



## **EXECUTIVE DIRECTOR'S REPORT**

Peter V. Lee, Executive Director | March 14, 2019 Board Meeting

# ANNOUNCEMENT OF CLOSED SESSION

# EXECUTIVE DIRECTOR'S UPDATE

# MIKE WILKENING

Thank you for your service to the Covered California Board and to the State of California.



# WELCOME DR. MARK A. GHALY

Congratulations on your recent appointment to serve Governor Newsom as Secretary of Health and Human Services.





## COVERED CALIFORNIA'S LEADERSHIP ACADEMY FIRST GRADUATING CLASS



**Jessica Abernethy**  
**Linda Arviso-Hunt**  
**Karen Avakian**  
**Jason Burruel**  
**Terri Convey**  
**Virginia (Gini) Corbitt**  
**Trisha Duggan**

**Traci Fabrie**  
**Jan Falzarano**  
**David Fitzhenry**  
**Jen Jacobs**  
**Kami Keszler**  
**Brian Kearns**  
**Lisa McCartney**

**Gina Palamidessi**  
**Taylor Priestley**  
**James Scullary**  
**Sarah Vue**  
**Jamie Yang**

# PUBLIC SECTOR CIO ACADEMY 2019

**Karen Ruiz – California Public Sector  
CIO Of the Year**

**Guy Pontecorvo – IT Leadership Award**

**Jason Benitez – IT Leadership Award**

**Trisha Dugan – IT Leadership Award**

**CONGRATULATIONS AND THANKS!!!**



# DELIVERY SYSTEM REFORM

- First look at the results of Covered California's efforts to lower costs while improving the quality of care.
- Covered California plans are making steady progress in improving quality and safety for consumers.
- Global quality rating of plans has improved.
- Health Care-Associated Infections have decreased.
- Nearly all consumers are matched with a primary care physician or clinician.
- <https://www.coveredca.com/newsroom/news-releases/>





# FEDERAL UPDATE

# FEDERAL POLICY UPDATE

On March 6, 2019, Covered California, the Massachusetts Health Connector, and the Washington Health Benefit Exchange released a [joint report](#) highlighting the impact of federal removal of the individual mandate penalty, and providing comparative analysis of premiums and new enrollment for the three states and the federally facilitated marketplace (FFM) over the last five years. Major findings include:

- All three states have helped restrain premium growth by using the tools provided under the Affordable Care Act. In 2019, average benchmark premiums in the FFM are 85 percent higher than in 2014 as compared to 39 percent across the three state-based exchanges.
- For 2019 open enrollment, federal elimination of the individual mandate penalty appears to have driven declines in new enrollment for California and Washington, 24 percent and 50 percent respectively. The FFM experienced a 16 percent decline for 2019, on top of the 40 percent cumulative decline between 2016 to 2018.
- Massachusetts, which state-level individual mandate penalty and increased its marketing and outreach for 2019, saw its new enrollment increase by 31 percent.

# FEDERAL POLICY UPDATE

Also on March 6, 2019, leaders of Covered California and the Massachusetts Health Connector testified before the Health Subcommittee of the U.S. House Committee on Energy and Commerce Committee during a legislative hearing entitled, [“Strengthening Our Health Care System: Legislation to Lower Consumer Costs and Expand Access.”](#) Three bills were discussed covering:

- Federal reinsurance program options
- Expanding resources for the FFM’s Navigator program
- Federal support for the establishment of state-based marketplaces

[Covered California](#) and [Massachusetts Health Connector](#) testified to their respective experience as stable, successful state-based exchanges to help inform the committee’s deliberations on the policy merits of all three bills.

**Exploring the Impact of State and Federal Actions on  
Enrollment in the Individual Market:  
A Comparison of the Federal Marketplace  
and  
California, Massachusetts and Washington**

**March 5, 2019**



## State Solutions to Promote Enrollment in the Individual Market

California, Massachusetts, and Washington are all state-based marketplaces that have used state-specific solutions to build health insurance exchanges that work. These strategies have included:

- Active outreach and marketing
- State policies that ensure a stable and competitive individual marketplace
- To varying extents, playing active roles in the certification of Qualified Health Plans (QHPs) to ensure quality and affordable products and having common patient-centered benefit designs and improved choice architecture to simplify the purchase experience and have consumers focus on price and quality
- Expanding their Medicaid programs through the ACA and coordinating with state Medicaid agencies

Examples of these activities and references to research on these states' efforts are included in the appendices.

# The Cumulative Premium Increase in FFM States has been More than Twice as Much as That of California, Massachusetts and Washington

In 2019, average benchmark premiums in the FFM are now 85% higher than they were in 2014. The weighted average increase of the three states was 39%

Had the FFM experienced the lower growth seen in CA, MA, and WA, the estimated savings to the federal government from lower premium payments for those receiving Advanced Premium Tax Credit could have been as much as \$14 billion in 2018, or cumulative savings of roughly \$35 billion. However, it is likely that some federal costs would have risen with increased enrollment.

More direct savings would have been realized by the millions of Americans who do not receive subsidies – they would have both paid far less in FFM states and have been less likely to have been priced out of coverage.

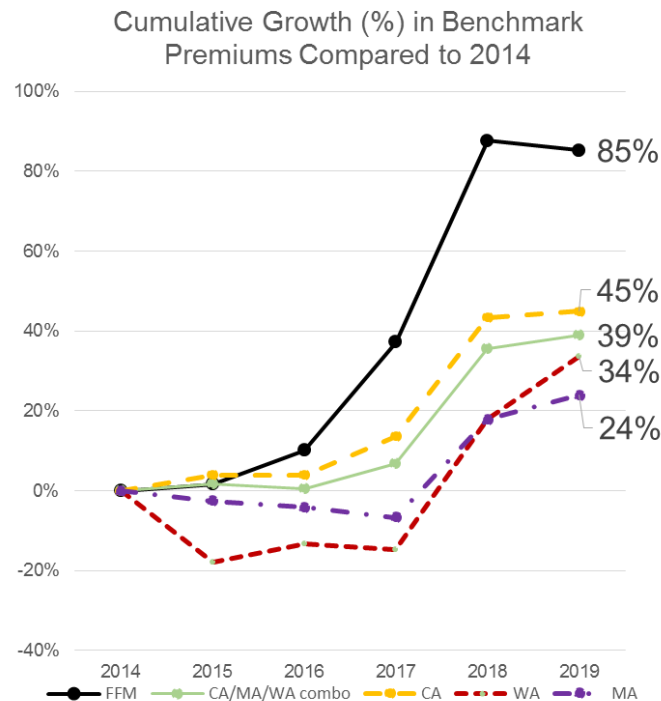
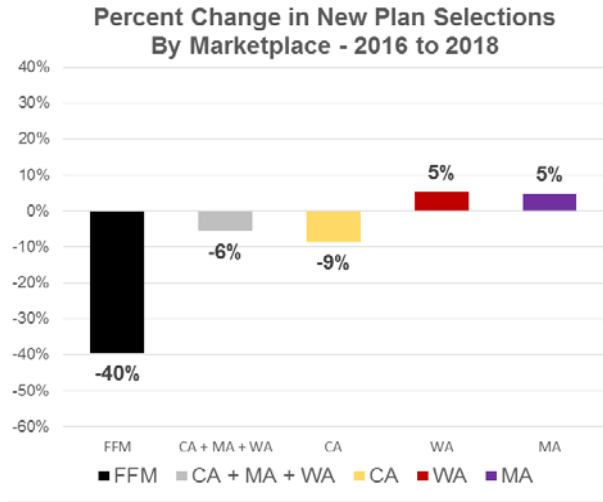


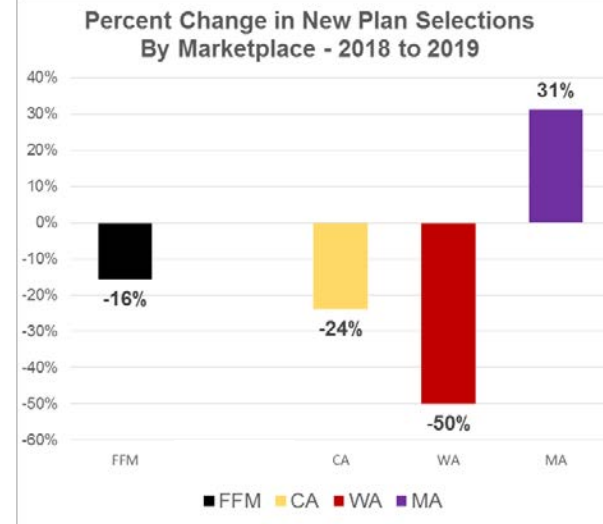
Chart shows analysis of enrollment weighted average benchmark premiums reported by Kaiser Family Foundation (2014-2019): <https://www.kff.org/health-reform/state-indicator/marketplace-average-benchmark-premiums/>. Estimates of cost savings use benchmark premium data. FFM includes SBM-FP states..

# New Sign-ups during Open Enrollment for 2019: Penalty & State Subsidies Appear to Drive Major Differences

## 2016 to 2018



## FOR 2019



- From 2016 to 2018, the FFM saw its level of new enrollments in open enrollment drop considerably – from 4.0 million to 2.5 million – a drop of 40%.
- In contrast, California, Washington, and Massachusetts had relatively steady numbers of new sign-ups during open enrollment, from 547k to 516k in 2018, a drop of 6%.
- For 2019, the 16% decline in the FFM **was on top of 40% cumulative decline** from 2016 to 2018.
- California and Washington – both states with very good risk mixes – saw their new sign-ups drop off significantly.
- Washington saw lower enrollment particularly among unsubsidized consumers due to affordability concerns.
- Massachusetts, which still has a state mandate and adds additional state subsidies for enrollees, saw substantial increases in new enrollment.

# Need for Additional Research: Outstanding Major Questions

These initial observations are not conclusory analysis. Many factors influence the outcomes on premiums and enrollment reviewed here, including changes in regional market conditions for the cost of health care, labor market dynamics, and other state-specific dynamics. As discussed in the Covered California 2019 Open Enrollment Early Observations and Analysis, additional analysis is needed to better understand why enrollment changes over time and between states. Following are some of the areas of investigation that are not within the scope of this analysis (and most are areas for which data is not yet available):

1. **Off-exchange Impacts:** What has the enrollment change been in the off-exchange market, where no financial assistance is helping consumers reduce their premiums?
2. **Effectuated Enrollment:** How have retention rates among renewing consumers (*after* payment of new year's premium) been affected?
3. **Risk Mix:** Does lower level of new enrollments translate into worse risk mix, suggesting large premium increases are on the horizon?
4. **Public Charge:** What impact could the proposed shift in the federal application of the "public charge" have had on enrollment in immigrant communities?
5. **End Date for Open Enrollment Period:** How does shortening or altering the open enrollment period impact enrollment? (The FFM closes open enrollment on December 15<sup>th</sup>. For the three states in this analysis their open enrollment closed respectively on December 28<sup>th</sup> (Washington), January 15<sup>th</sup> (California), and January 23<sup>rd</sup> (Massachusetts).)
6. **Other State-Specific Considerations:** Expansion of Medicaid, marketing spend, availability and enrollment of alternative plans (short-term and limited duration plans).



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# Good Policy SHOULD Be Good Politics: Lessons for Health Care from Seat Belts Saving Lives!

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When it comes to having health care, don't be a dummy.



***Fact: Most people that drive do not have accidents.***

*But when they do, they are more likely to avoid major injury because of the requirement to wear seat belts, federal standards for seat belt and air bag design and federal promotion reminding Americans to wear them.*

# WHY SEATBELTS?



Seatbelts cut the risk of serious

**INJURY BY 50%**



Seatbelts reduce the risk of

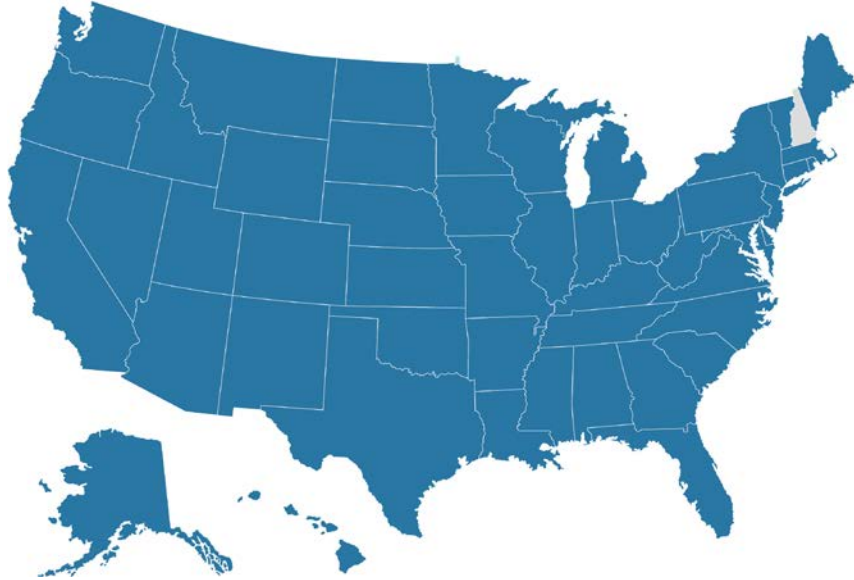
**DEATH BY 45%**

# BEFORE MANDATES, FEDERAL STANDARDS AND PROMOTION

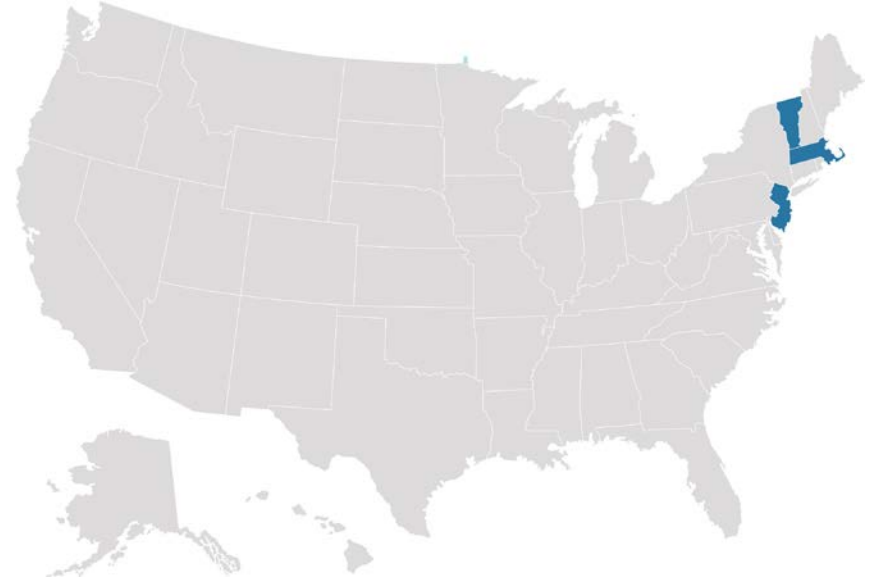


*Fifty years ago there were no laws requiring use of seat belts, no national design standards or federal advertising to promote their use. Many dummies, and people, didn't survive accidents.*

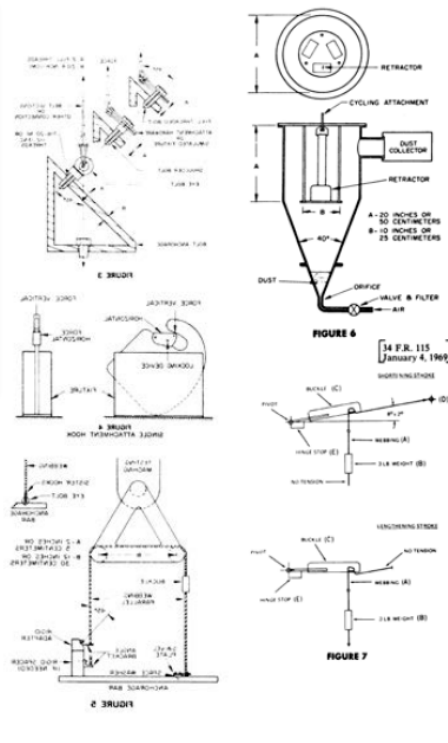
# THE “MANDATE” TO DO WHAT’S RIGHT



***Today 49 states require adults to wear seat belts***  
— New Hampshire, the “live free or die” state, is the only U.S. state that does not require seat belts.



***Today after federal repeal, only three states and the District of Columbia have a mandate or penalty to have health insurance*** — Massachusetts, New Jersey, Vermont.



## Path Putting Consumers First — California's Patient-Centered Benefit Design

[illegible]

And, state action to ban or limit short-term plans and, California legislation has banned short-term plans

**Path Back to the Past** — Under the mantra of making “choice” and “affordability” available, with short-term, AHP and ministry plans some states return to:

- Plans that deny coverage for people with pre-existing conditions
- No standards for what's covered — consumers won't know what's NOT covered until too late
- No restrictions on condition, annual or lifetime limits — consumers at risk when the worst happens



## GETTING THE WORD OUT IS GOOD POLICY ON OUR HIGHWAYS



*Billboard in Times Square, NY March 11, 2019*

- Federal Department of Transportation spends over \$30 million promoting seatbelt use
- Proposed 2019 Budget seeks resources "to promote and administer the highly successful annual **Click It or Ticket** mobilizations to increase seatbelt use"

## PUTTING CONSUMERS FIRST: MARKETING DOES MATTER



- Covered California invests \$106 million to promote enrollment and save lives.
- Spending of over \$58 million on advertising means average Californian hears about coverage 59 times during open enrollment.

### Path Back to the Past: The Invisible "Promotion"

- Could not find examples of federal promotion for 37 states.
- Federal government cut marketing spending for coverage from \$100 million to \$10 million in name of "efficiency."

**AFTER FEDERAL STANDARDS: MOST OF US STILL DON'T HAVE BAD ACCIDENTS, JUST LIKE MOST OF US DON'T USE MUCH HEALTH CARE EVEN THOUGH WE HAVE INSURANCE.**



***But today, seat belt restraints and air bags prevent serious injury, and people walk away from accidents.***

***And... for those with insurance coverage, they get the care they need.***



# SEATBELT, STANDARDS AND PROMOTION BACKGROUND AND REFERENCES

Congressional Research Service

[Advertising by the Federal Government: An Overview](#), June 23, 2014

U.S. Department of Transportation National Highway Traffic Safety Administration

[Quick Reference Guide \(2010 Version\) to Federal Motor Vehicle Standards and Regulations](#),  
February 2011

U.S. Department of Transportation

[Budget Highlights Fiscal Year 2019](#), March 2019

Covered California

[Marketing Matters: Lessons From California to Promote Stability and Lower Costs in the National and State Individual Insurance Markets](#), September 2017

[Covered California comments on proposed decrease to User Fee for the federal exchange and state-based exchanges on the federal platform](#), February 20, 2019

# CALIFORNIA LEGISLATIVE AND POLICY UPDATE

# STATE LEGISLATION

The following bills have been introduced in the California Legislature in 2019 and are primarily focused on Covered California:

## **Auto Enrollment and Marketing:**

**SB 260 (Hurtado):** Would require Covered California to automatically enroll individuals transitioning out of Medi-Cal into the lowest cost silver plan, as appropriate. This bill would also require plans, starting in 2021, to provide the contact information of consumers exiting their plan to Covered California for the purposes of marketing and outreach.

## **Data Sharing:**

**AB 929 (Rivas):** Would require the Board to make public plan-specific information that it has required from QHPs on cost reduction efforts, quality improvements or disparity reductions and to post it annually in a way that demonstrates compliance and performance of a health plan while protecting personal information of enrollees.

## **Open Enrollment:**

**AB 1309 (Bauer-Kahan):** Would extend the annual enrollment period (considered a special enrollment period for the Exchange) from the current January 15 deadline to January 31.

## **1332 Waiver Authority:**

**AB 1063 (Petrie-Norris):** Would require Covered California to obtain statutory authority before seeking a state innovation waiver from the United States Department of Health and Human Services. The bill would codify legislative intent that innovation waivers include a strategy that would be as accessible, comprehensive and affordable as and would cover a number of state residents comparable to the Affordable Care Act.

# APPENDICES

# APPENDICES: TABLE OF CONTENTS

- ❑ Covered California for Small Business Update
- ❑ Service Channel Update
- ❑ CalHEERS Update
- ❑ Service Center Update

# COVERED CALIFORNIA FOR SMALL BUSINESS

## End of Year Group & Membership Update (3/5/19)

- Groups: 6,408
- Members: 53,504 \*
- Retention: 90.9%
- Average Group Size: 8.4 members
- Net Membership Growth over 2/1/18 - 21%

\* membership reconciled to 3/5/19



## Operations Update (3/5/19)

- On-line Self Renewal Available to All Customers 1/1/2019
- ACH Customer Payment Option Launched to all customers 2/8/2019

# OUTREACH & SALES ENROLLMENT PARTNER TOTALS

Uncompensated partners supporting enrollment assistance efforts.

ENROLLMENT ASSISTANCE PROGRAM	ENTITIES	COUNSELORS
Certified Application Counselor	239	1,434 Certified
Plan-Based Enroller	11 Plans	448 Certified
Medi-Cal Managed Care Plan	2 Plans	23 Certified

# OUTREACH & SALES NON-ENGLISH ENROLLMENT SUPPORT

**Data as of March 1, 2019**

**13,751** Certified Insurance Agents

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

**986** Navigator: Certified Enrollment Counselors

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

**1,434** Certified Application Counselors

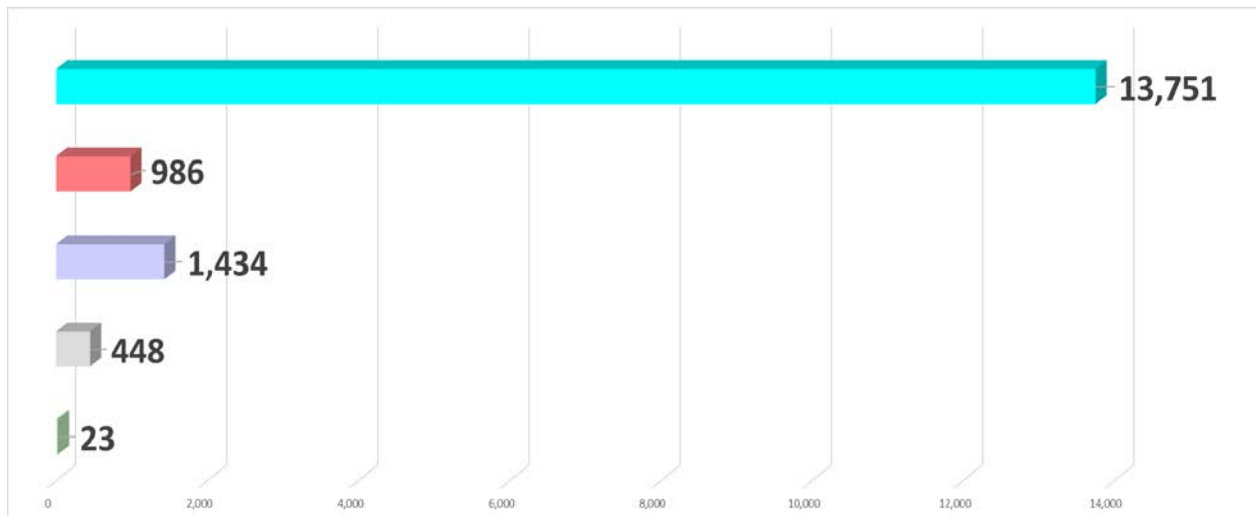
59% Spanish  
5% Cantonese  
4% Mandarin  
1% Vietnamese  
1% Korean

**448** Certified Plan Based Enrollers

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

**23** Certified Medi-Cal Managed Care Plan Enrollers

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



Certified Insurance Agents



Navigator: Certified Enrollment Counselors



Certified Application Counselors



Certified Plan Based Enrollers



Certified M/C Managed Care Plan Enrollers



# CALHEERS UPDATES

- The next CalHEERS release, Release 19.3, is planned for March 25, 2019, and will include:
  - Updating documents and correspondence pages as part of User-Centered Design to ensure a consistent consumer experience.
- CalHEERS also has Release 19.4 planned for April 22, 2019. This release will include:
  - Focus on implementing a federal integration standard known as “Account Transfer” that will provide a separation of eligibility determinations and enrollments in health plans. This will reduce data duplication and reconciliation needs, as well as enable CalHEERS to take advantage of standards in use across the country.
- The CalHEERS June release will focus on improving the integration and data exchange between the CalHEERS system and the Statewide Automated Welfare Systems (SAWS) – an ongoing effort associated with the “Business Rules Exposure” project within CalHEERS.

# OTHER TECHNOLOGY UPDATES

## CoveredCA.com:

- **Apply Section** – Redesigned to provide a simplified path that consumers can follow to enroll in health coverage. The Apply Page now has three paths including enroll online, enroll at a StoreFront, and enroll by phone.
- **Financial Help** – Redesigned to provide consumers with a simple overview of what plan tiers are and the benefits each provides. It also gives consumers an idea of their subsidy eligibility to entice them to apply.
- **Analytics** – Implemented analytics for the Apply Section and Financial Help Section to understand where users may drop off in the journey.
- **HBEX.CoveredCA.com Information Architecture** – Collecting Top Tasks for Toolkit Section to understand how Agents are currently using the Toolkit and where improvements can be made.
- **HBEX.CoveredCA.com ADA Compliance and Redesign** - Redesigning HBEX website with an updated look and feel, mobile device friendliness, and a design that is compliant under the Web Content Accessibility Guidelines 2.0 and meets the standards for the Americans with Disabilities Act (ADA). The ADA was recently updated requiring all government external facing websites be compliant by July 1, 2019.

# SERVICE CENTER UPDATE

## Improving Customer Service

- ❑ CiCi (Chatbot) had 14,577 conversations with our consumers in the month of February
- ❑ International Customer Management Institute (ICMI) training continues around improving the consumer experience and soft skills
- ❑ Career Management and You Survey Completed

## Enhancing Technology Solutions

- ❑ Workforce Engagement Management (WEM) Request For Information (RFI)
- ❑ Salesforce implementation participation
- ❑ Phone and Desktop refresh program

## Staffing Updates

- ❑ Vacancy rate of 10.9% percent (2019) increase to prior year of 9% percent (2018)

# SERVICE CENTER PERFORMANCE UPDATE

## Comparing February 2019 vs. 2018 Call Statistics

Year	Calls to IVR	Calls Offered to SCR	Abandoned %	Calls Handled	ASA	AHT	Service Level %
2019	340,895	187,909	1.21%	185,149	0:00:28	0:17:18	80.08%
2018	427,815	240,714	4.55%	228,506	0:01:32	0:16:29	66.13%
Percent Change	20% Decrease	22% Decrease	73% Decrease	19% Decrease	70% Decrease*	5% Increase*	21% Increase

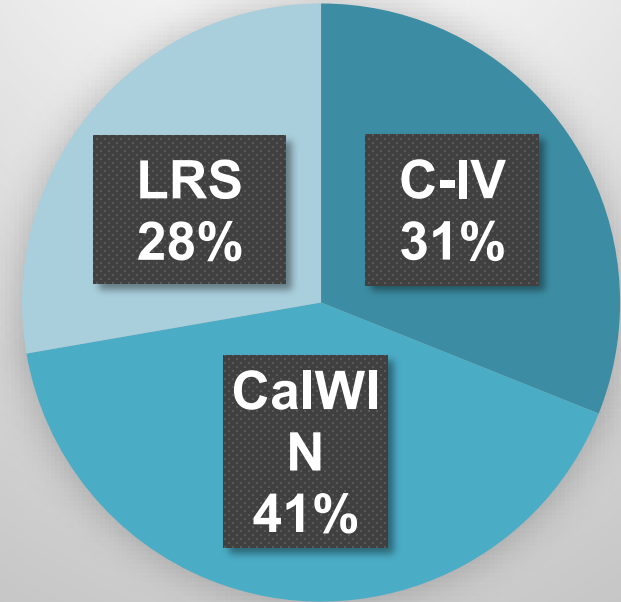
\*Time formats (H:MM:SS) are not equal to decimals. Time formats must be converted to decimal before performing calculations. (Example 0:15:45 = 15.75)

- The total Calls to the IVR decreased from 2018 by 20%
- The total Calls Offered decreased from 2018 by 22%
- Calls Handled decreased only by 19%
- The Abandoned % decreased by 73%
- Service Level increased by 21%

# QUICK SORT DISTRIBUTIONS

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.

## QuickSort Transfers February 2019



# QUICK SORT VOLUMES

## February Weekly Quick Sort Transfers

Week 1*	Week 2	Week 3	Week 4*	Week 5*	Total
37	253	237	226	240	993

\*Partial Week

- 2/18 – Service Center Closed in observance of Presidents Day

# FEBRUARY CONSORTIA STATISTICS

SAWS Consortia	Calls Offered	Service Level	Calls Abandoned %	ASA
C-IV	327	95.95%	0.92%	0:00:07
CalWIN	434	92.40%	0.46%	0:00:14
LRS	292	99.10%	1.40%	0:00:10

- ❑ 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