

COVERED CALIFORNIA BOARD MINUTES
Thursday, June 25, 2020
Covered California
1601 Exposition Blvd.
Sacramento, CA 95815

Please Note: Covered California hosted its June 25th board meeting remotely. Per Executive Order N-25-20 and N-35-20, certain provisions of the Government Code pertaining to open meeting requirements were temporarily waived to mitigate the effects of the COVID-19 pandemic. As such, Covered California board members participated remotely by way of teleconference.

Additionally, consistent with the Governor's Executive Order N-33-20 regarding the statewide stay-at-home directive to preserve the public health and safety throughout the entire State of California, public participation was limited to remote participation only.

Agenda Item I: Call to Order, Roll Call, and Welcome

Vice Chairman Paul Fearer called the meeting to order at 10:00 a.m.

Board Members Present During Roll Call:

Art Torres
Jerry Fleming
Paul Fearer

Vice Chairman Fearer said that Chairman Ghaly would possibly join the meeting in the afternoon.

Vice Chairman Fearer explained that both open and closed session would take place virtually pursuant to an executive order providing for public meetings to be held virtually during the COVID-19 pandemic.

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).

Vice Chairman Fearer called open session to order at 1:01 p.m.

Agenda Item III: Approval of Board Meeting Minutes

Presentation: March 26, 2020 Meeting Minutes and May 21, 2020 Meeting Minutes

Discussion: None

Motion/Action: Mr. Torres moved to approve both the March 26, 2020 Meeting Minutes and the May 21, 2020 Meeting Minutes. The motion was seconded by Mr. Fleming.

Public Comment: None

Vote: Roll was called. The motion was approved by a unanimous vote of those present.

Peter V. Lee, Executive Director, stated that the presentation of the agenda items would be altered. Mr. Lee explained that Mr. Torres needed to leave the meeting early. The Policy and Action items would be presented first to ensure Mr. Torres' participation in the votes.

Mr. Lee also noted that the data and research survey results that were to be reviewed during the Executive Director's Report are not ready, so those will not be reported on until Open Enrollment. Also, the item related to minimum marketing spend will be a discussion item instead of action.

Agenda Item V: Covered California Policy and Action Items

Action: State Subsidy Program Design for Plan Year 2021

Mr. Lee acknowledged the work done by Katie Ravel, Isaac Menashe, their team, and the Advisory Committee. This Covered California program serves as a national model. The program provides subsidies to Californians who make over 400% of the federal poverty level (FPL).

Isaac Menashe, Deputy Director, Policy, Eligibility & Research summarized the presentation from the previous Board meeting and said that he would focus on the May Revision of the program design in light of the 2020 Budget Act.

The Governor's May Revision proposed maintaining the current level of state subsidies as adopted in the 2020 State Subsidy Program Design, based on the estimated cost of extending the current program design into 2021. The Budget Act of 2020 (SB 74) adopted the proposal from the May Revision, including funding of \$348,939,000 for plan year 2021, and maintaining the requirement to allocate 17% of the subsidies to individuals between 200% and 400% of FPL. As a result, the proposed 2021 State Subsidy Program Design remains the design adopted for 2020, as presented to the Board in May 2020.

In May, staff noted that the premium and enrollment estimates used for the May Revision technical assistance had since been superseded by more recent premium and enrollment assumptions. The May Revision technical assistance used estimates of premium growth of 14.7% for 2021, and 3.3% for 2022, and estimates for average monthly enrollment of 1.50 million. The estimates for the premium growth and an average monthly enrollment will be updated as part of the 2021-22 Governor's Budget. Should the resulting estimated costs be above the 2020 Budget Act levels, the Budget

Act provisional language authorizes the Director of Finance to increase funding for the 2021 coverage year pursuant to the program design.

In addition to setting the required contribution curve for the 2021 plan year, the draft program design document proposes technical updates, including a clarification that the definition of eligible consumers in the program design includes both those who apply through the single streamlined application as well as those who transition from another Insurance Affordability Program.

Mr. Menashe asked the Board to approve the 2021 Program Design as presented, contingent upon the Governor's approval of the 2020 Budget Act.

Mr. Lee said that in the first days of Governor Newsom's administration, he said California should build on the Affordable Care Act. Within a year, California put a new state penalty and a state subsidy in place. This is the second year with the new subsidy in place. These state subsidies are the only ones in the nation that provide financial help to the middle-class consumers struggling with health care costs. Over 30,000 people received these subsidies which averaged over \$500. In addition, over 600,000 Californians received state subsidies in addition to their federal subsidies. The Affordable Care Act was historic but not perfect. California chose to lean in and make subsidies broader and deeper. California is setting an example for future national policies.

Motion/Action: Mr. Torres moved for approval. Mr. Fleming seconded.

Board Comment:

Mr. Fleming expressed his concern for individuals eligible for the subsidy but have yet to find their way to Covered California. He said he would be looking for concrete action taken to ensure the vast majority of those eligible for subsidies receive them.

Mr. Lee agreed and said that efforts that had been planned were displaced by COVID-19. Covered California will continue efforts to reach individuals eligible for subsidies and ensure they receive them.

Public Comment:

Diana Douglas with Health Access California said that they have led advocacy work for increased premium assistance. They believe that now, more than ever, it is important to provide assistance to make sure that families have health coverage. Health Access understands the stark realities faced during the recession are preventing the pursuit of additional subsidies and assistance this year. They are pleased the existing subsidies will continue. She said continued efforts are needed to advocate for increased assistance, cost-sharing reduction assistance, and to reduce the large burden of deductibles.

Jen Flory on behalf Western Center on Law and Poverty and Health Consumer Alliance agreed with Diana Douglas' comments. They were pleased that the state assistance was not cut during the budget crisis. They would have loved to see additional assistance, particularly for individuals between 138% and 200% of the FPL who are not receiving additional state assistance. Ms. Flory appreciated the comments made by the Board regarding their concerns to those eligible for subsidies that are not receiving them. She said they share these concerns both in terms of those eligible for Covered California and those eligible for Medi-Cal who are not enrolled. Getting the message to people is critical and the Navigators are a great partner in getting individuals enrolled in health care.

Cary Sanders, California Pan-Ethnic Health Network said they appreciate the continued state assistance and would love to see additional assistance for those in the 138% to 200% of the FPL. They understand the current situation. She hoped Covered California would look at marketing, as was previously planned, to those eligible but not enrolled. These people could be taking advantage of premium assistance in Exchange products. She said they are looking forward to the discussion on Navigators and their very important role in reaching consumers.

Mr. Lee noted that in the previous few days, a bill was submitted to the House of Representatives that would build on the Affordable Care Act. It has a number of elements including a substantial increase to subsidies, lowering the percentage of income required to pay towards health care, and raising the benchmark plan to Gold instead of Silver. This is evidence that the issues raised in California are clearly receiving national policy consideration.

Vote: Roll was called. The motion was approved by a unanimous vote of those present.

Action: Fiscal Year 2020-2021 Navigator Enrollment Goals

Mr. Lee said that the Navigator Program was restructured the past year. Covered California continues to have many of the same partners, including organizations anchored in communities of color across California. This restructure was to have recognition for effectuated renewals in addition to new enrollments. The proposal has been revised to run at the basic current structure to allow for a two-year average. The uncertainties this year, caused partially by the pandemic, mean there are too many moving parts. More stability is needed.

Terri Convey, Director of Outreach and Sales said there were three items before the Board:

1. Continue Navigator Program funding level of \$6.5 MM for the upcoming year.
2. Continue the current minimum enrollment requirements for fiscal year 2020 - 2021.
3. Discontinue the Targeted Area Pilot and reassign funds to the core Navigator Program.

After ten months into the contract year, the Navigator Program has exceeded its annual minimum enrollment target by 42%. Most of those Navigator partners have met or exceeded their goal.

While the majority of participating navigators performed very well, it is unclear with just ten months of data, and the significant and many environmental conditions that we experienced this year, to confidently establish a minimum enrollment benchmark for next year. Ms. Convey proposed to continue the performance measure 'as is' and evaluate recommendations once they have more experience and two years of data.

Thirty-five of Covered California's Navigator partners met or exceeded their goal. Covered California discussed goal-setting with Navigators. Even though Covered California plans to ask the Board to not change the goal, 83% of Navigators reported that they were neutral to favorable to some increase in goal.

Ms. Convey presented the recommendation to the Board including funding of 6.5 million and continuing the enrollment goal of 36,000, based on new and renewal enrollments. She asked that they discontinue the Targeted Area Pilot and invest those funds in the core program.

Board Comment:

Mr. Torres said that, especially during the pandemic, reaching underrepresented communities has proved problematic. These communities are impacted more than the rest of the population. Infection rates are higher in these communities. Governor Newsom and Chairman Ghaly gave a public presentation earlier in the day regarding where California is, as a state, and what needs to be done. This Navigator Program, initiated at Covered California, is an integral part and will hopefully save lives by providing access and treatment to those who are underrepresented.

Motion/Action: Mr. Torres moved for approval. Mr. Fleming seconded.

Public Comment:

Doreena Wong, with Asian Resources Inc. thanked Ms. Convey and Covered California for their work with the Navigators and the advocates. The proposed solution ensures that the Navigator Program will continue to be the successful program that it has been and a model for other states to reach all the diverse communities. Ms. Wong agreed with Mr. Torres' comments. They are pleased with the increased enrollment numbers but agree that, given the situation, it makes sense to maintain the current goals.

Jen Flory on behalf Western Center on Law and Poverty and Health Consumer Alliance agreed with Ms. Wong. She thanked Covered California staff for engagement on this issue. They understand that the Navigators have had to rely on phone interactions due to the pandemic. They can't host large enrollment events. There are many uncertainties this year. It is possible that individuals who would have enrolled in Covered California will instead be moving into Medi-Cal.

Cary Sanders, California Pan-Ethnic Health Network thanked Covered California staff for their work with Navigators and consumer groups. They appreciate the decision to keep funding at the current level and the requirement as-is. Communities of color are bearing the brunt of COVID-19. It is critical that Covered California continue the funding and support for Navigators. Navigators are dealing with a difficult year with lots of transitions. The Navigators can reach these vulnerable populations.

Diana Douglas with Health Access California said they appreciate Covered California working diligently with them, accepting their feedback, and deciding to delay the changes to the Navigator Program. Hard-to-reach communities are even harder to reach during this time and they are the more vulnerable to COVID-19. They want to ensure Navigators are able to continue their work during this difficult time. She thanked Covered California for their decision.

George Balteria with Collective Choice Insurance Solutions said he is part of the Certified Insurance Agent Enrollment. Mr. Balteria said he is happy to see the support of the Navigator funding as he continues to work with some Navigators in different roles. He expressed his support and congratulated Navigators and Covered California on the numbers.

Mr. Lee said that the COVID-19 Special Enrollment Period (SEP) would be extended through the end of July. In these last months during COVID-19, hundreds of thousands of people have been signing up through insurance agents, Navigators, online, and by phone. Covered California has developed a network of community partnerships, relationships, and a statewide commitment to coverage. The Navigator Program is part of that fabric of support that Covered California is committed to supporting.

Vote: Roll was called. The motion was approved by a unanimous vote of those present.

Discussion: 2021 Health Plan Certification and Contracting

Mr. Lee said this item would not be considered for action at the meeting. Covered California had proposed the potential of establishing a hard-minimum requirement for health plans to spend on direct response advertising. Marketing matters but it is not a job just for Covered California. Health plans do advertisement as well. However, marketing dollars are health care dollars. No one wants to spend more than they need to. As Covered California continues both marketing and promotion, while assuring all of its contracted health plans fairly contribute to those efforts, we have decided to not move forward with a formal contract requirement on marketing spending for 2021.

In alignment with Covered California's approach to agent commissions, health plan issuers will be strongly encouraged to spend direct response marketing expenditures no less than what was spent on the 2020 Open Enrollment period. This spending will replace the current expectation of 0.6% of premium being spent on all marketing, with 65% of that spent on direct response marketing.

Covered California will consider the establishment of uniform minimum expenditure levels beginning with Open Enrollment 2022, pending a comprehensive review of Covered California's and health plans investments in the range of marketing and acquisition activities so that collectively we are making the most efficient and effective use of marketing, sales and promotion resources.

Board Comment:

Mr. Fleming said that this is a sound strategy to continue to explore marketing, lead generation and transforming those leads in to actual enrollments. This is moving in a healthy direction and there is good dialogue.

Public Comment:

Diana Douglas with Health Access California said they look forward to supporting future efforts that may require plans to spend a specific percentage on direct marketing efforts. Many Californians may need to rely on Covered California for the first time as they lose employer sponsored coverage. It is important that plans invest in marketing that is targeted to best support the Marketplace and Covered California.

Jen Flory on behalf Western Center on Law and Poverty said they appreciate the concept and the goals that Covered California wants to achieve. There could be additional direct marketing to consumers to help them understand that the plans are out there for the consumer, they are affordable, and assistance is available. They are also aware of unintended consequences such as plans becoming more expensive. They do appreciate the efforts and look forward to ongoing conversations.

Action: Covered California's Proposed Fiscal Year 2020-2021 Budget

Mr. Lee said that in May, Covered California shared a 140-page Budget Book that included the Annual Report in draft form. Upon the Board's adoption of the budget, the document will be finalized and submitted to the Governor and the Legislature. Many accomplishments are described in the Annual Report. Covered California made big investments in marketing. They leaned in with health plans to promote coverage and saw a 41% increase in new enrollment. They also leaned in and are spending millions of dollars to promote enrollment during the pandemic. The results show hundreds of thousands of people care getting coverage including those coming to Medi-Cal through coveredca.com.

Covered California is focused on responding the needs of Californians. The budget for the next fiscal year is different than others in the state. Covered California budget does not come from the California General Fund. Covered California does not depend on general tax revenues. Covered California is funded with assessments. One of the recommendations for action is to lower Covered California's assessment in the next fiscal year from 3.5% to 3.25%. This is a prudent action. Covered California has very strong reserves. Covered California is proposing spending about \$40 million for the next fiscal year. This would be dialed back in future fiscal years but now is the time,

during the recession, to spread the word and tell Californians that Covered California is there for them now and in the future.

Jim Watkins, Covered California's Chief Financial Officer said that there have been, over the first five months of 2020, historical enrollment levels. In May 2020 the enrollments were at 1.542 million in comparison to 1.398 million enrollments in 2018 at the same time. This translates into additional revenue on a fiscal side. In May, Covered California had \$364 million in total operating revenues. It is now forecasted at \$369 million. Due to stronger than expected enrollments in March through June 2020, the revenue and other income projection for FY 2019-20 has increased from \$371.3 million to \$376.2 million. The May estimate disclosed a decrease of \$7.8 million decrease in net position. With the increase in revenue, Covered California's projected net position will decrease by only \$2.9 million.

The proposed budget reflects enhanced spending on priority areas to continue meeting the needs of Californians, reflecting an increase of about \$61 million (16%) over 19/20 to get the word out and serve consumers. The budget projects that expenses will exceed projected revenue by \$22.5 million. But, most of the increase is related to the one-time spending on marketing and consumer outreach services that will be ramped down with the rebound of the economy. Covered California proposes to lower its plan assessment fee from 3.5 percent to 3.25 percent of on-exchange premium for the 2021 plan year (moving from an average of 2.5 to 2.3 percent on the combined on- and off-exchange Qualified Health Plan premium for Covered California products). This budget does not incorporate any budget reductions or other impacts that may be imposed on Covered California by Statewide recessionary budget actions.

The budget will focus on several priority areas. Working towards Covered California's mission, about \$6 million will be focused on information technology capacity that supports the entire organization to be more effective. Responding to the recession and the COVID-19 pandemic, marketing will increase by about \$30 million and \$13 million will be directed at expanding and upgrading service center and customer support operations. Covered California will also continue to work on informing national and state policy through prudent investments with about \$2 million targeted to building the capacity of the policy, evaluation and plan management functions that help drive performance and frame Covered California's lessons for state and federal policy-makers. And finally, Covered California is re-prioritizing workplans and deliverables impacted by the COVID-19 pandemic.

There were no changes between the May and the June budget relative to the Operating Budget. The Operating Budget is \$440.2 million. The total number of positions is 1,419. That's an increase of 28 positions from the 19-20 actual and forecasted.

In the multi-year forecast, the major change relates to Fiscal Year 19-20. The actual forecasted amount has an increase in revenues. As the revenues and all income from all sources increased, the overall decrease is not just \$2.9 million instead of \$7.8

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million. This increases the cash reserve. In May, the cash reserve was stated at \$399 million. Now, the cash reserve is \$404 million. That will fund about 11 months of budgeted operation. The Cash Reserve balance for 2021, 21-22, and 22-23 is increased slightly. The overall decrease and increase in net position would not change for budget year plus one, or 2, or 3. Those continue to be the same. Operating expenses are \$440 million in 2021 and then decline to \$428 and settle out at \$430. This is associated with the reduction of the one-time spending related to marketing as the economy improves.

There were no changes to the Capital Projects Budget. 2021 will start the year at \$46.7 million. \$20 million will be transferred and there will be \$66.7 million available. The Capital Project Expenditures proposed for 2021 is \$20 million and they project it will end the year with a balance of \$46.7 million. Overall, the total budget will be \$460.2 million. This will include an Operating Budget of \$440.2 million and a Proposed Capital Projects Budget of \$20 million.

Considering the high level of economic uncertainty and the impact of macroeconomic events on enrollment, Covered California will provide regular reports to the board on actual enrollment compared to projections.

To ensure that our increased spending for marketing and outreach generate the expected return on investment Covered California will undertake a review of all acquisition costs for enrollment. The reviews will focus on both on the Navigator enrollment program administered by the Outreach and Sales Division, as well as the marketing efforts of our certified health carriers. Covered California will consider revisions to existing funding strategies, as well as potential requirements for Covered California's health plans related to marketing and agent commissions and focusing on the level of investments made by both Covered California and its certified health carriers to enroll and retain members.

Covered California's multi-year forecast assumes a scaling back of spending for marketing and service center activities in years 2 and 3, as result of improvements in the economy. Consequently, Covered California will be closely monitoring economic conditions and levels of health care coverage in California to make these reductions as conditions allow.

Covered California recommended that the Board adopt Board Resolutions to:

- Approve the Operating Budget for FY 2020-21, providing expenditure authority of \$440,178,562.
- Approve capital projects reserve funding of \$20,000,000 for Fiscal Year 2020-21, for a total capital projects reserve available of \$66,700,000.
- Approve the Capital Projects Budget FY 2020-21 of \$20,000,000. Expenditures from the Capital Projects Reserve in excess of \$1,000,000 in value will require Board review and approval. Any unexpended funds will remain in the Capital

Projects Reserve and be made available for expenditure in subsequent fiscal years.

- Grant authority to the Executive Director to make adjustments to the Operating Budget, provided that Fiscal Year 2020-21 expenditures remain at or below the level of expenditure authority approved by the Board; and that any material adjustments to program, budgets and positions must be reported to the Board.
- Charge a per-member-per-month assessment fee of 3.25 percent for plan year 2021 on Qualified Health Plans, including dental plans, sold through the individual exchange, and 5.2 percent of premiums for such plans sold through Covered California for Small Business.

Mr. Lee noted that there were two resolutions. The first for the per-member, per-month assessment fee and the other for budgetary items.

Motion/Action: Mr. Torres moved for approval of both items. Mr. Fleming seconded for approval of both items.

Mr. Lee noted that a Finance Committee reviewed this and comments were received from the public. The Budget Book reflects changes such as that made to the Navigator Program to remove the requirement for health plans to have a marketing fee. The final document does reflect feedback from previous discussions.

Board Comment:

Mr. Fleming said the Finance Committee had an opportunity to dig deep with Covered California on the Budget Book. This budget “meets the moment” in regard to the pandemic and the current opportunities. It is a budget with a fair amount of uncertainty. There is upward pressure on expenses and additional marketing expense. The cost of the average employee has gone up leading to a significant increase in personnel costs. There is a reduction in the plan assessment. There is an assumption of a lot of new members but the calculations for this have a large amount of uncertainty. It is unknown how many will be unemployed. It is unknown who will join Medi-Cal versus Covered California. Because there is a fair amount of uncertainty, the reserves could decrease considerably. Adjustments can be made over time. The Board asked for regular reports on how membership compares to the high, medium, and low forecasted in the budget. Mr. Fleming said this Budget Book represents very good work and is the right thing to do.

Public Comment:

George Balteria with Collective Choice Insurance Solutions said the Certified Insurance Agent channel is supported heavily by the budget and they appreciate it. However, their actual direct compensation for enrollment comes from some of the health plans and continues to be an issue. An increased number of people are enrolling. They do a lot of work surrounding Medi-Cal but are not compensated. He understands the budget is not able to provide insurance agents with direct compensation. He said he would

continue to raise this as an issue to ensure a healthy mix of enrollers in all parts of the state.

Mr. Lee said that Covered California recognizes that it takes many partners. Investing new resources in making sure that all of their partners have the adequate resources is important.

Faith Borges with the California Association of Health Underwriters said they are proud to be partnered with Covered California and proud of the hard work done to ensure they respond with urgency to the health and economic crisis of COVID-19 and beyond. Their members have helped thousands of Californians retain coverage throughout rapidly changing circumstances. Their members provide a unique level of professional and personalized enrollment assistance, guidance and ongoing support, which is critically important now more than ever. She said they applaud Covered California for recognizing the high value certified licensed agents play relative to marketing and consumer services. They look forward to continuing the associated dialogue surrounding remaining issues of fair and living wages for our agents as we all strive to serve Californians well.

Vote for the per-member, per-month assessment fee: Roll was called. The motion was approved by a unanimous vote of those present.

Vote for the budget resolution: Roll was called. The motion was approved by a unanimous vote of those present.

Mr. Lee thanked Mr. Watkins and the staff at Covered California for developing the budget programmatically. Covered California had 1,200 people working from home. Hundreds of Service Center employees are answering phones. Teams are testing and developing marketing materials for the upcoming open enrollment period and special ads related to the pandemic are already running. This is a big budget that is anchored in a mission seeking to have affordable health care for all Californians. Mr. Lee thanked the Board and said the final document would be sent to the Governor and Legislature in July.

Board Comment:

Mr. Torres thanked Mr. Lee and Covered California staff. He said he takes pride being part of the dream and the initiative to give all Californian's accessibility to health care.

Agenda Item IV: Executive Director's Report

Discussion: Presentations from Covered California Qualified Health Plan Issuers

Mr. Lee reminded everyone that items were being presented out of order.

Mr. Lee said that four plans presented at the previous Board meeting: Blue Shield, Health Net, Kaiser, and L.A. Care. Covered California shared a report on their first five years that included detailed information on each of their health plans. Several Board Members expressed a desire to hear from these plans publicly. They wanted to know how they are approaching care to Californians, particularly in the age of COVID-19. The First Five Years report provided data on all of their health plans but it was a bit different than what you would hear from them. Each plan was asked to provide an overview of their plan, their successes, their challenges, how they are dealing with COVID-19, and what they see on the horizon. Two plans would present at this meeting: Anthem and Sharp.

Anthem has about 35% of the enrollments in the regions they are in and about 5% of the enrollment statewide. Mr. Lee said that health care is local, and it is important to look at the percentages where a plan operates. Anthem has wide and deep enrollment in Santa Clara, the Central Valley, and northern counties.

Sharp is an integrated delivery system. Along with Kaiser Permanente, Sharp has historically been a five-star plan providing exceptional quality. They have 16% of the enrollment in the San Diego area.

Both Anthem and Sharp have been vital partners since day one with Covered California.

Anthem

Mr. Lee introduced Mr. Manan Shah, the General Manager for Anthem's Individual Business in California, and Dr. David Pryor, a Regional Vice President and Medical Director for California.

Mr. Shah said that Anthem's mission is improving lives and communities, simplifying health care, and expecting more. They work every day to translate this mission to their 42 million medical members, and 100 million lives when specialty and ancillary products are added. Social responsibility is a pillar of their company and they make investments in their communities in dollars and associated engagement and involvement. Anthem is proud to be recognized for its efforts around building a diverse and inclusive environment. Their associate research groups include over 11,000 associates nationwide and have been a tremendous asset as they continue to evolve their corporate culture. Anthem has been in the California market for over 80 years. They have over 7,000 associates based within their borders. They offer a full range of products in California including Medicare and Medi-Cal as well as specialty product portfolio that includes dental, vision, and life and disability. Anthem has over 100,000 Affordable Care Act members. They are very appreciative of the partnership that the entire Covered California team has shown as they navigated the evolution of the ACA together.

Mr. Shah reviewed Anthem's successes. Their expansion in 2020 was an important addition to their footprint. They are grateful to their members in these regions, as well

as all their geographies for choosing Anthem to support them with their health care needs. Strong retention rates are an indication that their members are in alignment with their product service and our priorities. They have strengthened the connection points between their lines of business to ensure that members are supported as they transition across employer, individual, and Medicaid coverage. They seamlessly deployed and grew their virtual care platform. They continue to grow their Whole Health Connection capabilities, which provide a unique clinical integration of dental and medical clinical information to service their member's health care needs even more effectively.

Regarding opportunities, Anthem has increased investments and commitment to Quality Rating System (QRS) scores, both for EPO and HMO markets. They believe there are continued improvements to be made across the mental health care model and expect to leverage their recent acquisition of Beacon Health to further develop those capabilities. They continue to work on the growth and development of their provider networks. They want to leverage enterprise investments and progress in the Artificial Intelligence and digital health capabilities for their Covered California population.

Dr. Pryor presented next and said that from a clinical perspective, the key to their response thus far is being able to analyze the data that's available to make decisive decisions on the best information that was available while still being flexible enough to re-evaluate their position as more data becomes available. Their focus has been on their associates, members, providers, employers, employer groups, clients, and other stakeholders. They have tried to keep all those constituent groups at the focus of everything they do.

In responding to the pandemic, one of the first decisions they made was to reduce barriers to COVID-19 testing and treatment to ensure there would be no co-pays or cost-sharing for these services. While video telehealth services through live help online had been available to members for years, they also made it available through a mobile application to do a chat-based visit with the doctor. The number of in-person visits greatly reduced. Within two weeks of Governor Newsom's State of Emergency order due to COVID-19, Anthem made available an app called Sydney Care, which provides Artificial Intelligence-based symptom triage from a person's phone. Anthem relaxed restrictions on prescription refills and provided additional Employee Assistance Program resources and mental health resources. Their digital team developed a mobile solution called C-19 Explorer which provides real-time community level risk assessment for members and employers. The purpose of all these activities was to put the member in the center of their focus to reduce barriers to receiving timely and appropriate care.

Anthem is showing its support for California health care providers through accelerated payments and other financial support to help ease some of the pressures they are currently experiencing. Beginning in April, Anthem started expediting the review and payment resulting in \$667 million at the end of May 2020. Anthem continues to pay capitation for both medical and dental providers even though some offices have closed the patient volume and level of services have decreased. The administrative burden

was reduced though the extension of outstanding authorization for an additional 90 days to reduce the need for providers to obtain new authorizations. In addition, Anthem suspended several prior authorization requirements. Anthem is the only plan that offers Qualified Health Plans, as well as Qualified Dental Plans through Covered California. For dentists, they provided \$10 per patient visit to offset the cost of personal protective equipment.

They are working very hard to reimagine what that future is going to look like. Their goal is to provide or ensure their members have access to effective, personalized care, that is as affordable as possible moving forward. One key to achieving this goal is better use of technology to empower members with their tools and information as they navigate critical health care decisions. Care should be delivered via telehealth, mobile chat, email, telephone. Anthem seeks to use artificial intelligence, genetics, and deep analytics to personalize medical care for their members. They feel that now is a good time to help members become more comfortable with telehealth visits.

Prior to COVID-19, Anthem had already invested heavily in building a first-class digital solutions team. They worked to get people from companies like Google and Amazon to bring some of their knowledge to health care. With that team in place, they quickly developed a suite of products that will help make the recovery from COVID-19 as smooth as possible. This is available for members, employers, and clients.

Over the last year or so, Anthem implemented IngenioRX, for pharmacy benefit management. This company helps manage specialty medication costs which continue to be a significant driver in health care.

They realize the importance of their network and how provider partnerships are key to their success. Anthem provides access to world-class hospitals, academic medical centers where some of the finest care in the world is provided. Over the last few years, they have had to redesign payment agreements, moving away from the traditional fee-for-service structure to one that incentivizes and rewards institutions for quality of care and not just for the number of procedures that are performed.

They are very aware of the health care disparities issues. They are looking to see how they can be even better partners with organizations throughout the state to reduce some of the inequities in care.

Mr. Shah said they are proud to be part of the Covered California ecosystem. They look forward to continuing the partnership in support of their members.

Board Comment:

Vice Chairman Fearer said he has heard about many initiatives in new technology and tools. These are not unique to Anthem. In the end, he is most interested in the health of members and that depends on simple things such as chronic care, coordination of care, annual screenings, etc. Some of these, such as breast cancer screenings and

colorectal screenings cannot be done via telehealth. Vice Chairman Fearer said he is not hearing how they are holding their providers accountable and how they are seeking results in terms of ongoing support systems for the health of the population, annual screenings, chronic care, solvent care, and care coordination. These elements still need a lot of work.

Dr. Pryor said they he didn't want to say that technology is the panacea that would fix everything. They do think it is a tool that makes it easier to schedule appointments, for example. Technology can help to reduce some the barriers to receiving care and help increase prevention and preventative screenings. Some of the blocking and tackling around quality and quality scores is still very much at the center of everything they do. They have gone to providers delivering care to see how Anthem can better support them and coordinate using their data and getting the message to members. Anthem sees the chronic conditions and multiple layers of issues such as transportation, equity and disparities that they are working to reduce.

Mr. Lee said that Covered California certainly saw in their quality reporting that there was a lot of inconsistency amongst most of the plans, except for those that are hardwired to integrated delivery systems; Kaiser and Sharp. That inconsistency is showing up around chronic conditions, around screening, and around prevention. Covered California sees this as a key issue and is pleased to hear that Anthem also sees this as a key issue.

Mr. Fleming said he had a question regarding improving the quality scores and such. He asked if Anthem had a goal and a plan of where they want to be in two years as they are lagging in a number of metrics. He asked if they have an understanding on why they have lagging scores.

Mr. Shah said they absolutely have a goal. They have a very rigorous and disciplined approach to improvement across those measures. There is a plan in place around improvements necessary to continue to increase their scores. They understand there is a lag time with the quality measures and indicatives attached to them. These scores did get the attention of their leadership teams and they are putting in place the infrastructure to ensure they continue to make improvements and investments across the portfolio of measures.

Dr. Pryor agreed and said they've been meeting about this on a regular basis and have put a plan in place. Obviously, there is a lag from when the changes are made to when the outcome can be seen. COVID-19 did change things. He reasserted that they have plans in place to improve the QRS ratings and improvements will be seen in the near future.

Mr. Lee said that part of working with health plans over a long time is to hold each other to account. It's not just about getting coverage, it's about getting the right care at the right time. Mr. Lee said they appreciate this is on Anthem's radar as it is also on

Covered California's radar. Covered California will be very public in their efforts to see rates do improve.

Sharp

Mr. Lee introduced Dr. Cary Shames, Chief Medical Officer and Mr. Michael Byrd, Chief Business Development Officer.

Mr. Byrd said they are an integrated delivery system. The way they are integrated makes them unique. They have three decades of capitation experience and this is the bedrock of their managed care model. The Sharp system includes both a staff model and an Individual Practice (IPA) model, which preserves private practice of their physician groups and brings true practice transformation and evidence-based managed care to community-based providers.

Mr. Byrd said they are fanatical about quality and constantly pursuing top decile quality performance. Quality is wired in to the very fabric of their culture; from hospitals, to the medical groups and all levels of staff. Sharp Health Plan received a 4-star Summary Quality Rating from Covered California for 2020. Sharp Health Plan is ranked in the top 5% of health plans nationally by the National Committee for Quality Assurance's Private Health Insurance Plan Ratings 2019-20. Sharp Health Plan is the highest member-rated in California among reporting health plans 5 years in a row.

Sharp operates in the San Diego County and Region 19. They have partnered with Covered California since its inception and represents about 16% of their total membership as a health plan. They have a competitive price position in every metal tier year-over-year. They have a five-year average membership growth rate of 12% and hold a similar market share as other larger health plans.

Dr. Shames said that while they pride themselves on their successes, they also continually look for opportunities to improve. Due to their sophistication as an integrated delivery system, they are built on the structure of the population health management and Patient-Centered Medical Home with a team approach, with unified structure, with unified electronic health records (EHR), and the ability to be able to proactively provide care to their members and ensure they're getting the screening, preventive services, and acute care services which they deserve.

Dr. Shames said that there are opportunities in this dynamic market, and they will never be perfect at everything, but they will continue to try. There is a continuing need to provide education to members and engage them more in areas like alcohol and drug abuse treatment to enable proper documentation and scoring. Other opportunities relate to flu vaccinations, annual dental visits, well child visits for the first 15 months of life, and continued efforts to advance care coordination and population health. Sharp has doubled their behavioral health network and increased their number of case managers to reduce health care costs and access to care.

Their COVID-19 response has been broad and robust in scope and focused on keeping members covered, ensuring access to care and reducing provider financial and administrative burden. Sharp extended the grace periods for payment by an additional 30 days from their standard policy, allowed their groups to continue providing coverage to members no longer working and waived the waiting period requirements. The account managers reached out to those being furloughed, relaxed their underwriting guidelines so employers can continue coverage for furloughed employees and provided outreach and support for transitioning members losing group coverage to Individual and Family plans.

To ensure access to care, Sharp waived co-pays for COVID-19 screening, testing, and treatment. They encouraged expanded use of telehealth, to include video and chat medical and behavioral health services. Sharp promoted mail orders, relaxing early refill limits, zero co-pays, and extended prior authorizations for prescriptions. They conducted over 10,000 outreach calls to vulnerable, at-risk members by enhancing ongoing communication with their medical groups to cross-functionally address operational and clinical opportunities.

Regarding reducing provider and financial administrative burden, Sharp financially supported their providers through the use of capitation. Fee-for-Service providers were having trouble making ends meet, so Sharp provided ongoing support and ensured prompt claims processing. They are reimbursing providers for telehealth at the same rate as in-person office visits and are waiving early refill limits and extending prior authorizations.

While the pandemic has presented challenges, there were also learning opportunities. They are reaching out to vulnerable populations to form connections, enhance those connections, and help smooth transitions. They are continuing to experiment with telehealth and digital health on both the medical and behavioral health side.

Sharp continues to expand and become more sophisticated in their integrated delivery system and care management system which are built on the structure and the foundation of population health. They provide their medical groups stratification and segmentation reports, so they can be proactive and identify those members that are in need of service and outreach to them. This way, Sharp is able to ensure a low-cost, high-quality product is provided to Covered California and Sharp members.

Mr. Lee said Sharp uses a different model from other plans, with the exception of Kaiser. The quality of their results has been appropriately trumpeted.

Board Comment:

Mr. Fleming congratulated Sharp on their performance and their vision of taking advantage of their integrated system and seeking opportunities. He said they are a valuable part of Covered California and they should be proud of their quality scores.

Mr. Lee thanked both Anthem and Sharp for their presentations.

Public Comment:

Diana Douglas with Health Access California thanked the plans for their presentations. She noted the persistent inconsistency and lack of quality standards continue to be a major concern for Health Access, as consumer advocates. They look forward to the day when consumers will be able to rely on plans to offer consistent quality coverage and they remain disappointed that even basic services such as rates of flu shots, mammograms, childhood immunizations are persistently low and failing to meet basic benchmark standards. They do appreciate the way that some plans responded to care during the COVID-19 crisis. However, they don't want to lose sight of some of the basic needs. They look forward to continuing to be part of the conversation and finding ways to improve quality standards.

Cary Sanders, California Pan-Ethnic Health Network agreed with Ms. Douglas saying they appreciate the plans providing detailed presentations about their quality work and their COVID-19 response. They are struck by the wide variation in terms of quality scores. They want to ensure consumers are able to access quality, comprehensive care and they are interested in steps that plans take to address these issues. Ms. Sanders voiced appreciation for Sharp's presentation regarding population health. She appreciates their proactivity in trying to reach vulnerable populations. They also appreciate the telehealth work and they look forward to future reports.

Discussion: Announcement of Closed Session Actions

Mr. Lee said he had nothing to report from closed session.

Discussion: Executive Director's Update

Press and Media / Reports and Research

Mr. Lee noted that within the Press and Media, was an announcement that the COVID-19 SEP would be extended. One reason Chairman Ghaly could not attend the meeting was that he was with Governor Newsom in Los Angeles. There has been a resurgence of COVID-19 infections in California. The pandemic is not over. The SEP has been extended through the end of July to provide an opportunity for Californians that may not be covered to now obtain that coverage. Covered California believes this is a critical action and have heard from insurance agents and health plans that this is the right thing to do. Generally, it is a concern that having the doors open wide will only encourage the sick to obtain insurance. Covered California doesn't want people resisting getting tested or people avoiding their doctor.

Karen Ruiz is Retiring

Mr. Lee voiced his appreciation to Karen Ruiz. Ms. Ruiz has been with Covered California's since 2013. She started as the CalHEERS Project Director and later shifted to the Chief Information Officer position. Ms. Ruiz has worked for the state of California for 20 years in a range of agencies including the State Compensation Fund, CalSTRS, EDD, the Department of Social Services, and CalPERS. She has made history with Covered California.

Mr. Lee went on to remember how the nation watched healthcare.gov stumble. Covered California didn't stumble. CalHEERS launched well and Ms. Ruiz was a key part of that success. She was key in building CalHEERS and in leading a team at Covered California and DHCS. She has been creative and innovative throughout her time with Covered California. She helped with Covered California's ChatBot, affectionately known as CiCi. Mr. Lee encouraged those who don't want to talk to a person to talk to CiCi. CiCi reduced calls to the Service Center as people are getting their answers through the use of this artificial intelligence. Ms. Ruiz has thought outside the box and used the agile method to make things better and faster. Ms. Ruiz keeps the user experience in mind at all times.

Last year, Ms. Ruiz was recognized as CIO of the year, for the entire public sector, by the Techwire and Government Technology Group. Mr. Lee said that her greatest legacy is in the people that she has brought into the IT department, the people she has mentored, groomed, and helped advance. She believes in people and has built a program that will live on. Ms. Ruiz' great service is the reason Covered California has overcome challenges so well. Mr. Lee thanked Ms. Ruiz for her service and wished her well in her retirement.

Discussion: Coronavirus Disease 2019 (COVID-19) Update

Mr. Lee said that there was going to be an update by Dr. Ashrith (Ash) Amarnath, Covered California's Medical Consultant on COVID-19. In the interest of time, they skipped the presentation. Mr. Lee encouraged everyone to review the slides posted in the Board materials.

Discussion: Covered California Data and Research

Mr. Lee said Covered California would share results of survey data at a later time.

Discussion: COVID-19 Special Enrollment Demographics

Mr. Lee said the continued COVID-19 SEP was anchored in an effort to get more Californians insured. Since March 20th, the date the COVID-19 SEP was announced, Covered California enrolled over 175,000 Californians. That is more than twice the number enrolled the previous year. Over 240,000 people signed up after the end of open enrollment, which is 80 percent more than last year. Mr. Fleming previously noted concern over the optimism regarding enrollment. That optimism is born from experience that in a recession, people need coverage. Many people that come to Covered California find their way to Medi-Cal and Covered California can celebrate this while knowing that many do find their way to Covered California. Covered California will continue to monitor the pandemic and look for options to reach consumers.

Discussion: State and Federal Policy / Legislative Update

Mr. Lee said that Dr. Fauci endorsed California's efforts and Governor Newsom in responding to the COVID-19 pandemic. Governor Newsom has utilized evidence-based policies. Mr. Lee cautioned that there would be changes and an uptick in

infections as the state reopened. The Governor issued a number of Executive Orders and is working with the Legislature to fund a budget that will be responsive. For example, face masks are now required. Mr. Lee voiced appreciation for the leadership of Governor Newsom, the Administration, and the Legislature including his leadership on the state budget. The State Subsidy Program was continued which appropriates \$348.9 million and allocates the funding in the same percentages as the 2019/2020 Budget. The Governor and the Legislature announced a budget agreement to address the COVID circumstance and a significant deficit.

Assembly Bill 80 and Senate Bill 102 are the Public Health Omnibus Trailer Bills for 2020. They include the following provisions related to Covered California:

- Clinical Volunteer Exception: authorizes a member of the Covered California Board or staff who are health care professionals to perform services on a volunteer basis under specified conditions.
- Actuarial Value for Bronze Plans: increases the actuarial value “de minimis range” set forth in state law for Bronze-level plans, including High Deductible Health Plans, to plus 5 percent. If enacted, the new de minimis range for Bronze plans would be 58 percent to 65 percent and Covered California Bronze plans for the 2021 plan year will comply with state actuarial value requirements.

Covered California takes seriously their role in helping inform policymaking not only at the State, but at the federal level. On June 9, Covered California joined with the other State Based Marketplaces (SBMs) to send a letter to Congress. The letter highlighted actions taken by the SBMs in response to COVID-19, including opening an SEP. The letter requested flexibility by the federal government on:

- Federally-funded reinsurance.
- Tax liabilities.
- Calculation of Pandemic Unemployment Compensation (PUC) payments for Advance Premium Tax Credit (APTC) consumers.

A letter was also sent to the Department of Treasury and the Internal Revenue Service (IRS) requesting the IRS provide relief with respect to the repayment of 2020 APTC for those affected by the COVID-19 emergency.

On June 12, 2020, the Department of Health and Human Services released the final Section 1557 (nondiscrimination in health care) regulation repealing protections for individuals from discrimination based on their gender identity and sexual orientation. The regulation also removes the requirement to provide individuals with limited English proficiency access to interpretation and translation services. However, this regulation does not interfere with current California laws that continue to prohibit discrimination based on these factors and requires interpretation and translation services.

Covered California is closely monitoring how the recent Supreme Court decision in *Bostock v. Clayton County*, which prohibits employment discrimination related to gender

identity and sexual orientation under Title VII of the Civil Rights Act of 1964, may impact the validity of the new federal regulation.

Despite the federal regulation, California law remains clear. No person may – on the basis of sex, race, color, religion, ancestry, national origin, ethnic group identification, age, mental disability, physical disability, medical condition, genetic information, marital status, or sexual orientation – be unlawfully denied full and equal access to the benefits of, or be unlawfully subjected to discrimination under, any program or activity that is conducted, operated, administered, or funded by the state.

Board Comment:

Vice Chairman Fearer supported Mr. Lee’s praise of Karen Ruiz. It would be hard to overstate the importance of her contribution to Covered California.

Public Comment:

Diana Douglas with Health Access California said that they are extremely appreciative of the extended SEP. Regarding enrollment, they look forward to future results of the survey. On the State and Federal policy, Health Access appreciated the opportunity to provide feedback on the proposed changes to the Covered California conflict of interest provisions and they were very pleased to be able to come to a happy resolution that will allow Chairman Ghaly, Dr. Hernandez, and other health professionals to continue to practice as volunteers for underserved communities. Ms. Douglas said they support the Bronze Plan AV Trailer Bill and believe that is an appropriate fix. They are pleased that Covered California has taken initiative to protect everyone in the State from discrimination regardless of gender identity or sexual orientation. Ms. Douglas said they are grateful for Covered California’s leadership to protect Californians from some of the whims of the federal government.

Cary Sanders, California Pan-Ethnic Health Network agreed with Ms. Douglas’ comments. She thanked Karen Ruiz for her contributions. They are appreciative of the SEP extension and look forward to seeing the results of the survey. They are curious to know of any barriers that individuals are facing in accessing health care. They appreciate Covered California reaffirming the State’s rights, individual rights for transgender and others in light of the Section 1557 Federal Rule. They agree that California has much stronger protections and appreciate Covered California’s efforts to spread the word that these protections still exist.

Jen Flory on behalf Western Center on Law and Poverty and Health Consumer Alliance congratulated Karen Ruiz on her retirement. They appreciate the extension of open enrollment stating that communicating open enrollment is often an easier message than explaining qualifying life events. She said they appreciate the extension of the reasonable opportunity period for consumers to verify information on their applications. She appreciated the extra noticing which helped explain things to consumers and help ensure they will not be surprised with a big tax bill if their income was not reported correctly. They appreciate that Covered California commented on the 1557 regulations.

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California still has non-discrimination rules whether it's on sexual or gender orientation or protections about language access or many of those things that the federal administration tried to attack.

Doreena Wong, Asian Resources Inc. said she would echo all of the previous comments in terms of the extended SEP. She said the information Covered California is sharing with Navigators has been very useful. She appreciated Covered California's stand on Section 1557 anti-discrimination provisions. California does have a lot of protections. It's important to let the current Administration know that, as a state, California opposes those changes. Ms. Wong thanked Karen Ruiz for her years of work.

Mr. Lee noted that a July meeting was tentatively scheduled but unlikely.

Vice Chairman Fearer invited anyone on the Board or listening to provide feedback or advice on managing virtual meetings.

Adjournment

Vice Chairman Fearer adjourned the meeting at 3:12 p.m.