



COVERED CALIFORNIA POLICY AND ACTION ITEMS

March 14, 2019 Board Meeting

QUALIFIED HEALTH PLAN CERTIFICATION STANDARDS AND ISSUER CONTRACTING FOR 2020

James DeBenedetti, Director, Plan Management

2020 QHP/QDP Certification Applications

- Certification Applications went live on March 1, 2019.
- Application Update - Covered CA has amended the marketing expectation in the Individual Marketplace Applications to :

“Upon contingent certification, the expectation for all Applicants is to invest at least 0.6% of their individual market gross premium revenue collected (on and off exchange) on marketing and spend at least 65% of their acquisition marketing funds on DR tactics. Applicants that do not meet this expectation must provide an alternate proposal, including supporting evidence and documentation, on the Applicant’s equivalent market strategies, and explain how it will better meet Covered California’s expectations for enrollee acquisition and retention.”

2020 Certification Update – Proposed Milestones

Release draft 2020 QHP & QDP Certification Applications	December 2018
Draft application comment period	December 14 – 28, 2018
Plan Management Advisory: Benefit Design & Certification Policy recommendation	January 2019
January Board Meeting: Discussion of Benefit Design & Certification Policy recommendation	January 17, 2019
Letters of Intent Accepted	February 1 – 15, 2019
February Board Meeting	February 21, 2019
Final AV Calculator Released*	February 2019
Applicant Trainings (electronic submission software, SERFF submission and templates*)	March 1, 2019
QHP & QDP Applications Open	March 1, 2019
March Board Meeting: Approval of 2020 Patient-Centered Benefit Plan Designs & Certification Policy	March 14, 2019
QHP Application Responses (Individual and CCSB) Due	May 1, 2019
Evaluation of QHP Responses & Negotiation Prep	May - June 2019
QHP Negotiations	June 2019
QHP Preliminary Rates Announcement	July 2019
Regulatory Rate Review Begins (QHP Individual Marketplace**)	July 2019/TBD
QDP Application Responses (Individual and CCSB) Due	June 1, 2019
Evaluation of QDP Responses & Negotiation Prep	June – July 2019
QDP Negotiations	July 2019
CCSB QHP Rates Due	July 24, 2019
QDP Rates Announcement (no regulatory rate review)	August 2019
Public posting of proposed rates	July 2019
Public posting of final rates (per CCIIO's proposed rate filing timeline)	September – October 2019

* Final SERFF template dependent on CMS release

** TBD = dependent on CCIIO rate filing timeline requirements

2020 STANDARD BENEFIT PLAN DESIGNS (HEALTH AND DENTAL)

James DeBenedetti, Director, Plan Management

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	61.62	60.94	71.84*	73.90*	87.85*	94.21	71.57*	71.90*	70.47
2020 AV - Baseline	62.93	62.39	73.33*	75.40*	88.55*	94.54	73.08*	73.39*	71.49

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

*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

PROPOSED COST SHARE CHANGES: PLATINUM, GOLD, SILVER

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

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

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

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, skilled nursing facilities, and medical transportation

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.

CHANGE: MEDICAL TRANSPORTATION

Covered California proposes removing the deductible from Medical Transportation (Emergency and Non-Emergency) in the following plan designs*:

- Individual-only Silver plan
- CSR Silver plans

This change will not impact the plan design AV.

*The plan design documents presented for Board discussion on 2/21 indicated removal of the deductible from medical transportation on the CCSB-only plan designs as well. We are proposing to retain the deductible to align with the deductible applying to ED services. The plan design documents presented today reflect this change.

BRONZE HDHP

Plan Management convened the 2020 Benefit Design Workgroup to discuss options for resolving the Bronze HDHP actuarial value (AV) issue and developed the following path forward:

- ❑ The Bronze HDHP presented in the plan design documents has a MOOP/deductible of \$6,950 and meets the AV requirements at 61.97%. The IRS will release the annual limit for the MOOP in May.
- ❑ Continuing to work internally and with stakeholders to find a solution for offering a Bronze HDHP that meets all requirements

2021 VALUE-BASED INSURANCE DESIGN (VBID) PILOT

Covered California is exploring a pilot VBID program for select regions for the 2021 plan year for the most prevalent chronic conditions, including diabetes, chronic obstructive pulmonary disease (COPD), and hypertension. Specifics of the program will be developed over the next few months and will be informed by:

- VBID-X – National Workgroup on VBID for the Exchanges
- Issuer VBID programs (i.e. already in place or in the development stage)
- Input from researchers, stakeholders, etc.

CERTIFIED AGENT POLICIES REGARDING AFFORDABLE CARE ACT NON-COMPLIANT PRODUCTS

Doug McKeever, Chief Deputy Executive Director, Program

CONSUMER PROTECTION POLICY RESEARCH REGARDING AFFORDABLE CARE ACT NON-COMPLIANT PRODUCTS

- There are many health care products being marketed today to consumers that may not be 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
- Californian consumers have been targeted by extensive marketing and media campaigns in the last year

AGENT COMMENTS

Covered California received comments from various stakeholders about establishing standards regarding Certified Agents selling ACA non-compliant plans (particularly Sharing Ministries)

Agent Comments

- Comments received from 88 agents as of March 8, 2019 (complete list of comments available [HERE](#))
- Comments reflected a wide diversity of opinion, with many respondents supporting Covered California taking action — ranging from banning the sale of Sharing Ministries to requiring disclosure — and many opposing Covered California taking any action. Among the “buckets” or responses from agents submitting comments were:
 - Prohibit certified agents from selling Sharing Ministry plans: 16 support; 14 oppose
 - Covered California should establish disclosure policies: 7 support; 5 oppose
 - Sharing Ministry plans should be an alternative when no other coverage option fits (e.g., SEP when no QLE exists, subsidy ineligible): 27 support; 18 oppose

STAKEHOLDER COMMENTS

California Association of Health Underwriters Comments

- The Association that represents agents on legislative matters recommended:
 - No action taken against Sharing Ministry plans
 - Working with Covered California to create a disclosure form for agents to better inform consumers, the use of which would be a voluntary best practice (full comment viewable on page 20 [HERE](#))

Sharing Ministry Comments

- Covered California received comment from one Sharing Ministry plan, Christian Care Ministry, which provided clarification on the scope and nature of their benefits, noted broad agreement with concept of requiring disclosure, and provided an example of disclosure they provide

Qualified Health Plan Comments

- During regular meetings with QHP carriers, all 11 supported Covered California taking some action, with most supporting disclosure requirements

COVERED CALIFORNIA: STAFF RECOMMENDATION & NEXT STEPS

- As a result of research to date, more non-Qualified Health Plan products have been identified in addition to Sharing Ministries
- Covered California will be conducting additional research to discover the array of non-QHP products and their implications for consumers and the market
- Some of these products may not be compliant with the Affordable Care Act (ACA)
- Covered California staff expects to bring to the Board a recommendation requiring a disclosure statement with all ACA non-compliant products listed, based on research to be conducted
- This disclosure will be created with input from the Department of Managed Health Care, the California Department of Insurance, the Certified Agent community, consumer advocates and Covered California's Qualified Health Plans in order to address all ACA non-compliant products

BACKGROUND MATERIALS

CERTIFIED AGENT POLICIES REGARDING AFFORDABLE CARE ACT NON-COMPLIANT PRODUCTS

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

	Covered California Health Net HMO Standard Silver Plan	Aliera <i>AlieraCare 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	N/A* ¹
Coverage for Pre-Existing Conditions	Yes	No	No	Limited, only after 36 months' payments* ¹
Minimum Essential Benefit Coverage	Yes	No	No	No
Enrollment Fee	No	\$125	\$135	\$50
Agent Commission	2.6%	15-20%	15-20%	15-20%
Monthly Premium	\$351 without subsidy \$220 with subsidy	\$193	\$299	\$281

*Per 03/08/2019 communication from Christian Care Ministry, some data has been updated for this 03/14/2019 presentation

1: All cost sharing benefits are subject to qualification, variable member contributions, and continuation of shared beliefs

DISCLAIMER: The information presented here is for illustrative comparison only and shows possible coverage for a single 30-year-old in California. Data presented is taken from each Ministry's public-facing website or plan summaries and may be incomplete.



BENEFIT COMPARISONS: SILVER PLAN & HCSMS

	Covered California Health Net HMO Standard Silver Plan	Alera AleraCare 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	Unlimited* ¹
Annual Out-of-Pocket Maximum	\$7,550	\$7,500	None	N/A* ¹
Annual Deductible	\$2,500	\$5,000	\$1,000	\$1,750
Primary Care Office Visit	Unlimited	3 annual visits	1 annual visit	N/A* ¹
Emergency Room	\$350 copay	\$500 copay	Variable	Variable ¹
Prescription Drugs	Copays after \$200 Rx deductible	Not Covered / Discount Card	Not Covered / Discount Card	Variable ¹
Maternity	20% coinsurance after deductible	Not Covered	Variable	Variable ¹

*Per 03/08/2019 communication from Christian Care Ministry, some data has been updated for this 03/14/2019 presentation
 1: All cost sharing benefits are subject to qualification, variable member contributions, and continuation of shared beliefs



DISCLAIMER: The information presented here is for illustrative comparison only and shows possible coverage for a single 30-year-old in California. Data presented is taken from each Ministry's public-facing website or plan summaries and may be incomplete.

CHRISTIAN CARE MINISTRY SAMPLE DISCLOSURE

- In an email sent to OutreachandSales@covered.ca.gov on March 8, 2019, Christian Care Ministry shared the following sample disclosure:
 - Medi-Share is administered on behalf of its members by Christian Care Ministry, Inc (CCM). It is important to understand that Medi-Share is distinctly different than insurance. Medi-Share does not pool money and does not pay members' bills. There are no guarantees, contracts, or transfer of risks or responsibilities of the members' medical bills. Medi-Share facilitates member-to-member (peer-to-peer) sharing of medical expenses through individually owned Sharing Accounts as governed by our Member-Voted Guidelines. Providers are paid by the members and not by Medi-Share.

CHRISTIAN CARE MINISTRY FULL RECOMMENDATION

- In an email sent to OutreachandSales@covered.ca.gov on March 8, 2019, Christian Care Ministry provided the following recommendation:
 - We agree that consumers need to be protected and equipped to make informed decisions about their healthcare solutions. That is why we support the recommendation to require Covered California Certified Agents to provide clear information about the risks and benefits of Sharing Ministry programs before enrolling the consumer (including that the program is not a Covered CA plan and full agent commission disclosure). In fact, any prospective agent who wishes to represent Medi-Share to potential members must first undergo a thorough training and certification program ensuring full disclosure that Medi-Share is not insurance.

POTENTIAL AGENT PAYMENT STANDARDS AS PART OF QUALIFIED HEALTH PLAN CONTRACTS

Doug McKeever, Chief Deputy Executive Director, Program

COVERED CALIFORNIA EVALUATION OF AGENT COMMISSIONS

One out of two Covered California consumers relies 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 AND STAKEHOLDER OUTREACH

- Outreach and Sales conducts continued outreach to all 14,000 Certified Agents, Qualified Health Plans, regulators, and advocates
- Outreach and Sales held an agent webinar on March 1, 2019, after the February Board meeting, which 388 agents attended
 - Outreach and Sales discussed the information available about agent commissions and presented Covered California's observations and concerns

AGENT COMMENTS

Covered California received comments from various stakeholders about establishing standards regarding Plans' commission payments to agents

Agent Comments

- Comments received from 111 agents as of March 8, 2019 (complete list of comments available [HERE](#))
- Nearly all agents want Covered California to “take action” (only 4 of 111 that commented said “market forces” should be allowed to determine commissions); however, there was a mix of action requested. Major “buckets” of comments were:
 - Act to increase commissions paid to agents (about 30% of comments)
 - Act to prevent commissions from declining further (about 14% of comments)
 - Act (or encourage the Department of Health Care Services to act) to pay agents for work related to enrolling consumers in Medi-Cal (about 17% of comments)

AGENT COMMENTS

Covered California received comments from various stakeholders about establishing standards regarding Plans' commission payments to agents

Major Themes from Agent Comments

- Enrolling consumers into the Individual Market is becoming a losing proposition
- Current Commission payments often do not amount to a “living wage”
- Agents assist Medi-Cal enrollees, yet are not compensated...and should be
- Covered CA should take over commission payments
- Every Year premiums go up and commissions go down
- The Medical Loss Ratio rules should be revised so agents get paid more
- Enrollment is complicated and very time consuming

STAKEHOLDER COMMENTS

California Association of Health Underwriters Comments

- The Association that represents agents on legislative matters commented:
 - Appreciated Covered California’s recognition that agents are the bedrock of enrollment
 - Recommended Covered California conduct a study on minimum fair and consistent agent compensation before pursuing any Board action and offered support to produce this data-driven study (full comment viewable on page 25 [HERE](#))

Qualified Health Plan Comments

- During regular meetings with Qualified Health Plan (QHP) carriers, all 11 opposed Covered California taking action
- However, if Covered California were to take action:
 - 1 QHP noted the “least bad” action would be to establish policies related to lowering commissions
 - 1 QHP noted the “least bad” action would be to establish a minimum commission

RECOMMENDATION: NO ACTION AT THIS TIME

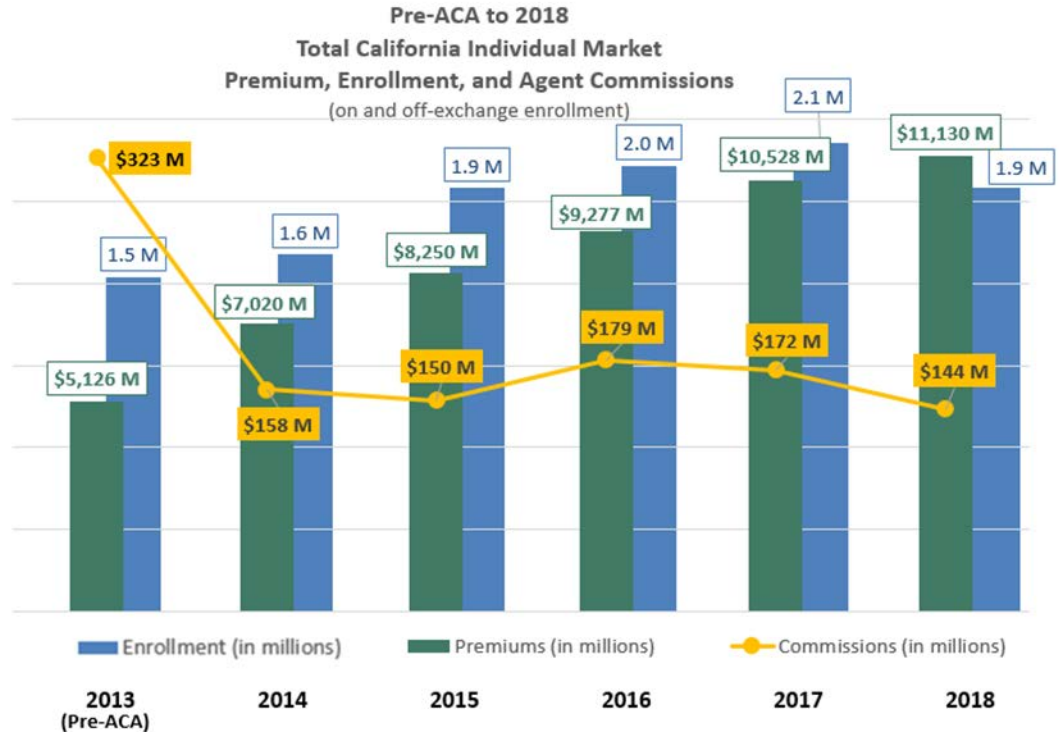
- After discussions with Covered California's QHPs, we have received a voluntary commitment from the 3 Qualified Health Plans (Anthem, Blue Shield of California, and Kaiser) whose current commissions without bonuses are below the 1.7% weighted average of all plans to not lower agent commissions below today's commission levels for the next 2 years (plan years 2020 and 2021)
 - With this commitment, we believe that rather than take any action, Covered California should conduct further research before making a recommendation to the board on actions it might take regarding agent compensation
- In order to develop recommendations, Covered California will review the range of inputs needed to promote broad enrollment and a healthy risk mix, including total acquisition costs (including commissions, bonuses, and marketing expenses made by Covered California and its QHPs), market and regulatory conditions, and agent engagement
- This action is based, in part, on the anticipation that California may enact an individual coverage penalty that would increase enrollment in 2020 and that there will not be other major federal or market activities that disrupt the individual market. In the event there are major disruptions, Covered California may revisit the need to establish a binding policy of some sort

BACKGROUND MATERIALS

POTENTIAL AGENT PAYMENT STANDARDS AS PART OF QUALIFIED HEALTH PLAN CONTRACTS

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	0.9%
All Plans Weighted AVG	\$20	7%	\$11	1.7%

PROPOSED NEW NAVIGATOR FUNDING MODEL 2019 TO 2022

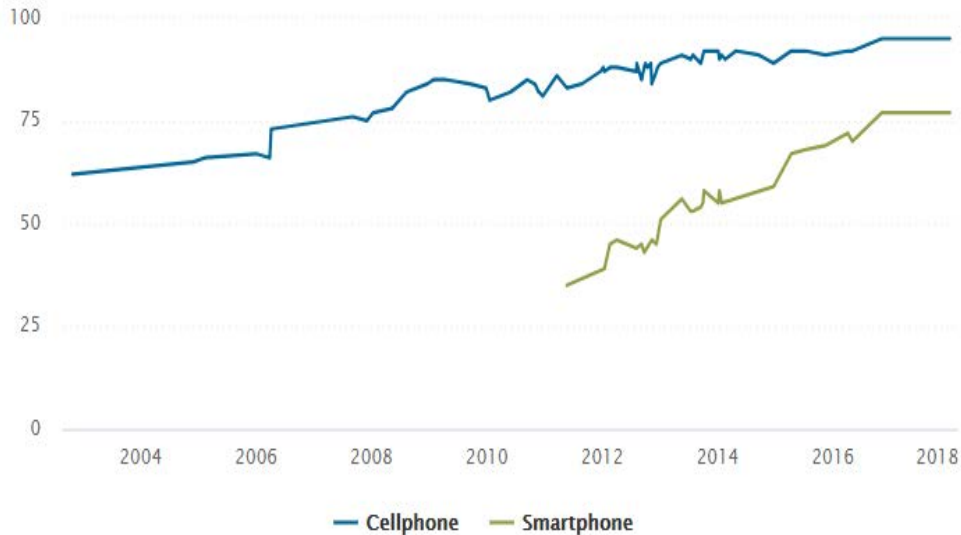
Robert Kingston, Sales Operations Chief, Outreach and Sales Division

THE IMPORTANCE OF NAVIGATOR OUTREACH

- Navigators are unique from Certified Agents in their regulatory responsibility to conduct outreach and education
- Covered California has heard stakeholders' concerns about social media:
 - There are many ways to fulfill the outreach commitment, including earned and paid media, and local community events
 - We are committed to helping Grantees with the newly-incorporated social media expectations
 - There is some compelling data supporting the value of social media channels for Navigator-targeted consumers

WHY SOCIAL MEDIA MATTERS: SMARTPHONES INCREASE ACCESS TO CONSUMERS

% of U.S. adults who own the following devices



- 77% of all Americans own a smartphone

A MAJORITY OF NAVIGATOR-TARGETED POPULATIONS OWN SMARTPHONES IN 2018

% of U.S. adults who own the following devices

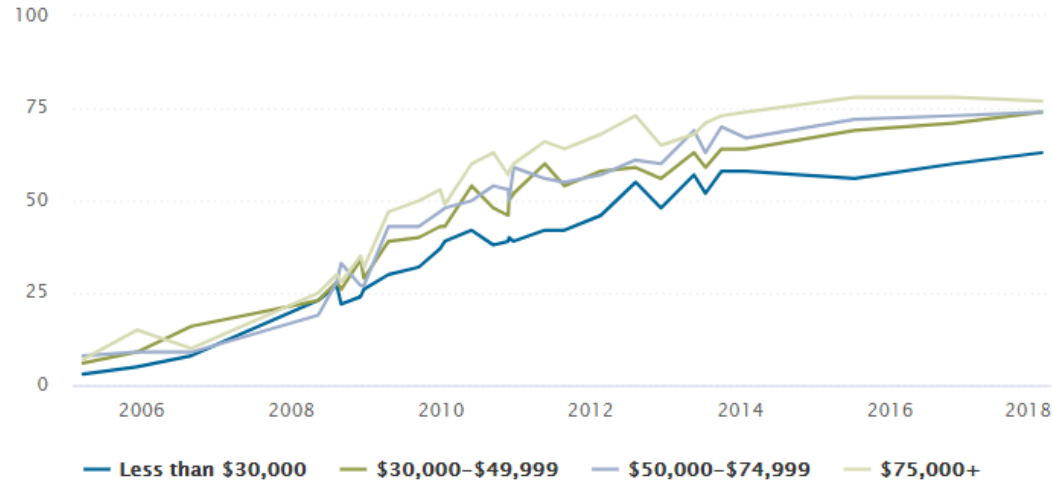
	Any cellphone	Smartphone	Cellphone, but not smartphone
White	94%	77%	17%
Black	98%	75%	23%
Hispanic	97%	77%	20%
Less than high school graduate	90%	57%	33%
High school graduate	92%	69%	24%
Less than \$30,000	92%	67%	25%
\$30,000-\$49,999	98%	82%	15%

As of 2018, the following targeted populations own smartphones:

- **75% of African Americans**
- **77% of Latinos**

SOCIAL MEDIA REACHES NAVIGATOR-TARGETED POPULATIONS BY FPL

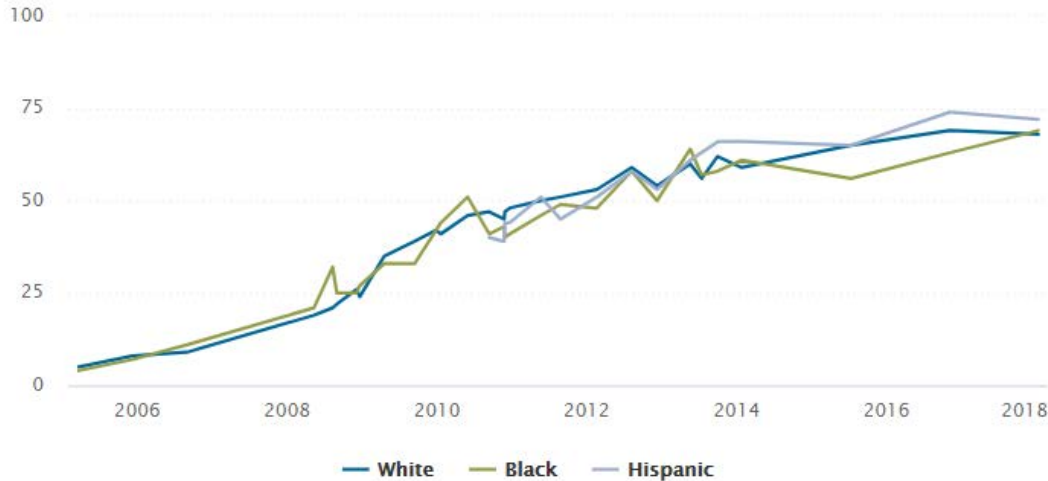
% of U.S. adults who use at least one social media site, by income



- 63% of Americans under 250% of FPL use at least 1 social media platform
- 74% of Americans 250-400% of FPL use at least 1 social media platform

SOCIAL MEDIA REACHES NAVIGATOR-TARGETED POPULATIONS BY RACE

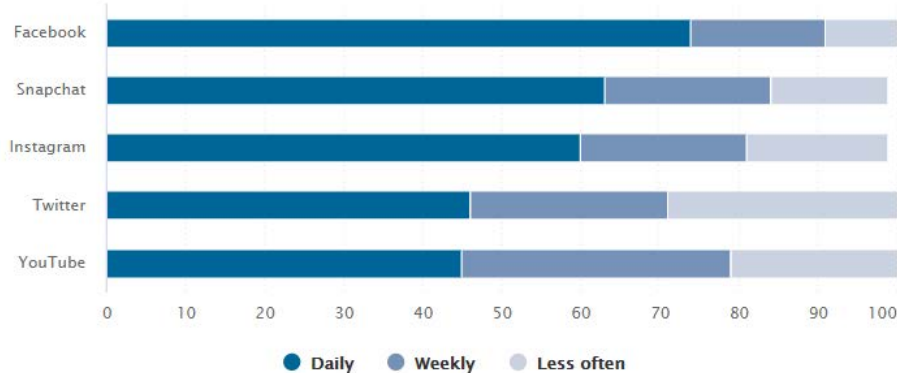
% of U.S. adults who use at least one social media site, by race



- 72% of Latinos use at least 1 social media platform
- 69% of African Americans use at least 1 social media platform

SOCIAL MEDIA CREATES THE POTENTIAL FOR DAILY NAVIGATOR CONTACT WITH CONSUMERS

Among the users of each social media site, the % who use that site with the following frequencies



As of 2018, social media users are *frequent* users:

- 74% of Facebook users access daily
- 60% of Instagram users access daily
- 46% of Twitter users access daily

PLATFORM PREFERENCE VARIES BY TARGETED POPULATION

Use of different online platforms by demographic groups

% of U.S. adults who say they use ...

	Facebook	YouTube	Pinterest	Instagram	Snapchat	LinkedIn	Twitter
Total	68%	73%	29%	35%	27%	25%	24%
Men	62	75	16	30	23	25	23
Women	74	72	41	39	31	25	24
White	67	71	32	32	24	26	24
Black	70	76	23	43	36	28	26
Hispanic	73	78	23	38	31	13	20
Ages 18-29	81	91	34	64	68	29	40
18-24	80	94	31	71	78	25	45
25-29	82	88	39	54	54	34	33
30-49	78	85	34	40	26	33	27
50-64	65	68	26	21	10	24	19
65+	41	40	16	10	3	9	8

- Instagram is more popular with Black consumers
- Facebook is more popular with Hispanic consumers
- Twitter is more popular with young consumers

PLATFORM PREFERENCE VARIES BY FPL, EDUCATION, AND GEOGRAPHIC LOCATION

Use of different online platforms by demographic groups

% of U.S. adults who say they use ...

	Facebook	YouTube	Pinterest	Instagram	Snapchat	LinkedIn	Twitter
<\$30,000	66	68	20	30	23	13	20
\$30,000-\$49,999	74	78	32	42	33	20	21
\$50,000-\$74,999	70	77	34	32	26	24	26
\$75,000+	75	84	39	42	30	45	32
High school or less	60	65	18	29	24	9	18
Some college	71	74	32	36	31	22	25
College+	77	85	40	42	26	50	32
Urban	75	80	29	42	32	30	29
Suburban	67	74	31	34	26	27	23
Rural	58	59	28	25	18	13	17

- LinkedIn is popular with college-educated consumers
- Twitter is popular in urban areas
- Facebook and Instagram are popular with consumers in the 250-400% FPL range

PROPOSED NAVIGATOR OUTREACH ACTIVITY GOALS

Category	Point(s) Earned	Qualifying Activity
Events	3	Each event reported (note: office hours do not constitute events)
Paid Media	1	Every \$100 spent on advertising promoting Covered California enrollment
Earned Media	10	Each documented instance of earned media
Twitter	1	1 point earned per month (max) for 4 tweets from account with min. 1,000 followers
Facebook	1	1 point earned per month (max) for 2 posts
Instagram	1	1 point earned per month (max) for 2 posts
LinkedIn	1	1 point earned per month (max) for 2 posts

- We heard you and agree: Outreach is more than social media
- Additional changes have been based on stakeholder feedback
- Many paths to success – any combination will meet the requirement
- Expectations scale with grant size (50 points for \$50,000 award, 300 points for \$500,000 award)
- Performance may impact year over year award adjustments
- This will be a work in progress, and goals may be adjusted year over year

SAMPLE OF POTENTIAL NAVIGATOR FUNDING AND GOALS

Grant Funding	Goal Amount	CPE*	Grant Funding	Goal Amount	CPE*
\$50,000	286	\$175	\$300,000	1,714	\$175
\$75,000	429	\$175	\$325,000	1,857	\$175
\$100,000	571	\$175	\$350,000	2,000	\$175
\$125,000	714	\$175	\$375,000	2,143	\$175
\$150,000	857	\$175	\$400,000	2,286	\$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	1,571	\$175			

\$6.5 MM total program budget

- Most current Navigators likely to receive same funding as today
- If individual mandate penalty returns and affordability measures increase enrollments, both the goals would go up and the CPE would likely be adjusted down to reflect the new trend
- **Note: both “Goal” and CPE to be adjusted in RFA to reflect actual enrollments**

RECOMMENDATION TO THE BOARD

- Covered California is recommending that the solicitation for the 2019-22 Navigator Request For Application be approved by the board with the following major direction:
 - Target funding of \$6,500,000 for 2019-20
 - Specific enrollment goals and cost per effectuation (“CPE”) be adjusted annually
 - Enrollment targets reflect new enrollments and renewals
 - Performance-based contracts with: (1) adjustments within a year based on performance compared to target and (2) upward or downward targets from year-to-year
 - Assessment of Response to RFA and annual performance reviews based on outreach activities, including potential of in-person, as well as earned, paid and social media outreach
- The Request for Application will include pertinent details regarding the program updates including effectuations based goals, productivity based payments, outreach expectations, and targeted areas pilot

BACKGROUND MATERIALS

PROPOSED NEW NAVIGATOR FUNDING MODEL 2019 TO 2022

NAVIGATOR PROGRAM STAKEHOLDER OUTREACH

Staff discussed proposed program updates with Navigators and made changes based on the feedback received

- Round Table Discussions – August 2018
- Monthly Productivity Reports – September 2018 through March 2019
- Informal Site Visits – October/November 2018
- Program Webinar – December 2018
- Funding and Scope of Work Webinar/Work Group – February 2019
- Round Table Discussions – March 2019
- Public Comments Available between February 21 and March 8, 2019 – No formal comments submitted

NEXT STEPS AND TIMELINE

Activity	Approximate Date
Release Navigator RFA Solicitation	March 19, 2019
Response to Questions Posted on Exchange Website	March 25, 2019
Letter of Intent to Respond Due (Optional)	March 25, 2019
Application Due	April 5, 2019
Grant Application, Evaluation, and Selection Process	April 8, 2019 – April 30, 2019
Notification of Intent to Award Posted on the Exchange's Website	May 16, 2019
Last Day to Submit Protest	May 22, 2019
Navigator Grant Award Period	July 1, 2019 – June 30, 2022

COVERED CALIFORNIA'S NAVIGATOR PROGRAM TODAY

- \$6.475 million annual program funding
- Over 100 awardees (42 lead Navigator grantees and 60 subcontractors)
- 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

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.)
 - Ability to meet or exceed effectuated enrollment targets
 - Outreach activities to include community events, paid, earned, and social media
- Current grantees must reapply; funding awards will be made in accordance with the RFA scoring methodology
 - 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 PROPOSED PERFORMANCE EXPECTATIONS

- ❑ Navigators receive enrollment goals
- ❑ 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
- ❑ Navigators receive outreach activities goals
- ❑ RFA includes option to apply for additional funds to target one or more of four areas with low navigator presence

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	Events, Earned, Paid, & Social Media included in Scope of Work
OLD MODEL	✓	NO	✓	NO	NO
NEW MODEL	NO	✓	✓	✓	✓

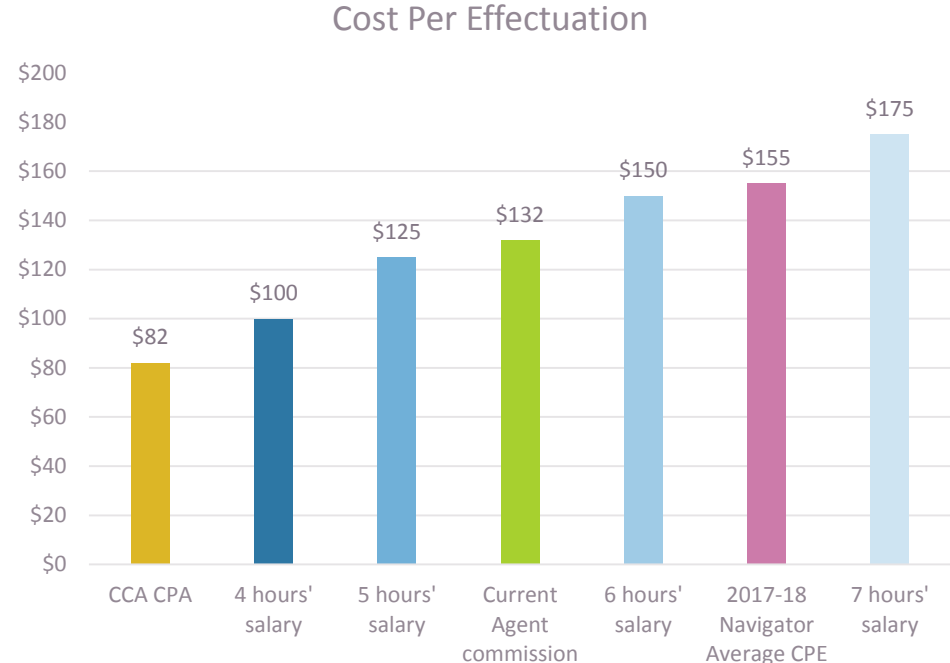
NEW FUNDING TO REACH TARGETED AREAS

- 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

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 -	\$3.8MM	\$4.4MM	\$5.3MM	\$5.5MM	\$6.1MM	\$6.3MM	\$6.8MM
Grant as a % of Covered California 2018-19 \$340MM budget -	1.1%	1.3%	1.6%	1.6%	1.8%	1.8%	2.0%

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**

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

CERTIFIED APPLICATION COUNSELOR PROGRAM PERMANENT REGULATIONS FOR ADOPTION

Brian Kearns, Attorney, Office of Legal Affairs

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 commenced on February 20, 2019, and concluded on March 8, 2019.

CERTIFIED APPLICATION COUNSELOR PROGRAM

- The Office of Legal Affairs received some comments seeking clarification regarding the proposed regulations. There were no major comments requiring changes to the regulation package.
- The final regulation package will look very similar to the current emergency regulations.
- As discussed in the previous Board meeting, there are two noteworthy changes to Section 6854(a) and Section 6860(d). 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 Board discussed the regulation package during the Board meeting on February 21, 2019.
- The Office of Legal Affairs now requests the Board to formally adopt the regulation package so it can be filed with the Office of Administrative Law.