



## **COVERED CALIFORNIA POLICY AND ACTION ITEMS**

February 21, 2019 Board Meeting

# 2020 STANDARD BENEFIT PLAN DESIGNS (HEALTH AND DENTAL)

James DeBenedetti, Director, Plan Management

Discussion

# 2019 PLANS IN THE DRAFT 2020 AV CALCULATOR

Due to AV requirements, the benefit workgroup considered a number of potential changes to cost shares for the 2020 benefit plan designs.

	Bronze		Silver				CCSB Silver		
	HDHP	Standard	Silver	Silver 73	Silver 87	Silver 94	Copay	Coins	HDHP
AV Target	60	60	70	73	87	94	70	70	70
Deviation Allowance	+/-2.0%	+/-2.0%	+/-2.0%	+/-1.0%	+/-1.0%	+/-1.0%	+/-2.0%	+/-2.0%	+/-2.0%
2019 AV	<b>61.62</b>	<b>60.94</b>	<b>71.84*</b>	<b>73.90*</b>	<b>87.85*</b>	<b>94.21</b>	<b>71.57*</b>	<b>71.90*</b>	<b>70.47</b>
2020 AV - Baseline	<b>62.93</b>	<b>62.39</b>	<b>73.33*</b>	<b>75.40*</b>	<b>88.55*</b>	<b>94.54</b>	<b>73.08*</b>	<b>73.39*</b>	<b>71.49</b>

	Gold		Platinum	
	Copay	Coins	Copay	Coins
AV Target	80	80	90	90
Deviation Allowance	+/-2.0%	+/-2.0%	+/-2.0%	+/-2.0%
2019 AV	<b>78.06</b>	<b>81.80</b>	<b>88.90</b>	<b>91.73</b>
2020 AV - Baseline	<b>79.28</b>	<b>82.75</b>	<b>89.63</b>	<b>92.18</b>

\*Final AV includes additive adjustment for drug copay accumulation

**Red text:** AV is outside de minimis range

**Blue text:** AV is within de minimis range

# GLOBAL CHANGES/DISCUSSION ITEMS: CCSB...1 of 2

## CHANGES TO CCSB-ONLY PLAN DESIGNS

- Creation of two new CCSB-only Gold plan designs (Coinsurance and Copay plans, similar to the existing Gold Plans)
- Mid-range AVs for CCSB-only Gold and Silver plans (i.e. 1-2% lower than the current AVs for Gold and Silver)

## Background

- Upon Exchange launch in 2014, the individual market benefit designs and CCSB benefit designs were at the low-to-middle range of the AV de minimis limit.
- Over the years, the approved Individual designs have moved to the high end of the AV range. This has carried over to the CCSB designs.
  - CCSB benefit designs have become richer (with related higher rates) than the small group market as a whole, resulting in potential enrollment losses.
    - Enrollment in the individual market is likely less affected by benefit design given subsidies received by the vast majority of individual enrollees.

# GLOBAL CHANGES/DISCUSSION ITEMS: CCSB...2 of 2

## CHANGES TO CCSB-ONLY PLAN DESIGNS (continued):

### Drivers for action on 2020 plans

- CCSB is seeing significant rate differences in 2018 and 2019 between its standard plan offerings and those of issuer direct offerings.
- Rate differences in 2020 could increase with resulting enrollment impacts if no action is taken.
- By taking some action to mitigate anticipated plan design differences with commensurate mitigation of rate increases, CCSB can lessen potential 2020 enrollment impacts.

### Goal for 2020

- Create less of a benefit design gap in richness of benefits on key metal tiers in a manner that is consistent with Covered California benefit design principles and operationally feasible.
  - 2020 focus is on Silver and Gold tiers, which have 70% of CCSB enrollment.

# GLOBAL CHANGES/DISCUSSION ITEMS: COPAY PLAN

**COPAY-ONLY PLAN:** Should Covered California include a new Silver plan in the Standard Benefit Plan Design (SBPD) that does not have a deductible and only copays, i.e. “Copay-only plan”?

- **Recommendation:** Based on workgroup and Advisory feedback, PMD recommends forgoing the copay-only plan proposal for 2020.
  - Unclear if this plan would be competitive, given high copays
  - Delayed 2020 AVC and upcoming Application and filing deadlines will make it difficult to fully vet this plan (confirm AVC inputs with Milliman, test how it may impact enrollment and APTC, etc.)

# GLOBAL CHANGES/DISCUSSION ITEMS: MHPAEA

**COST-SHARING AND IMPACTS TO MHPAEA\* TESTING:** To the extent possible, how can Covered California prevent cost-sharing deviations resulting from MHPAEA testing and the SBPD?

- ❑ One option included changing mental health/substance use “other items and services” to coinsurance and moving some services in “other items” to “office visits.”
- ❑ **Recommendation:** Maintain this cost share at the copay amount for 2020 and collect more data on this service category to determine the impact to consumers if it is switched to coinsurance.

\*Mental Health Parity and Addiction Equity Act (MHPAEA)

# GLOBAL CHANGES/DISCUSSION ITEMS: ENDNOTES

## ENDNOTE CHANGES

- Endnote #8: Change limit for oral anti-cancer drugs to \$250 to align with state law
- New Endnote #30: Clarifies that benefit designs that are not designated as “Individual-only” or “CCSB-only” are treated as separate plan designs in the individual and small-group markets for purposes of regulatory compliance.



# GLOBAL CHANGES/DISCUSSION ITEMS: DENTAL

## INCLUSION OF ADULT ORTHODONTIA BENEFIT IN THE FAMILY DENTAL PLAN

- ❑ **Recommendation:** Do not include orthodontia in Adult Dental benefits for the 2020 plan year and defer consideration of this benefit for a future plan year when we can better assess consumer demand and potential enrollment impacts.

## OTHER DENTAL BENEFIT DESIGN CHANGES

- ❑ Dental Copay Schedule: Inclusion of a new column, “Procedure Category,” to classify CDT codes into the dental plan design
- ❑ CDT code updates (see Dental Copay Schedule)

# PROPOSED COST SHARE CHANGES: PLATINUM, GOLD, SILVER

See documents “Proposed 2020 Patient-Centered Benefit Plan Designs\_2019 02 14.pdf” and “Proposed 2020 Plan Designs\_Side-by-Side\_2019 02 14”. Note that final plan designs and AV are tentative pending Milliman’s actuarial certification.

**Platinum Coinsurance and Copay Plans:** Increase MOOP from \$3,350 to \$4,500

**Individual-only Gold Coinsurance and Copay Plans:**

- Increase MOOP from \$7,200 to \$7,850
- Increase cost shares for specialist visit, labs, x-rays, Tier 3 drugs, ED visit

**Individual-only Silver Plan:**

- Increase MOOP from \$7,550 to \$7,850
- Increase medical deductible from \$2,500 to \$4,000
- Increase pharmacy deductible from \$200 to \$300
- Increase cost shares for labs, x-rays, imaging, drugs\*, ED visits

**\*Note:** One-dollar increases to Tier 1 drugs have a significant AV impact. New Tier 1 cost shares that are not multiples of 5 reflect a cost share increase made to prevent other AV increases to commonly-used services.

# PROPOSED COST SHARE CHANGES: SILVER CSR

See documents “Proposed 2020 Patient-Centered Benefit Plan Designs\_2019 02 14.pdf” and “Proposed 2020 Plan Designs\_Side-by-Side\_2019 02 14”. Note that final plan designs and AV are tentative pending Milliman’s actuarial certification.

## Silver 73 Plan:

- Increase MOOP from \$6,300 to \$6,550
- Increase medical deductible from \$2,200 to \$3,700
- Increase pharmacy deductible from \$175 to \$275
- Increase cost shares for labs, x-rays, imaging, drugs\*, ED visits

## Silver 87 Plan:

- Increase MOOP from \$2,600 to \$2,700
- Increase medical deductible from \$650 to \$1,400
- Increase pharmacy deductible from \$50 to \$100
- Increase cost shares for labs, x-rays, drugs\*, ED visits

## Silver 94 Plan: No changes

**\*Note:** One-dollar increases to Tier 1 drugs have a significant AV impact. New Tier 1 cost shares that are not multiples of 5 reflect a cost share increase made to prevent other AV increases to commonly-used services.

# PROPOSED COST SHARE CHANGES: BRONZE

See documents “Proposed 2020 Patient-Centered Benefit Plan Designs\_2019 02 14.pdf” and “Proposed 2020 Plan Designs\_Side-by-Side\_2019 02 14”. Note that final plan designs and AV are tentative pending Milliman’s actuarial certification.

## Bronze:

- ❑ Increase MOOP from \$7,550 to \$7,850
- ❑ Decrease member coinsurance from 100% to 40%
- ❑ Decrease office visit copays by \$10
- ❑ Decrease Tier 1 drug cost share from 100% member coinsurance (up to \$500) after the pharmacy deductible to \$18\* after pharmacy deductible

**\*Note:** One-dollar increases to Tier 1 drugs have a significant AV impact. New Tier 1 cost shares that are not multiples of 5 reflect a cost share increase made to prevent other AV increases to commonly-used services.

# PROPOSED COST SHARE CHANGES: CCSB-ONLY PLANS

See documents “Proposed 2020 Patient-Centered Benefit Plan Designs\_2019 02 14.pdf” and “Proposed 2020 Plan Designs\_Side-by-Side\_2019 02 14”. Note that final plan designs and AV are tentative pending Milliman’s actuarial certification.

## NEW CCSB-only Gold Plans:

- ❑ \$7,850 MOOP
- ❑ \$250 medical deductible (no pharmacy deductible)
- ❑ \$25 primary care visits / \$50 specialist visits
- ❑ Medical deductible applies to ED visits, inpatient admissions, and skilled nursing facilities

## CCSB-only Silver Plans:

- ❑ Increase MOOP from \$7,550 to \$7,850
- ❑ Increase medical deductible from \$2,000 to \$2,250
- ❑ Increase pharmacy deductible from \$200 to \$300
- ❑ Increase cost shares for office visits, x-rays, imaging, drugs\*, ED visits
- ❑ Applied the medical deductible to ED visits

**\*Note:** One-dollar increases to Tier 1 drugs have a significant AV impact. New Tier 1 cost shares that are not multiples of 5 reflect a cost share increase made to prevent other AV increases to commonly-used services.

# BRONZE HDHP

Based on predictions for the 2020 IRS maximum annual out-of-pocket expense limit for HDHP (expected in May 2019), the Bronze HDHP will not meet California AV requirements, which stipulate an AV variation of no more than +/-2%.

- The 2019 IRS limit for the maximum-allowed MOOP was \$6,750.
- The IRS limit typically increases by \$100 and is estimated to be \$6,850 in 2020.
- Changes solely to the MOOP result in an AV that far exceeds the AV de minimis range.
- If the deductible is set to the same amount as the MOOP (\$6,850), the AV is 0.2% over the limit.
- More than 235,000 enrollees are in the Bronze HDHP (on and off Exchange, individual and small group markets).

*The Bronze HDHP presented in the proposed plan designs meets the AV requirement (61.97%). It is based on an assumed IRS annual limit of **\$6,950**.*

# BRONZE HDHP: IMPACT OF IRS ANNUAL LIMIT ON AV

## 1 of 2

**Table 1: IRS and HHS Annual Limits on Cost Sharing: 2014-2020**

Year	IRS Annual Limits for HDHPs		HHS Annual Limits	
	Annual Limit	% Increase from previous year	Annual Limit	% Increase from previous year
<b>2014</b>	\$6,350	1.6%	\$6,350	--
<b>2015</b>	\$6,450	1.6%	\$6,600	3.9%
<b>2016</b>	\$6,550	1.6%	\$6,850	3.8%
<b>2017</b>	\$6,550	No Change	\$7,150	4.4%
<b>2018</b>	\$6,650	1.5%	\$7,350	2.8%
<b>2019</b>	\$6,750	1.5%	\$7,900	7.5%
<b>2020</b>	\$6,850*	1.5%	\$8,200	3.8%

\*Assumed limit for 2020. The IRS will release the 2020 IRS Revenue Procedure in May.

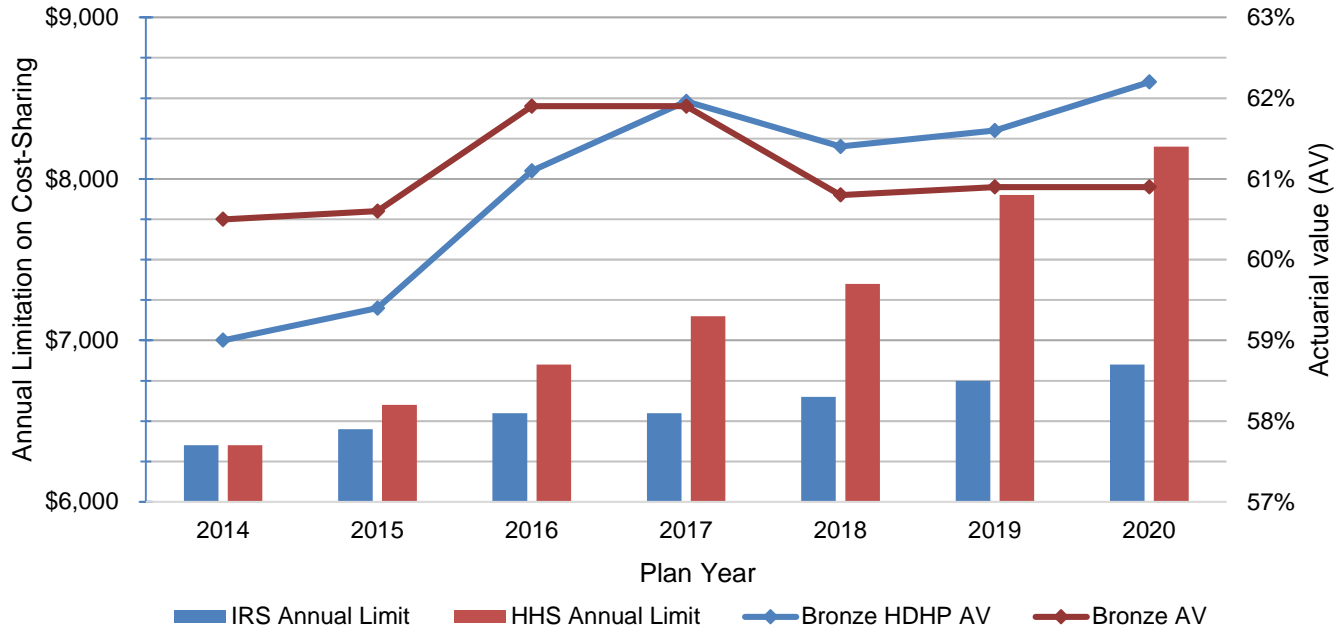
**Table 2: Actuarial Values of Covered California Bronze vs. Bronze HDHP, 2014-2020**

Year	Bronze HDHP AV	Bronze AV
<b>2014</b>	59.0%	60.5%
<b>2015</b>	59.4%	60.6%
<b>2016</b>	61.1%	61.9%
<b>2017</b>	61.96%	61.9%
<b>2018</b>	61.4%	60.8%
<b>2019</b>	61.6%	60.9%
<b>2020</b>	62.2%	60.9%

# BRONZE HDHP: IMPACT OF IRS ANNUAL LIMIT ON AV

## 2 of 2

Annual Limitations on Cost-Sharing (IRS vs. HHS) and AV Trends  
(Bronze HDHP vs. Bronze), 2014-2020





# COMMENTS ON PROPOSED STANDARD BENEFIT PLAN DESIGNS AND DENTAL BENEFIT PLAN DESIGNS

Covered California welcomes comments on this item.

Please submit comments by March 1, 2019 so that staff have ample time to review and consider the comments in advance of their making final recommendations to the Board for action at the March 14<sup>th</sup> meeting. Comments to the Board will be accepted up to and including the day of the board meeting.

Please send your comments to: [QHP@covered.ca.gov](mailto:QHP@covered.ca.gov)

# Potential Agent Payment Standards as part of Qualified Health Plan Contracts

Terri Convey, Outreach and Sales Director

Discussion

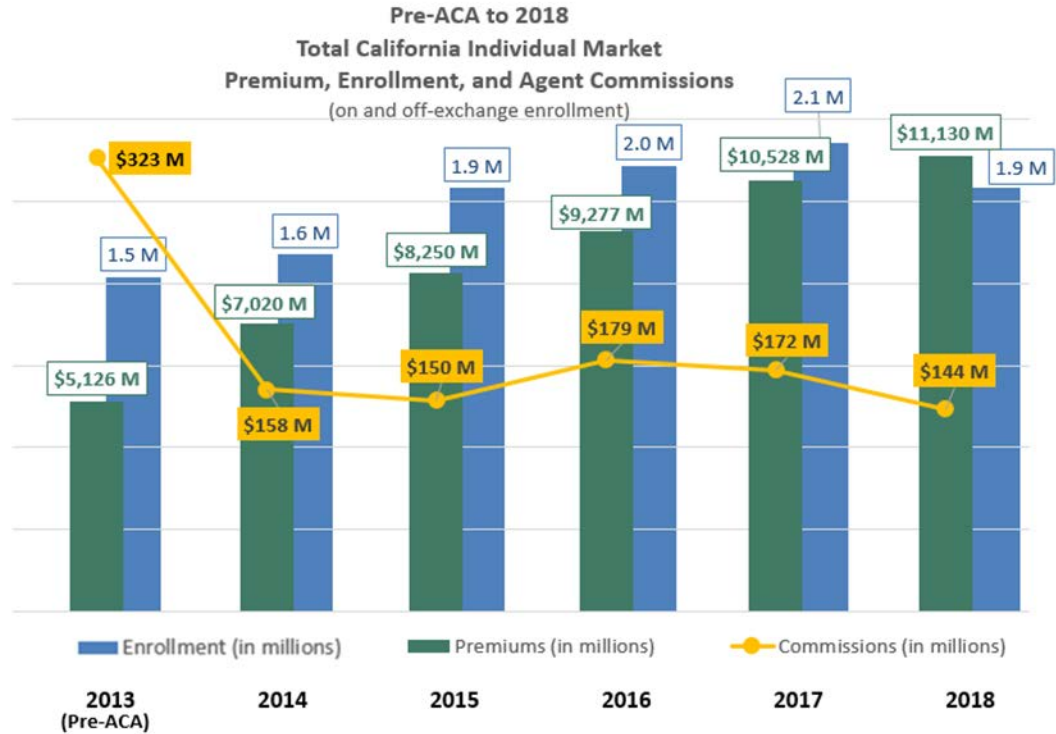
# COVERED CALIFORNIA EVALUATION OF AGENT COMMISSIONS

One out of two Covered California consumers rely on certified insurance agents for assistance. Because agents serve an important role in helping Californians enroll in and use their health plan benefits, Covered California conducted an evaluation of agent compensation programs. We identified four key takeaways for further exploration:

1. Looking at agent compensation as one component of total acquisition costs and impact to consumers
2. Evaluating adequacy of compensation programs
3. Recognizing the value to the independent agent channel to have predictable revenue streams to plan and invest in their operations
4. Ensuring agent incentives align with consumer protections

# AGENT COMMISSION TRENDS IN CALIFORNIA, 2013-2019

- Consumer demand for decision-support from agents has remained steady while agent compensation has declined
- Agents earned 7% of premium in 2013 and 2.4% of premium in 2018



# 2019 SURVEY OF HEALTH PLAN COMMISSION PROGRAMS

Health Plan	2013 Agent Commission		2019 Agent Commission	
	Commission per member per month dollar amount	Commission percentage of premium	Commission per member per month dollar amount	Commission percentage of premium
Highest Plan			\$25	4.2%
Lowest Plan			\$5	.9%
<b>All Plans Weighted AVG</b>	<b>\$20</b>	<b>7%</b>	<b>\$11</b>	<b>1.7%</b>

# POTENTIAL ACTIONS COVERED CALIFORNIA IS CONSIDERING REGARDING AGENT COMPENSATION

- Evaluate various options to today's agent compensation models
  - Minimum agent commission requirement
  - Set rules or limits on agent commission decreases
  - Take no action
  
- Bring recommendation to Board in March 2019

# COMMENTS ON POTENTIAL AGENT PAYMENT STANDARDS AS PART OF QUALIFIED HEALTH PLAN CONTRACTS

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# CERTIFIED AGENT POLICIES REGARDING NON-AFFORDABLE CARE ACT COMPLIANT PRODUCTS

Terri Convey, Director, Outreach and Sales Division

Discussion



# CONSUMER PROTECTION POLICY RECOMMENDATION ABOUT NON-AFFORDABLE CARE ACT PRODUCTS

There are many health care products being marketed today to consumers that are not compliant with the Affordable Care Act and its consumer protection provisions. Unlike the rest of the nation, California has taken measures to protect consumers from many of these products including short-term medical plans, but there are some non-insurance products being sold in California that pose significant financial risk to consumers.

## Health Care Sharing Ministry Plans

- ❑ Exempt from complying with Affordable Care Act
- ❑ Faith-based membership organizations that pool resources to cover costs
- ❑ No guarantee of solvency
- ❑ No contractual obligation to reimburse health care costs
- ❑ No governmental oversight

# TAKING A CLOSER LOOK AT HOW HEALTH CARE SHARING MINISTRY PLANS WORK

	Covered California Health Net HMO Standard Silver Plan	AlieriCare <i>AlieriCare Plus Plan</i>	Liberty <i>Liberty Complete Plan</i>	Christian Care Ministry <i>Medi-Share Plan</i>
Deny Coverage for Health Status	No	Yes	Yes	Yes
Coverage for Pre-Existing Conditions	Yes	No	No	No
Minimum Essential Benefit Coverage	Yes	No	No	No
Enrollment Fee	No	\$125	\$13	\$50
Agent Commission	2.6%	15-20%	15-20%	15-20%
Monthly Premium	\$351 without subsidy \$220 with subsidy	\$193	\$299	\$281

*Depends on age and where you live*

# COVERED CALIFORNIA SILVER PLAN BENEFITS COMPARED TO HCSM BENEFITS

	Covered California Health Net HMO Standard Silver Plan	AlieraCare AlieraCare Plus Plan	Liberty Liberty Complete Plan	Christian Care Ministry Medi-Share Plan
Lifetime Maximum	Unlimited	\$250,000 per incident \$1,000,000 lifetime	\$1,000,000 per incident	None
Annual Out-of-Pocket Maximum	\$7,550	\$7,500	None	None
Annual Deductible	\$2,500	\$5,000	\$1,000	\$1,750
Primary Care Office Visit	Unlimited	3 annual visits	1 annual visit	Not Covered
Emergency Room	\$350 copay	\$500 copay	Variable	Variable
Prescription Drugs	Copays after \$200 Rx deductible	Not Covered / Discount Card	Not Covered / Discount Card	Variable
Maternity	20% coinsurance after deductible	Not Covered	Variable	Variable

# CURRENT STATUS OF SHARING MINISTRY PLANS NATIONALLY AND IN CALIFORNIA

- Nationally, approximately 1,000,000 consumers are reported enrolled in health care sharing ministry plans
- Current estimate is that 100,000 Californians have enrolled (CA represents 10% of US population)
- The pool of funding for ministry plans grew from \$98.5 MM in 2010 to nearly \$600 MM in 2016 (Alliance for Healthcare Sharing Ministries)
- Californian consumers are being targeted by extensive marketing and media campaigns in the last year the scope of which is hard to measure.
- Vast majority of CCA Certified Agents do not sell Sharing Ministry plans (88%) they are currently being sold by 12% of the agents.

# COVERED CALIFORNIA MAY BRING TO THE BOARD RECOMMENDATIONS TO PROTECT CONSUMERS

- Covered CA is considering ways to ensure that consumers make fully-informed decisions:
  - Prohibit Covered California Certified Agents from selling Sharing Ministry plans
  - Require Covered California agents to provide clear information about the risks and benefits of Sharing Ministry plans before enrolling consumer (Including that the plan is not a Covered CA plan and full agent commission disclosure)
  - Take no action
- Covered CA will bring recommendations to Board in March 2019

# COMMENTS ON CERTIFIED AGENT POLICIES REGARDING NON-AFFORDABLE CARE ACT COMPLIANT PRODUCTS

Covered California welcomes comments on this item.

Please submit comments by March 1, 2019 so that staff have ample time to review and consider the comments in advance of their making final recommendations to the Board for action at the March 14<sup>th</sup> meeting. Comments to the Board will be accepted up to and including the day of the board meeting.

Please send your comments to: [QHP@covered.ca.gov](mailto:QHP@covered.ca.gov)

# APPENDIX

# HEALTH CARE SHARING MINISTRY PLANS RESOURCES

## Aliera Healthcare

- [Company Website](#)
- [Plans Brochure](#)

## Liberty HealthShare

- [Company Website](#)
- [Program Options](#)

## Christian Care Ministry

- [Company Website](#)
- [Medi-Share Guidelines](#)



# PROPOSED NEW NAVIGATOR FUNDING MODEL FOR 2019 TO 2022

Robert Kingston, Sales Operations Chief, Outreach and Sales Division

Discussion

# COVERED CALIFORNIA'S NAVIGATOR PROGRAM TODAY

- ❑ \$6.475 million annual program funding
- ❑ For 2018, about 40,000 consumers (2.5% of all enrolled on exchange) were enrolled through Navigators
- ❑ For 2018, about 60,000 consumers (3.5% of all enrolled on exchange) were enrolled through uncompensated Certified Application Entities (CAEs)
- ❑ Funding has successfully targeted hard-to-reach populations including Latinos and African Americans
- ❑ Over 100 awardees (42 lead Navigator grantees and 60 subcontractors)
- ❑ Navigator program reach extends to 72% of population within 15 minute drive of a location

# COVERED CALIFORNIA'S NAVIGATOR PROGRAM TODAY

- Navigators enroll, educate and provide assistance to consumers and they conduct outreach activities including targeted population strategies, public enrollment, media, and publicity events
- Navigator grants are based on performance goals that count consumer plan selections and some but not all renewals

Grant Year	Total Grant Funding	# of Entities	Grant Funding Range	Number of Effectuations	Average Grant
2018-19	\$6,475,000	42	\$50,000-\$500,000	Ongoing	\$154,167
2017-18	\$6,425,000	43	\$50,000 - \$500,000	40,355	\$149,419
2016-17	\$7,100,000	46	\$50,000 - \$500,000	35,858	\$154,348
2015-16	\$10,550,000	69	\$50,000 - \$500,000	40,096	\$152,899
2014-15	\$10,886,569	65	\$25,000 - \$500,000	77,457	\$167,486

# PROPOSED CHANGES TO FUNDING MODEL FOR COVERED CALIFORNIA NAVIGATORS

	Plan Selections counted toward enrollment goal	New Effectuated Enrollments counted toward enrollment goal	Active Renewals counted toward enrollment goal	Passive Renewals counted toward enrollment goal	Social & Earned Media included in Scope of Work
OLD MODEL	✓	NO	✓	NO	NO
NEW MODEL	NO	✓	✓	✓	✓

# COVERED CALIFORNIA'S NAVIGATOR PROGRAM REFRESH

Potential Request for Application (RFA) for 2019 – 2022 to be released  
March 2019

- Navigators chosen on RFA selection criteria (competitive process)
  - Geographic reach
  - Ability to reach targeted populations (Latinos, African Americans, etc.)
  - Outreach activities to include event attendance and successful publicity and social media campaigns
- Current grantees are not guaranteed funding and must reapply
  - Past performance will be considered for future selection
- Navigator grants will be awarded in increments of \$25,000 with a minimum award at \$50,000

# COVERED CALIFORNIA'S NAVIGATOR PROGRAM REFRESH – PERFORMANCE PAYMENTS

- Navigator grant funds distributed in five equal payments with final payment to increase or decrease based on count of effectuated enrollment. Can go up/down by \$30 per effectuated enrollment if above/below goal
- Navigator grants are based on performance goals that are tied to effectuated renewals and new enrollments, and are specifically intended to support outreach activities

# COVERED CALIFORNIA NAVIGATOR PROPOSED SCOPE OF WORK 2019-2022

The following is a broad scope of the major expectations of Navigator organizations.

- Agree to a performance goal, assist consumers enroll with Covered California, and maintain expertise in eligibility and enrollment
- Submit strategic work plan and campaign strategy, submit bi-monthly reports, collaborate with Covered California staff on outreach efforts, and serve underserved or vulnerable populations
- Ensure consumer assistance is culturally and linguistically appropriate for population served, accessibility to consumers with disabilities, and that no consumer is left behind.
- Ensure that counselors comply with program requirements such as annual training and certification, following policy, and maintaining active contact information
- **NEW FOR 2019 – Promote Covered California eligibility and enrollment through earned media and social media platforms and report key metrics on a bi-monthly basis**

# COST PER EFFECTUATION BENCHMARKS EXAMINED WITH STAKEHOLDERS

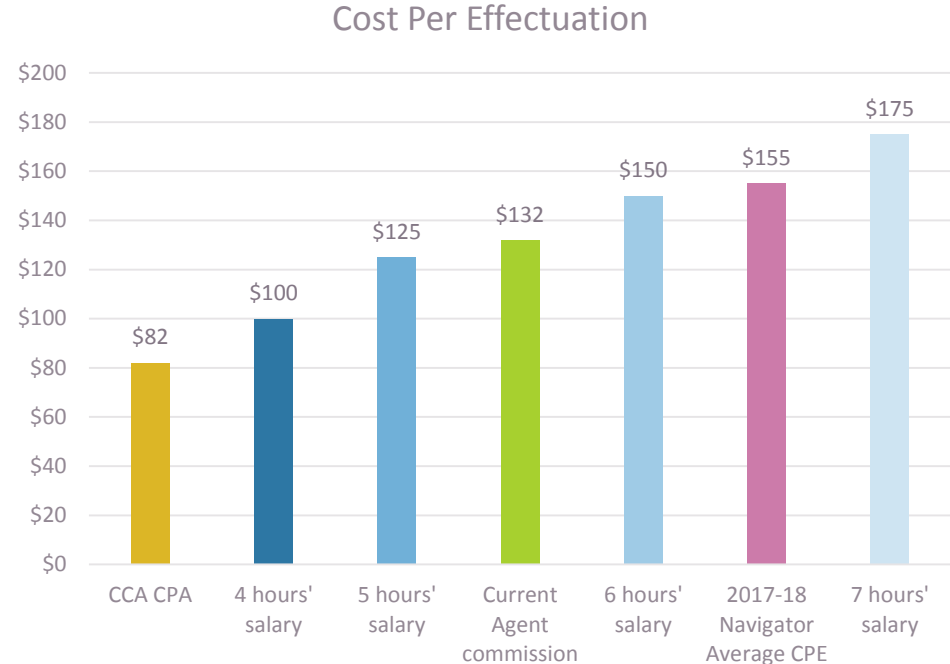
Covered California has discussed four benchmarks with stakeholders via work group and webinar in order to establish cost per effectuation funding methodology:

- Today's Navigator funding model
- Covered California's cost per acquisition
- Weighted-average agent commission
- Hours-worked model



# BENCHMARK COMPARISON FOR ESTABLISHING FUNDING FOR NAVIGATORS

- Covered California cost per acquisition benchmark (CCA CPA) of \$82 is based on marketing expense as a share of lifetime value of account annualized
- \$25/hr basis for hour's salary benchmark
- Weighted average agent commission is \$132 per member per year
- 2017-18 average funding vs. new model productivity equals \$155 for today's Navigator funding benchmark



Total Navigator Grant assuming 41,000 effectuation basis -	<b>\$3.8MM</b>	<b>\$4.4MM</b>	<b>\$5.3MM</b>	<b>\$5.5MM</b>	<b>\$6.1MM</b>	<b>\$6.3MM</b>	<b>\$6.8MM</b>
Grant as a % of Covered California 2018-19 \$340MM budget -	<b>1.1%</b>	<b>1.3%</b>	<b>1.6%</b>	<b>1.6%</b>	<b>1.8%</b>	<b>1.8%</b>	<b>2.0%</b>

# PROPOSED NAVIGATOR FUNDING AND GOALS UPDATED BASED ON STAKEHOLDER FEEDBACK

Awardees would be granted a funding level and goal amount based on 2018-19 new model performance

## \$175 CPE

Grant Funding	Goal Amount	CPE	Grant Funding	Goal Amount	CPE
\$50,000	286	\$175	\$300,000	1714	\$175
\$75,000	429	\$175	\$325,000	1857	\$175
\$100,000	571	\$175	\$350,000	2000	\$175
\$125,000	714	\$175	\$375,000	2143	\$175
\$150,000	857	\$175	\$400,000	2286	\$175
\$175,000	1,000	\$175	\$425,000	2,429	\$175
\$200,000	1,143	\$175	\$450,000	2,571	\$175
\$225,000	1,286	\$175	\$475,000	2,714	\$175
\$250,000	1,429	\$175	\$500,000	2,857	\$175
\$275,000	1571	\$175			

- Increased above \$155 CPE equivalent based on decreased enrollment trend
- Modeling suggests that most current navigators would see at least level funding
- If individual mandate penalty returns and affordability measures increase enrollment trend, CPE basis will be adjusted \$25-\$40 between grant years

# MORE WAYS TO CONDUCT OUTREACH AND MEET PERFORMANCE GOALS

- ❑ Covered California's Navigator Program has a hallmark tradition of conducting in-person, in-the-community education and outreach
- ❑ Local events and other in-person activities will continue to be a priority for the program and Covered California will provide training and toolkits to help our Navigator partners supplement field activities with social, earned and paid media
- ❑ Navigator partners will be able to earn production credit for conducting any of the many high-value activities that will be detailed in the upcoming Request for Application (RFA)
- ❑ Expectations will scale with grant size – e.g. a \$500,000 awardee may be expected to perform 10x the outreach of a \$50,000 awardee

# NEW FUNDING TO REACH TARGETED AREAS

- ❑ Navigators currently reach 72% of population within 15-minute drive time
- ❑ Navigators + uncompensated Certified Application Entities reach 91% of population within 15-minute drive time
- ❑ Densely-populated urban areas have an adequate certified counselor presence
- ❑ Identified 37 zip codes that are not within 15-minute drive time of certified counselor locations where total resident population in zip code exceeds 1,000 people
- ❑ Grouped zip codes by meta-region to establish “sales territories” for pilot project

# NEW FUNDING TO REACH TARGETED AREAS

- Navigators may apply to receive \$25,000 funding above core funding to target one of four rural regions

Meta-Regions	# of target zip codes	Total Population 2017
Greater Yosemite	10	46,091
San Bernardino County	8	34,885
North of Redding	8	26,270
Sierra Foothills	11	47,630
Grand Total	37	154,876

# COMMENTS ON PROPOSED NAVIGATOR PROGRAM AND REQUEST FOR APPLICATIONS FOR FY 19/20

Covered California welcomes comments on this item.

Please submit comments by March 1, 2019 so that staff have ample time to review and consider the comments in advance of their making final recommendations to the Board for action at the March 14<sup>th</sup> meeting. Comments to the Board will be accepted up to and including the day of the board meeting.

Please send your comments to: [CommunityPartners@covered.ca.gov](mailto:CommunityPartners@covered.ca.gov)

# Appendix

# BENCHMARK 1: TODAY'S NAVIGATOR FUNDING MODEL (\$155)

- Today's Navigator funding model counts some but not all of the key performance measures
  - Counts plan selections and active renewals only and assigns a value of \$200
- Proposed funding model counts all effectuated new sales and all renewals
  - When all effectuated enrollment is counted, today's model funds at \$155 per effectuated enrollment
- **Today's Navigator funding model benchmark indicates that Navigators would be paid \$155 per effectuation on average**



# BENCHMARK 2: COVERED CALIFORNIA'S COST PER ACQUISITION (\$82)

- Today's Navigator funding model counts some but not all of the key performance measures
  - Counts plan selections and active renewals only and assigns a value of \$200
- Proposed funding model counts all effectuated new sales and all renewals
  - When all effectuated enrollment is counted, today's model funds at \$155 per effectuated enrollment
- **Today's Navigator funding model benchmark indicates that Navigators would be paid \$155 per effectuation on average**

# BENCHMARK 3: WEIGHTED AVERAGE AGENT COMMISSION FOR 2018 (\$132)

- Navigators and agents are both responsible for enrolling new consumers and retaining renewing consumers
- Beyond enrollments, Navigators are responsible for outreach and education, and some Navigators spend money on advertising
- Many agents spend money on advertising, marketing, and other lead generation
- The weighted average commission rate for agents is \$11 per member per month (includes new/renewal rates and weightings as well as weightings by carrier and premiums when applicable)
- Annualized (multiplied by 12), that is \$132 per member per year
- **Average agent commission benchmark indicates that Navigators would be paid \$132 per effectuation on average**

# CERTIFIED APPLICATION COUNSELOR PROGRAM PERMANENT REGULATIONS FOR ADOPTION

Brian Kearns, Attorney, Office of Legal Affairs

Discussion

# CERTIFIED APPLICATION COUNSELOR PROGRAM

- The Office of Legal Affairs requires Board approval to complete the permanent rulemaking process for the Certified Application Counselor (CAC) regulations.
- The CAC regulations are currently emergency regulations. This rulemaking package seeks to make all emergency regulations permanent. The Board previously approved the emergency regulations on April 6, 2015.
- The Office of Legal Affairs commenced the permanent rulemaking process on December 28, 2018, by providing notice to all interested parties.
- The 45-day public comment period ran from December 28, 2018 to February 11, 2019. A 15-day public comment period is currently underway.

# CERTIFIED APPLICATION COUNSELOR PROGRAM

- The rulemaking package does not make any major changes to the emergency regulations that the Board previously approved.
- Most changes address minor grammatical issues, update citations to federal regulations, and clarify training deadline requirements.
- There are two noteworthy changes:
  - Section 6854(a) has been amended to clarify that any person with legal authority can execute the Certified Application Entity agreement on behalf of the entity.
  - Section 6860(d) has been updated to include a deadline to complete annual recertification training.

# CERTIFIED APPLICATION COUNSELOR PROGRAM

- Government Code section 100500(a)(6) requires the Board to discuss proposed regulations at a properly noticed meeting before adopting them.
- The Office of Legal Affairs intends to return to the Board at the completion of the public comment period to request final Board approval to file the permanent regulation package with the Office of Administrative Law.

# COMMENTS ON CERTIFIED APPLICATION COUNSELOR (CAC) PERMANENT REGULATION PACKAGE

Covered California welcomes comments on this item.

Please submit comments by March 1, 2019 so that staff have ample time to review and consider the comments in advance of their making final recommendations to the Board for action at the March 14<sup>th</sup> meeting. Comments to the Board will be accepted up to and including the day of the board meeting.

Please send your comments to: [regulations@covered.ca.gov](mailto:regulations@covered.ca.gov)