some of California's high, but huge return on investments if the other factors aren't the ones to credit.

Mr. Bingham added that even off-exchange, the rest of the country is about 20% higher average during the period.

Mr. Bingham then spoke about his slide titled *Risk Score Comparison* and a graph within the slide titled *Risk Score Differences by Metal Level*. Mr. Bingham said the graph isn't related to how people choose metal levels. The graph shows California's average risk is significantly lower across the board.

Mr. Bingham then spoke about his slide titled *California's Success Not Limited to On-Exchange Members* and two graphs within the slide titled *Comparison of Off-Exchange Enrollment* and *Off Exchange Comparison*. The first of these graphs shows that California has not experienced the kind of decline in off-exchange enrollment that you see in other states. The second graph shows the risk score differences in 2015 and 2017 between California and the other states off exchange. Mr. Bingham said this shows it's not about on or off the exchange and it's not about metal levels. Mr. Bingham said that what surprised him was this has little to do with demographics or age mix. What is shown is the demographic factors. Risk scorers can kind of be broken into a demographic risk scorer and a conditions risk scorer. Mr. Bingham said that there is no significant difference in the demographic risk scorer of California versus the other states but there is a very significant difference in the condition-based or the health risk scorer of California versus the other states.

Mr. Bingham then spoke about his slide titled *Potential Explanations* and a graph within the slide titled *Comparison of States by Type*. Mr. Bingham said they looked at types of states. He explained that they looked at states that were Medicaid expansion versus not, states that had state exchanges versus not, and then, states that allowed transition plans. He said they found that in California the average risk is lower than the average risk of other Medicaid expansion states, which is lower than the average risk of non-Medicaid expansion states. They found a similar type of finding for state exchanges. They also found very significant finding for transitional plans. Mr. Bingham said, in other words, states that offer transitional plans have much higher ACA market risk scores.

Mr. Bingham elaborated on this saying that just about the time that Open Enrollment started in 2013, the president said, if you liked your plan, you could keep it, if your state so allowed. Some staff at the Centers for Medicare and Medicaid Services (CMS) went into a panic at that point because rates were already done, and projections were already made. Some states allowed (and still allow) some of these old policies to stick around. They don't still sell them, but they renew them if they had them. This was different than the grandfathered policies, which were allowed to be kept if the plan was in place prior to a certain date in 2010.

Paul Fearer asked for the reason why this would impact risk scorers.

Mr. Bingham said that in their studies, it was shown that if a state were in a skinnier plan and especially, one that you were able to underwrite and be healthy to obtain stay in those plans, then you would think that those people might stay in those plans to the extent they had lower premiums because of the underwriting process, as well as not having all the essential health benefits. And indeed, what happened is exactly that. In those states, for the most part (maybe for all of the part) the people that were in the ACA Marketplace on average were less healthy and at a higher risk because the healthier people kept those plans in general.

Mr. Bingham then said that although it can't be proven from the data, one thing those involved with the study assumed as fact was that Covered California's outreach efforts is what is really bringing in this healthier group of people. Mr. Bingham said that it just seems reasonable that if you have a healthier risk mix and a much higher prevalence of people with zero conditions that it probably has to do with your outreach.

Mr. Bingham then spoke regarding the next steps and some of the caveats. One planned next step is to update the study for 2018 with the 2018 data. Mr. Bingham said that the kind of data that is used for this particular analysis is not at the enrollee level, so they we're not able to study the costs. They could only study risk scorers. They were not able to get into some of the kind of analyses might have been done if they had the enrollee level. They only had things like demographics for a plan as a whole. Mr. Bingham pointed out that there was a comment that some states might just be less healthy. Mr. Bingham concluded by saying that the individual market environment and the regulations change fairly often and it is unknown if this will impact the results. Mr. Bingham said that they would like to continue this study through the years to observe the impacts. Mr. Bingham asked if there were any questions/comments.

Peter V. Lee asked to go back to the slide titled *California's Success Not Limited to On-Exchange Members*. Looking at the slides, Mr. Lee said that California's off-exchange population is about 23% healthier than all the rest of the nation. The off-exchange premium about \$500 this year. Mr. Lee said that 23% risk favorable means that if California had the risk mix of the rest of the nation, that would've been over \$600. Mr. Lee stressed that this is real money that unsubsidized people would have been paying. Unsubsidized people are staying in the market, instead of being priced out. Mr. Lee then discussed how this study connected the dots from the risk mix. The dots can then be connected over to premiums and what it means to enrollment. Unsubsidized people are dropping coverage in other states. Some is from the absence of marketing outside of California but also, the worse risk mix means bigger premiums that price people out.

Al Bingham agreed with Mr. Lee saying the he believed this was true.

Paul Fearer suggested that another way to examine the information would be to look at the other states that make up the average. He suggested looking at the variation and see to what degree are the other states clustering around a higher risk factor or if there is a very wide spread and is that higher risk average driven by a smaller percent, such

as a third of those other states. Those may be the states with much higher premiums. They may have discouraged people from enrolling or made it difficult. Mr. Fearer said this is another way to look at the issue and ask questions. Mr. Fearer stressed the importance of approaching the issue from multiple fronts.

Mr. Bingham responded saying it is a good idea. He said they did study the prevalence of types of conditions but did not study the spread or the distribution of the risk scorers. Mr. Bingham said it would be easy to do.

Art Torres asked about the caveat on the last slide. He read from the slide, "The individual market environment is rapidly changing. State markets are changing constantly." Mr. Torres asked, "What are the variables that you see creating that change?"

Mr. Bingham said he thought a lot of it is regulatory. There have been recent proposed Health Reimbursement Account regulations which actually could potentially favor the individual market in terms of the number of people. There has been the 1332 guidance that was recently released. There has been the government outreach spending change. The federal exchanged shorted the open enrollment period. There have been some actions by other states. Some states, under the 1332 process added some reinsurance type mechanisms or high-risk pool or similar types of things dealing with certain conditions. Mr. Bingham said it's a changing environment. He said these have been significant changes. He doubts it will influence the differences. Mr. Bingham said that, as an actuary, he thinks things in the past aren't always predicative of things in the future. He said it will be interesting to see what comes of the recent regulations and the payment notice (which is not out yet).

Peter V. Lee thanked Mr. Bingham for the great summary. He said that he would like Mr. Bingham to keep two additional items on his radar. First, a couple of state have put in place state-based penalties. Mr. Lee asked "what does that do?" Second, Mr. Lee said short-term plans, while the waiver and even the federal policies actually promote enrollment in short-term duration plans and note, that when someone joins a short-term plan, they are out of the common risk pool for the individual market. So, if healthier people opt into those, they're opting out of the common risk pool. California passed a law outlawing short-term plans. Mr. Lee said these show the constantly changing and a mix of policies that could go either way in affecting the risk mix.

Mr. Bingham replied that those should be included.

Dr. Sandra Hernandez said she appreciated Mr. Bingham's presentation. She said she read it in the Health Affairs publication and it was helpful to hear all of Mr. Bingham's caveats. She asked, on section 1332, is it too early to know yet what types of things, besides reinsurance, other states are looking to do with those waivers?

Mr. Bingham replied that it probably was too early. He said there has been some speculation that a state trying something like what Idaho originally tried to do (and was

denied) might be able to qualify for section 1332. Mr. Bingham elaborated that some state-based type plans that under the flexibility that is in the guidance might now be able to qualify for 1332. He said it really is too early to tell. There is a lot of discussion. A lot of articles are being written about what could result from this. Mr. Bingham said he was at a meeting the previous week and some folks from the Center for Consumer Information and Insurance Oversight spoke. They mentioned they would be releasing a paper soon that would be kind of a concept paper that would have to do with the changes in the 1332 guidance.

Peter V. Lee added that seven states did reinsurance in this last year. There is a really clear template for using existing 1332 guidance for a state-based reinsurance program. A number of states had substantial premium reductions because of that and got substantial federal matching funds.

Mr. Lee said that one of the biggest things that is pending better clarification from the federal government is the extent to which advance premium tax credit dollars could be used for different products. They need more clarification on if they would allow people to use tax credits for off-exchange, non-common risk pool, short-term products. If that were the case, that could drive major changes in risk mix and there would be again, providing tax credit funds to products that allow for screening by health status. Mr. Lee said that could lead to a bifurcation even more of markets, but he thinks that is pending more clarification.

Al Bingham responded that some of that may be influenced by state regulators as well.

Chairman Wilkening asked if there were any further questions from the Board. There were none. Chairman Wilkening then asked if there were any public comments.

Public Comment:

MJ Flores, Health Access California thanked Covered California and the Wakely Report for highlighting how unique California is and how much lower California's risk mix is. She said this leads to a stable individual market. Ms. Flores said the stability of California's individual market is really a product of intentional policy decisions made by the legislature as well as Covered California's leadership and partnership with various stakeholders. Ms. Flores said they appreciate Covered California's willingness to work with them on policies that would lead them into a successful, more stable marketplace. Ms. Flores specifically noted that, in pre-ACA and in California's specific context that, even before the ACA, California has had really strong consumer protections that also informed the way policies were made in setting up Covered California. For example, there is guaranteed renewal and the premiums are only based on age and geography, unlike other states that base premiums on other factors. California had non-discrimination based on race, color, and national origins. Ms. Flores highlighted that even before the ACA, California was very protective. She said they would like to emphasize that, as always, improved affordability in premiums and cost sharing will lead to a more stable market. She said they know the individual mandate would help in this

and Health Access has supported the individual mandate, but they very much recognize the challenges in setting up a state-based individual mandate.

Chairman Wilkening asked if there were any other public comments or questions from the Board. There were none. Mr. Wilkening thanked Al Bingham for his presentation. He complimented presentation of the information in an objective and quantitative way in which California is different. He said this is really helpful in the conversation on how to continue to move forward.

Peter V. Lee then joined Chairman Wilkening in thanking Mr. Bingham and the team at Wakely. Mr. Lee said that Covered California is committed to continuing to both learn from this sort of data, but also, to continue leading when there is good evidence to continue to making investments to maintain as healthy a risk mix as we can.

Agenda Item V: Covered California Policy and Action Items

Peter V. Lee then asked James DeBenedetti to come forward to present information on an Action item. Mr. Lee reminded everyone that the Board had previously heard about this topic as it was previously brought forward for discussion. The topic was extending the current three-year meta contract period to a fourth year and then to have the next three-year period begin in 2021.

James DeBenedetti explained that Covered California is currently in the second year of a three-year contract period. In this typical certification cycle, applications would apply to the next three-year contract period (2020-2022). Covered California is requesting the Board to extend the current contract period of one year as Covered California plans to significantly refresh its requirements related to quality, network management, and deliver system standards. Mr. DeBenedetti explained that application during 2019 for 2020 plan year would be a continuation of the current contract. Plan year 2020 certification application would be open to all licensed health and dental issuers. New entrants would be eligible for a one-year contract term only (2020). Covered California continues to encourage Medi-Cal Managed Care Plans to apply as new entrants. Covered California also encourages existing issuers to expand to areas with less coverage. The certification process in 2020 would apply to a new contract period of 2021-2023.

Mr. DeBenedetti explained that evaluation of Attachment 7 articles identified the need for more time to analyze data and collect external data; and may result in significant revisions for the new contract period. This would not delay quality improvement strategy (QIS) work by issuers in the current cycle. The extension would allow for better engagement and alignment with other large purchases. It would allow for gathering additional data and analyses and conducting benchmarks (where applicable). It would allow for essential time to summarize and share results (as appropriate) with external stakeholders, solicit input, and incorporate feedback in new model contracts and attachments.

In terms of better engagement and alignment with other large purchasers, Mr. DeBenedetti said the ones in particular Covered California is looking for are certainly the ones within the state. These have the greatest influence typically, on plans and providers within California. CalPERS and Medi-Cal are sister state agencies that Covered California can work with, but other national efforts are also looked at. CMS has an impact significant in California, even though, it's a national body. But there are also other large national purchasers especially, large employers that approach things very similar to the way Covered California does in many cases and they may be pursuing efforts that Covered California either, hasn't heard about yet or hasn't looked at and didn't think were significant. Perhaps their experience shows it can have a significant impact on either improving quality or access or reducing costs. Covered California wants to have a better sense of what is working outside of California, as well. Mr. DeBenedetti said Covered California wants to make sure that the metrics and areas focused on are in alignment with what other purchasers are using.

Mr. DeBenedetti then went through the proposed timeline. In March 2019 Covered California would share outcomes (as appropriate) with external stakeholders. In March/April 2019 Covered California would obtain feedback. May through June, Covered California would dedicate staff time to annual rate negotiation. In August/September, Covered California would integrate stakeholder feedback with development of new model contract and engage with stakeholders for review and feedback. In October, Covered California would have the final draft of the new model contract. In November, Covered California would present the 2021 New Model Contract to the Board. In January of 2020, the Board could approve the 2021 Model Contract.

Chairman Wilkening asked if there were any questions. There were none. Dr. Sandra Hernandez motioned for approval. Paul Fearer seconded the motion.

Chairman Wilkening asked if there was any public comment.

MJ Flores, Health Access California said they understand the need for the careful review for the contract extension that would necessitate additional time and they do not oppose the motion. They also recognize that aligning quality measures and contract requirements would help facilitate plans by both, plans and providers, but specifically, on disparities. What Covered California is doing is very innovative and cutting-edge work that other purchasers have not invested in. Ms. Flores asked that Covered California commit, in writing to continuing this work. Ms. Flores said they look forward to working with Covered California staff on establishing those measures. They have the perspective that certain measures may not be appropriate, especially, for a working age moderate income population that is in Covered California. So, for example, some of the measures that are done for a Medicare population aged 65 and older may not be appropriate, since Medicare tends to focus on hospitalization as opposed to pediatric care or maternity care for women under age 50. Ms. Flores said they look forward to working with Covered California in the coming months on this.

Doreena Wong, Asian Americans Advancing Justice Los Angeles said she wanted to support her colleague, MJ Flores from Health Access, and her recommendations. She said she wanted to express that they are also willing to and really looking forward to working on trying to establish those kinds of quality improvement measures that can adequately measure whether the plans are meeting and addressing the health disparities. Ms. Wong reiterated their support to extend the contract. She said they think and appreciate the allowance for adequate time to be able, for all of the stakeholders to provide adequate input into what they think is really important to the Attachment 7. They want to comply with one of Covered California's primary missions to address health disparities and looking at different measures. Ms. Wong expressed their support and appreciation of Covered California in this mission.

Vote: Roll was called. The motion was approved unanimously.

The meeting was adjourned around 1:00 pm.