COVERED CALIFORNIA BOARD MINUTES
Thursday, January 14, 2021
Covered California
1601 Exposition Blvd.
Sacramento, CA 95815

Please Note: Covered California hosted its January 14th 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

The meeting began at 10:02 a.m. with Vice Chairman Paul Fearer standing in for Chairman Mark Ghaly. Vice Chairman Fearer then called the meeting to order at 10:03 a.m.

Board Members Present During Roll Call:

Jerry Fleming
Dr. Sandra Hernandez
Art Torres
Paul Fearer

Board Members Absent During Roll Call:

Chairman Mark Ghaly

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 for closed session to discuss contracting, personnel, and litigation matters pursuant to Government Code Section 100500(j).

Vice Chairman Fearer called open session to order at 12:38 p.m.

Agenda Item III: Approval of Board Meeting Minutes

Presentation: November 19, 2020 Meeting Minutes

Discussion: None.

Motion/Action: Dr. Hernandez moved to approve the November 19, 2020 meeting minutes. The motion was seconded by Mr. Torres.

Public Comment: None.

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

Agenda Item IV: Executive Director's Report

Peter V. Lee, Executive Director, outlined the agenda and stated that there will not be a Coronavirus update in this board meeting. Mr. Lee noted that the Covered California Data and Research portion of the agenda will be a review of the range of data and research that Covered California has generated over the last year. Three health plans will be providing presentations at this board meeting as well. These include Chinese Community Health Plan, Western Health Advantage, and Valley Health Plan. Lastly, Mr. Lee noted that all of the four Policy and Action agenda items are up for discussion and action will be taken at the March board meeting. The current plans are to not have a board meeting in February.

Announcement of Closed Session Actions

The board undertook personnel matters and issues related to contracting. Mr. Lee publicly announced that the board approved a staff recommendation to combine the Communications and Public Relations and External Affairs divisions. The board also approved the appointment of Kelly Green to be the first director of this combined division. Mr. Lee congratulated and expressed excitement for Ms. Green in this new role and thanked both the Communications and Public Relations and External Affairs divisions for all of their hard work during this last open enrollment period.

Executive Director's Update

Mr. Lee briefly noted that there will be a lot of material to cover in this meeting. He highlighted Covered California press releases in the media clips. Mr. Lee noted that the reports and research includes a survey that Covered California conducted in November on the impact of COVID-19 on Californians. This research was powerful and showed that a quarter of Californians knew someone who died from COVID-19. The pandemic is also having a huge impact economically and in health status of Californians. Lastly, Mr. Lee also noted the reports and research also includes a statement that Mr. Lee issued on November 25, 2020 regarding an action by the current administration to issue proposed rules on benefits and payment parameters.

2021 Board Meeting Dates: Mr. Lee presented the Covered California board meeting dates for 2021, with five of the meetings scheduled as only a possibility.

2020 Special Enrollment Period (SEP) + 2021 Open Enrollment Update: Mr. Lee stated that Covered California is now two-thirds of the way through open enrollment. There is both good news and bad news for what Covered California has seen so far. The good news is that there are big enrollment numbers. There are more people that are either renewing their coverage and picking a plan, or newly selecting a plan, than Covered California has ever seen before, about 1.6 million. The bad news is that this is the product of the recession. Mr. Lee noted that the growth is due to Covered California opening their doors wide open from March through August in a SEP to ensure that everyone affected by the pandemic could obtain coverage. As of December 31, 2020, 541,000 people signed up between special enrollment in 2020 and those newly signing up during the most current open enrollment period. This has been the largest figure for

new sign-ups since the end of a preceding open enrollment period in Covered California's history.

Covered California has also seen a steady increase in the diversity of new consumers who sign up during the special and open enrollment periods. Sixty-six percent of enrollees represent communities of color, which is a 60 percent increase from 2015. These demographics include Latinos, Asians, African Americans, and people of other races. The latest enrollment data also highlights Covered California's critical role in helping low-income Californians get access to health care. These Californians have been hit the hardest by the COVID-19 pandemic. In addition, Covered California has seen people who are in economic need being able to receive subsidies to both get and keep health care coverage. At the same time, Covered California has seen that about five percent of enrollees make between 400-600 percent of the federal poverty level (FPL).

Covered California Data and Research

Mr. Lee noted that at every board meeting, Covered California has committed to sharing data and would like to start the year by providing an overview of the ways that data has been used, collected, analyzed, and shared in 2020. He then introduced Isaac Menashe, Deputy Director of Evaluation and Research, to provide a road map of what Covered California has done as far as data and research.

Mr. Menashe stated that Covered California's in-house data and research efforts span across a range of areas, including partnership among internal divisions and with both vendors and outside collaborators. The key themes that are included are making data available to the public, performing focused analyses of emerging policy issues, surveying members, evaluating program operations, and conducting rigorous analysis for policymakers and the research community.

Transparency is a core value for Covered California, and making regular, detailed data available about the program is a key priority. Some key 2020 efforts included regular releases of enrollment profiles, 2020 special enrollment plan selection profile, and state subsidy analysis and reporting.

In addition, whenever possible, Covered California seeks to inform its policy and operations with the best evidence on critical issues that will impact consumers. A couple key examples from 2020 included risk profiling of new SEP enrollees to inform Qualified Health Plan (QHP) re-certifications and tracking income changes and member exits during the recession. By partnering with the Office of Statewide Health Planning and Development (OSHPD) and leveraging the California Health and Human Services innovative approach to data sharing, Covered California was able to provide timely insight into the risk mix of the COVID-19 SEP population just in time for the annual review of proposed rates during QHP re-certification for 2021.

By combining survey and administrative data, Covered California was able to get an early lead on the increased exits to Medi-Cal and un-insurance being prompted by the pandemic and the recession. Covered California undertakes a comprehensive program of survey research to ensure its policies and operations are informed by rigorous

evidence on consumer attitudes and experiences. Mr. Menashe then reviewed a non-exhaustive list of surveys from 2020. The 2020 Member Survey was designed before the pandemic hit and focused on learnings related to the new state subsidy program. For example, among consumers over 400 percent of FPL, the likelihood to recommend Covered California in 2020 was much higher if consumers were aware that they were receiving financial help. The 2020 Special Enrollment Period Member Survey provided quick turn-around assessment of how Covered California's members were responding to COVID-19, along with profiling the new SEP cohort.

Covered California does strive to implement policies effectively. Where possible, Covered California implements trials and rigorous evaluations to build a cycle of continuous improvement. In 2020, Covered California partnered with Franchise Tax Board to send mailers to consumers alerting them about the new state mandate penalty and test which agency identity on the envelope would lead to higher response rates. Furthermore, Covered California's Policy and Marketing teams have partnered to identify the most effective messaging across the range of calls to action. Each fall, consumers must update their consent for verification of their application information or be at risk of losing their tax credits upon renewal. This year, in a rigorously designed test, Covered California learned that a third email reminder does, in fact, significantly increase consumer response.

Led by Chief Actuary John Bertko, Covered California also provided an early assessment of the potential impact of COVID-19 premiums. While the data on deferred and delayed care that eventually emerged offset the costs in many markets, the analysis helped spark the conversation of appropriate policy to cover these costs at a critical juncture in rate-setting for 2021.

Covered California also has been documenting the impact of the new state subsidies for those earning 400-600 percent of FPL. Analysis of the state subsidies showed their dramatic impact for this population and also revealed the need to encourage off-exchange enrollees to fully explore their options to potentially benefit from new financial help.

Thanks to Covered California's member survey, churn is documented in a comprehensive way, helping to remind policymakers of the importance of the marketplace as part of the fabric of coverage.

California both implemented a COVID-19 related qualifying life event and engaged in an aggressive outreach and marketing campaign to make consumers aware that they might qualify. By comparing the experience observed in the Federally-Facilitated Exchange (FFE), California offered a contrasting example for ways marketplace administrators could respond to the pandemic.

During open enrollment for 2019, the Service Center undertook an impressive effort to call consumers who had been found eligible but had not yet picked a plan. After a rigorous evaluation undertaken in 2020, Covered California has learned that it worked, especially helping Spanish-dominant speaking and county-referred consumers.

Similarly, in the area of health care plan choice, Covered California recently shared the results of a 2019 outreach effort designed to improve choice quality, encouraging Cost-Sharing Reduction (CSR) eligible consumers to take-up Enhanced Silver 87 and 94 plans with a lower premium and better coverage compared to Gold or Platinum equivalents.

Lastly, Mr. Menashe noted that teams across the organization, especially Policy and Plan Management, have been working on implementing the new data infrastructure under Assembly Bill 929 to enrich Covered California's claims and utilization information.

Board Comments: Dr. Hernandez thanked Mr. Menashe for his presentation and showed appreciation for both him and his team's work. She then asked what Covered California thinks about the trendline for net promoter scores and other factors that feed into whether or not they are getting a state or federal subsidy.

Mr. Menashe stated that there wasn't a lot of movement in the overall net promoter scores. Therefore, the focus this year was on subgroup analysis to learn from particular segments. This is something that is done once or twice a year and is an area that Covered California continues to look for ways to improve in.

Mr. Lee asked Mr. Menashe that if sometime in 2021, there could be a data brief for the board, staff and for the public specific on net promoter scores and focusing on trends. It's fascinating and shows where Covered California is excelling and what it can do to improve in other areas.

Mr. Fleming asked Mr. Menashe if he has an agenda to look at the number of people whose income didn't change and didn't enroll in Covered California. This group of people could be filing their taxes and realize that they could have saved a lot of money. It could push to a policy issue, but he wanted to know if that was something Covered California is tracking.

Mr. Menashe stated that the California Health Care Foundation is partnering with a team at Harvard to undertake a third round of a survey that has previously been done in California and has been presented to the board. This survey will be on partnering with carriers to serve a both on and off-exchange in order to find out how consumers are making that decision and who is enrolling on versus off exchange. It is scheduled for early this spring. Also, after Assembly Bill 929 is fully implemented, Covered California should have more insight into the movement of consumers on and off the exchange and what those migration patterns are. Lastly, the tax filing information is needed from the consumer to gain some insight on who is reconciling during tax season.

Mr. Fleming thanked Mr. Menashe and noted that this group might not even know this exists and Covered California might have to consider some policy issues around that.

Mr. Lee noted that the range of ways that Covered California collects, analyzes, and looks at data is to inform what Covered California is doing in terms of plan negotiation. It also helps to inform and shape policy at the state and federal level. One of the things that the team is looking at right now is access to care and utilization for people in Bronze versus Silver plans. Among other things, this is an example of what Covered

California is working on to inform the incoming Biden administration who are looking to expand subsidies.

Dr. Hernandez commented that there was an exposure notification application rolled out and that it's recommended for state agencies in order to conduct tracing for COVID-19. She asked Mr. Lee if the team has discussed this application and how to spread the word that it exists.

Mr. Lee stated that this application has been talked about but hasn't really been looked at. At the very least, this should be communicated to all of Covered California's enrolled members. Mr. Lee noted that he downloaded the application but getting the word out about it is very important. Covered California is working closely with the Department of Public Health on what they are doing for vaccine communication and this might be something that Covered California works with them on.

Dr. Hernandez noted that the application has been incredibly successful, and Covered California should explore ways to spread the word.

Public Comments: Diana Douglas with Health Access California stated that they are very pleased to see the record enrollment numbers and believe it is due to Covered California's flexibility and the extension of the SEPs throughout the pandemic. Furthermore, Health Access is happy to see Covered California functioning as the safety net it has intended to be during these difficult times. For the data and research portion, the data on member exits and transitions was extremely helpful. It would be very helpful if Medi-Cal produced information similar to what Covered California produces. The one number that stood out to her specifically was the 24 percent leaving Covered California to be uninsured and how much it shows that there still is so much work to be done on affordability. Finally, Health Access appreciates the data on outreach because it shows how specific target marketing can bring them closer to universal enrollment.

Mr. Lee agreed with her observations and noted that in the pandemic, while about the same percentage of people are leaving each month, about seven percent went to be uninsured historically. During this pandemic, there has been a large increase in those that went to be uninsured. No one wants to be uninsured during a pandemic, but if they were facing major drops in income, they were choosing to be uninsured. This does flag issues around affordability and is one of the reasons the Biden administration is proposing revamping the subsidy levels of the Affordable Care Act (ACA) in order to address that issue. Mr. Lee thanked Mr. Menashe for his presentation.

State and Federal Policy/Legislative Update

On the federal side, Mr. Lee noted earlier that right before Thanksgiving, the U.S. Department of Health and Human Services (HHS) proposed new payment regulations. Covered California commented on these regulations and there are three areas that Covered California believes are ill-considered. First, HHS proposed to lower the user fees in the federal marketplace. Mr. Lee noted that this doesn't apply to Covered California. There is about a 3.25% premium assessment to fund all of Covered California's marketing, outreach, and service center work. This leads to more

enrollment, a lower risk mix, and a lower overall premium. The federal government proposed lowering their assessment from 3 percent to 2.25 percent. This is based on HHS' assumption that they don't do any marketing. HHS also proposed for states to choose if they will no longer have a public enrollment function and allow private brokers to promote non-ACA compliant products. This wouldn't apply in California, but Covered California did raise its concerns about the public functions of making a marketplace work well. Finally, HHS proposed to codify 2018 guidance that introduced new, less restrictive interpretations of the requirement to meet the statutory guardrails listed in Section 1332 of the ACA. It would allow states to undercut consumer protections that were put in place by the ACA and prior guidance, while encouraging cheaper, less-comprehensive non-ACA compliant products. Covered California commented that these were problematic.

On the federal front, there is the COVID-19 bill.

On the state front, there are a couple of bills that Covered California will continue to track throughout the legislative session. Mr. Lee did note that the Governor's 2021 Budget was released on Friday, January 8. The budget preserves the Covered California health insurance subsidies for middle-income households enacted by the 2019 Budget Act by providing $405.6 million for state premium assistance for the 2022 plan year. The budget bill language requires the 2022 program design to align with the 2021 program design and allows the board to make technical and conforming changes. It also proposes $600 stimulus payments to individuals under an immediate package and provides $5.7 billion to respond directly to the COVID-19 pandemic, at least 75 percent of which will be reimbursed by the Federal Government. Additionally, it reintroduces a $1.1 billion funding proposal for California Advancing and Innovating Medi-Cal (CalAIM). The budget proposes establishment of the Office of Healthcare Affordability to address provider consolidation, regional cost differences, and cost targets for all sectors as well. About $372 million is appropriated to expedite the delivery of COVID-19 vaccinations and it establishes a Center for Data Insights and Innovation within the California Health and Human Services Agency (CHHS). Furthermore, the budget introduces an initiative specifically addressing health equity and an initiative within the Department of Managed Health Care (DMHC) to address health plan quality in the area of health equity. Lastly, it introduces an initiative to strengthen health information exchanges among health plans, hospitals, medical groups, testing laboratories, and nursing facilities.

Presentations from Covered California Qualified Health Plan (QHP) Issuers

Mr. Lee noted that Covered California has had eight plans present thus far to both the board and the public and introduced the three plan presenters for this meeting: Chinese Community Health Plan, Valley Health Plan, and Western Health Advantage. He noted that these carriers would be providing a plan overview, current successes and challenges in Covered California, COVID-19 responses, and what's coming on the horizon. Chinese Community Health Plan serves the San Francisco and San Mateo Counties, with about 20 percent enrollment in those regions. Also, the Valley Health Plan serves Santa Clara County with almost 30 percent enrollment in the region, and

the Western Health Advantage Plan serves both the North Bay Area and the Greater Sacramento Region with about 7 percent enrollment in those areas.

Chinese Community Health Plan
Mr. Lee handed it over to Dr. Craig Reich, Medical Director, and Wil Yu, the Chief Operating Officer of Chinese Community Health Plan. Dr. Reich began with a brief overview of their health plan. Chinese Community Health Plan was created in the early 1980s as a result of discriminatory practices against Chinese physicians. It was developed to support these local physicians so that they had members in a specific health plan that they could see. The plan services San Francisco and northern San Mateo and currently has 16,000 members, with about 5,000 from Medicare, 9,000 from Covered California and 2,000 from off the exchange.

Dr. Reich noted that they strive to be an integrated system which consists of the health plan, the medical group, and Chinese Hospital. They work with Jade, which is a Chinese Medical Group with primary care physicians predominantly in and around Chinatown. Jade is assigned about 60 percent of their commercial membership which includes on and off-exchange. Hill physicians is assigned the other 40 percent of commercial members. Additionally, Chinese Hospital has four clinics with employed staff and these clinics are contracted with many different insurances, including Chinese Community Health Plan. Chinese Hospital is a 54-bed in-patient hospital that also includes skilled nursing facilities that are working with both Zuckerberg and the county.

The strengths of this health plan are its small size, adaptability and mobility, language and culture, the large volume of in-person services, care coordination, and high adherence rates to medications in particular. Some of the plan's successes include well managed utilization and the steerage to Chinese Hospital with favorable contracting. In addition, Dr. Reich stated that they are above the 90th percentile for the following measures: assuring patients with diabetes receive appropriate medications, assuring appropriate treatment for acute bronchitis, and appropriate usage of imaging for lower back pain.

On the other hand, the plan does have significant challenges. While language and culture are a strength, they can also be a weakness and a challenge. Unfortunately, they don't have many providers that are familiar with both the language and the culture to cover the memberships. The plan also struggles with low visitation rates amongst the commercial population and they don't perform as well as they would like on surveys such as the Consumer Assessment of Healthcare Providers and Systems (CAHPS). Finally, they face sub-optimal provider coding and diagnosis capture, absence of pay for performance mechanism for Jade providers, and a lack of negotiating power in contracting due to the small size of the plan.

Next, Dr. Reich covered the plan's areas of opportunity. The following areas have room for improvement: breast cancer screening, antidepressant medication management, access to care, care coordination, annual monitoring for patients on persistent medications, and member satisfaction measures.

Dr. Reich then discussed the effects that COVID-19 has had on their system. The Chinese community, especially in Chinatown, was well prepared and adherent to the

restrictions put in place due to the pandemic. There have been relatively low incidents of COVID-19 and very few hospitalizations. However, there has been a decrease in member visits and out-patient procedures in 2020. Lastly, they saw a moderate increase in telemedicine, but it's nowhere near what is expected.

There are a few things coming on the horizon for Chinese Community Health Plan. Some of these include a new commercial product in 2021 called "Balance," a new $0 premium Medicare product in 2021, a pay-for-performance program for Jade providers, new claims and quality platforms, the strengthening of the analytics department, and the beginning process for examining the National Committee for Quality Assurance (NCQA) Certification.

Board Comments: Dr. Hernandez thanked Dr. Reich for his presentation and was wondering what their strategies are for addressing their challenge of recruiting primary care physicians. She also asked about their Consumer Assessment of Healthcare Providers and Systems (CAHPS) score and what Dr. Reich believes is the cause of their low performance rating.

Dr. Reich stated that they are constantly recruiting primary care physicians and there are some politics involved in it. There was a fracture in the original physician group that occurred about four years ago and the mass majority of the physicians went with the other group, and not Jade. Also, there are issues with providers trying to contract with Chinese Community Health Plan, but they are currently working through those issues. Both parties would like to forge a future together, but there are some issues that still remain. They are optimistic that they will have a resolution to these issues by the end of this year and it will fill the gap with the lack of primary care physicians.

Dr. Hernandez thanked Dr. Reich for the explanation and stated that she was unaware of the issues that the plan was facing. She hopes that they can find a solution.

Dr. Reich stated that the members in the Medicare group feel that nothing is ever perfect and there can always be an improvement. The biggest problem that the plan faces in terms of member satisfaction is the fact that 70 percent of the Medicare population are seen by individual practitioners that practice out of very small quarters in Chinatown. The circumstances of those practices aren't ideal for the modern world and there has been a reluctance to move into group clinics with more space and comfort for their members. The second problem is access to care. Since the plan has relatively few primary care physicians providing care, members can be waiting a long time to be seen. They are hoping that in 2021, there will be some type of solution to this fracture and that they will gain more primary care physicians to give members more access to care.

Valley Health Plan
Debra Halladay, Chief Operations Officer, introduced herself and noted that Dr. Ghislaine Guez, Chief Medical Officer, was experiencing some technical difficulties. Ms. Halladay thanked Covered California for the opportunity to talk about Valley Health Plan. This Health Plan is owned and operated by the county of Santa Clara and has been in business for 35 years. Its mission has been to ensure both high-quality and affordable health care. Valley Health Plan currently represents the commercial group population, Covered California, and Medi-Cal. The plan also provides care for the

uninsured through a primary care access program sponsored by the county. Ms. Halladay noted that Valley Health Plan built its Covered California network using the safety net providers in Santa Clara County as the centerpiece for the work that they do. The county owns Santa Clara Valley Medical Center, O'Connor Hospital, and St. Louise Regional Hospital. The plan has a very strong partnership with an organization called Community Health Partnership, which sponsors and supports ten community-based organizations with 40 locations around the county. Ms. Halladay noted that they provide care for a very culturally diverse population as well.

Ms. Halladay stated that Valley Health Plan has been with Covered California since its inception. It has been consistently offering the most affordable premiums in their region and it currently covers a total of 21,437 people insured through Covered California. Additionally, Valley Health Plan holds the second largest market share for Covered California members in Santa Clara County.

Dr. Guez introduced herself and apologized for the technical difficulties on her end before she covered the successes and opportunities for Valley Health Plan. Some of their successes include performance above the 90th percentile for antidepressant medication management, assuring appropriate medication for patients with diabetes, assuring patients with diabetes are protected against kidney failure, and annual monitoring for patients on persistent medication. Valley Health Plan's areas of opportunity include performance below the 25th percentile for engagement of alcohol and other drug abuse treatments, access to care, care coordination, well-child visits in members 3-6 years of age, and assuring appropriate treatment for acute bronchitis.

Next, Dr. Guez covered Valley Health Plan's response to COVID-19. The health plan has provided outreach to their high-risk members, removed certain prior authorization requirements, provided prior authorization extension, suspended copayments for COVID-19 screening and testing, removed barriers to discharge, restructured their Utilization Management, and integrated and expanded their Case Management department. Valley Health Plan also provided telehealth to broaden member access to providers. They sent letters to both their members and providers informing them of this option as well. Furthermore, Valley Health Plan extended their efforts to inform their members about COVID-19 through social media, their member newsletter, and through their plan's website.

Ms. Halladay then provided an example of some of the outreach that Valley Health Plan does for its providers. They have found that providers are struggling to stay up to date with all of the information that is constantly coming in regarding the pandemic. As a result, Valley Health Plan has created a provider bulletin as well as provider updates. These both are on the web and are sent to the providers directly.

Dr. Guez closed out with what's coming in the future for Valley Health Plan. They plan to continue to build the direct network, improve their technology to support Utilization Management and Case Management, focus on reducing health disparities, continue to remove barriers in the setting of COVID-19, and to work towards a National Committee for Quality Assurance (NCQA) Accreditation.

Western Health Advantage
Dr. Khuram Arif, Chief Medical Officer, started off by introducing himself and thanking Covered California for having him. He provided a brief overview of Western Health Advantage. It is a local health plan in Northern California and was designed to be an alternative to the typical Health Maintenance Organization (HMO). Western Health Advantage was created through a coalition of doctors and hospitals in Northern California and is a non-profit, public benefit corporation with a mission to expand access to health care and respond to the changing needs of its members, providers and community to improve the health and wellbeing of all. The plan serves over 100,000 group and individual members in nine Northern California counties, with 9,5000 being Covered California members. It also has nearly 260 Sacramento-based employees who live and work in the communities that the plan serves. Western Health Advantage has a commendable National Committee for Quality Assurance (NCQA) Accreditation as well and has been a participating plan in Covered California since 2013.

Dr. Arif then dove into the successes of Western Health Advantage. He stated that an important part of their plan's design is that they fully capitate their medical groups and hospitals for in-network care. This is important because it makes their providers very sensitive to appropriate utilization and produces high-quality care. They also have medical groups and physicians or operational leads on the Western Health Advantage Quality Committee. Their most recent successes include a rapid increase in virtual visits for medicine and behavioral health, a reversal in a COVID-19 related drop for in-person clinic visits, a 2020 Quality Health Plan (QHP) rating in the 50th percentile, and a 2020 Consumer Assessment of Healthcare Providers and Systems (CAHPS) health plan rating of four stars.

Next, Dr. Arif discussed Western Health Advantage's areas for opportunity and improvement. The plan is focusing on the following areas: breast cancer screening, alcohol and drug abuse treatment, comprehensive diabetes care, all cause readmissions, care coordination, flu vaccine for adults, adult BMI, adolescent weight assessment and nutritional counseling, and annual monitoring for patients on persistent medication.

Western Health Advantage has made some changes in response to the COVID-19 pandemic as well. Behavioral health, primary care, and specialty medicine visits have all been offered virtually. The plan has immediately made 90-day prescriptions available at the pharmacies and continues to do so. Also, there are zero copayments for any testing, screening, or treatment for COVID-19. There isn't a copayment needed for flu shots at the pharmacies either and they plan to have a zero-dollar copayment once the COVID-19 vaccine is approved and available at their offices and pharmacies. Western Health Advantage has implemented drive-up flu clinics and provided vaccination reminders with safety precautions at the doctor's office.

In the future, there are a few things that Western Health Advantage will be implementing. Teladoc is one of them, which is a 24/7 Virtual Urgent Care for their members. They will also be introducing a Rx locking cap that controls the prescription bottle lock and Virta Health, which is a tele-nutrition program for members who have diabetes. Lexis Nexis has joined Western Health Advantage to help identify the social

determinants of health and to help figure out ways to keep their member's contact information up to date. Lastly, Western Health Advantage launched a new value-based Pay for Performance (P4P) program. This program includes the removal of high performing measure incentives, the increase of low performing measure incentives, the addition of behavioral health and well child incentives, and the addition of social determinants of health (SDOH) incentives.

Board Comments: There were no comments from the board. Mr. Lee took the time to thank all three plans for their presentations and mentioned that the board will be discussing how these presentations are done in the future meetings. He noted that it is very important to hear from plans directly and it can be a challenge with the amount of time that is allocated for the board meetings.

Public Comments: Doreena Wong from Asian Resources, Inc. congratulated and expressed excitement for Ms. Green and her promotion. She also commended Covered California for stepping up in this difficult year and saw the differences that their efforts made for lower-income communities and people of color. Ms. Wong stated that Asian Resources, Inc. is proud to be partnered with Covered California and to help achieve another successful year. Additionally, she commended Covered California for its in-house data and research projects. It helps support the needs of California's uninsured population, especially with the research around the trends of people leaving Covered California. Ms. Wong expressed support to see the results of Covered California's outreach efforts. It helps to provide a better understanding of Covered California's enrollees and has been helpful. Lastly, she expressed excitement for future data and research surrounding enrollee trends.

Agenda Item V: Covered California Policy and Action Items

Discussion Item: Proposition 22 – Covered California Implementation and Proposed Emergency Regulations

Brandon Ross, Director of the Office of Legal Affairs, stood in for Katie Ravel, Director of the Policy, Eligibility and Research Division, to provide an overview of Covered California's responsibilities and implementation efforts under Proposition 22. This proposition requires network companies to provide a health care stipend to qualified app-based drivers on a quarterly basis, based on certain criteria. The stipend amount is tied to the average statewide monthly premium for an individual Covered California Bronze health insurance plan. Covered California must post the average statewide monthly premium for a Bronze plan annually. In addition, Covered California may adopt and amend regulations to allow drivers to enroll in health plans through Covered California.

Mr. Ross further explained the stipend eligibility. The eligibility for the health care stipend is assessed quarterly, based on engaged time, which is the time from accepting rideshare to time completed.

He noted that app-based drivers who enroll in coverage through Covered California will be eligible for the federal premium tax credit, cost sharing reduction, and the California

premium subsidy as long as they meet eligibility requirements for those programs. The app-based driver health care stipend will be counted as income for purposes of eligibility for those premium credits.

Next, Mr. Ross provided an overview of the methodology for calculating the average statewide monthly Bronze premium. Since the November board meeting, Covered California has published the 2020 average Bronze premium. Covered California already calculates the average statewide monthly Bronze premium on the average Bronze premium for a 21-year-old published by Covered California for the individual mandate penalty. This was then adjusted by the average age of Covered California enrollees and then Milliman was engaged to review calculations for completeness and accuracy. The average statewide monthly Bronze premium for 2021 is $499 and the stipend is tied to the average ACA contribution of the posted premium, defined as 82 percent of the premium, or $409. Drivers who average 25 hours or more per week would receive at least 100 percent of the average ACA contribution for each month in the quarter, or $409 per month. Any drivers who average at least 15 hours per week would receive at least 50 percent of the average ACA contribution for each month in the quarter, or $205 per month.

Next, Mr. Ross discussed Covered California's implementation activities for Proposition 22. Covered California is currently developing criteria for a SEP for qualified app-based drivers and a service to provide a proof of enrollment statement for drivers enrolled in a health plan through Covered California.

Lastly, Mr. Ross presented the regulatory text for the average statewide monthly premium, which is based on the previously-mentioned methodology.

Mr. Lee noted that Covered California has several other Prop 22 implementation activities that Terri Convey, Director of Outreach and Sales, is leading to inform app-based contractors that this benefit exists and is available to them. Also, Covered California is working to model and assess what this means for different drivers. Covered California is wondering how many people will be enrolling now with Proposition 22. There have been a wide range of estimates, but that number can't be provided right now. Mr. Lee hopes to have more answers regarding this question at March's board meeting.

Board Comments: Mr. Torres expressed frustration with this issue. These companies spent $200 million to pass Proposition 22 and the drivers will still not be eligible for sick leave or worker's compensation. They have also increased their rates by 24 percent. Mr. Torres urged that Covered California hold them accountable for making sure that their workers have access to health care. The companies have been greedy, and the drivers have suffered. Now, those in California might have to pick up a cost that they refuse to pay if these drivers become ill.

Mr. Lee reiterated to Mr. Torres that the drivers will be receiving, if eligible, $409 if they work more hours and can combine it with the subsidies. Covered California wants to ensure that every single driver that is eligible gets enrolled and receives coverage. The app-based companies will be held accountable that the benefits are provided and that their drivers know about those benefits.

Mr. Torres noted that he doesn't want to see taxpayers in California subsidizing these companies because they refuse to support their workers to the full extent of the law. He also thanked Mr. Lee for his leadership on this issue.

Mr. Lee stated that there is a formal regulatory action that will be coming back in March, but there has been a lot of very good work done by the staff at Covered California to make sure that drivers can get the largest subsidy possible from their employers. He also noted that this is a complex issue because these stipends are treated as income.

Public Comments: Jen Flory with Western Center on Law and Poverty acknowledged Mr. Torres' comments and appreciated the anger towards this issue. She expressed appreciation for the efforts to inform drivers of these benefits. They do believe that outreach efforts will likely pull in people who are Medi-Cal eligible for subsidies at lower levels because many workers aren't getting sufficient hours or receiving a lot of income. Ms. Flory noted that it's much appreciated if there are any efforts that can be done to track how many drivers are actually receiving support from their employers versus how many aren't.

Diana Douglas with Health Access California commented that they did review everything that was proposed, and it is consistent with the ballot measure. She added that the subsidies will also count as income for personal income tax and employer-paid health insurance. Finally, she noted that there is pending state litigation to overturn this proposition and things might change moving forward.

Mr. Lee stated that things do change, and the Trump administration just issued the proposed benefit design rules that were mentioned earlier. This is unfortunate and there is no question that the Biden administration will take action to put on hold and revise these rules. It is a parting shot to impede administration that wants to build on the ACA. Covered California will be of service to the Biden administration and provide support and comment when possible.

Discussion Item: 2022 Qualified Health Plan Contract and a Process

James DeBenedetti, Director of Covered California's Plan Management Division, presented the 2022 QHP Contract and Certification Process. Mr. DeBenedetti began with a brief overview of the three information items. First, was the model contract for 2022 which is a steppingstone for a greater transformation for 2023. The areas to focus on are Attachment 7, which is the quality improvement and delivery system reform section, and Attachment 14 where the current set of performance penalties will be getting phased out and replaced with the Quality Transformation Fund in 2023. There are also some minor changes that relate to changes in state and federal policy. For the 2022 certification application, 2022 it looks similar to previous years. Covered California is allowing new plans in for 2022, but they have to keep in mind that 2023 is a brand-new year. All plans, whether new or continuing, will be treated the same and will all be reviewed as new plans. Additionally, for 2022, there is finally enough room in the actuarial value of some plans to consider enhancing its benefits, instead of decreasing them. For the benefit design, the focus will primarily be on reducing deductibles and out-of-pocket maximums for various levels of the Silver plan.

2022 Qualified Health Plan Issuer Model Contract

Mr. DeBenedetti gave a brief summary of what Covered California is looking to change for 2022. Their approach has been to work with stakeholders over this past year to go over the theoretical underpinnings of the changes, discuss them, and then move forward to look at more concrete language and contract changes. Through this journey, Covered California has found that stakeholders are largely in agreement with the guiding principles, areas of focus, and approaches to improve the quality of care delivered to consumers. Some areas of significant change expected for 2023 include the replacements of the existing performance penalties with a Quality Transformation Fund that has significant financial incentives to provide high quality care and an expanded health equity agenda through aligned and coordinated efforts with public and private stakeholders. This also includes investments in data collection, infrastructure, and data quality. Covered California is looking to increase the focus on behavioral health and expanding population health management, including screening for social needs.

Mr. DeBenedetti briefly addressed the 2022 Attachment 7 revisions. These concepts have been highly discussed with stakeholders over the past year. Today, Covered California is actually incorporating a lot of that feedback from the stakeholders. Therefore, it is more of a second draft for stakeholders and a first draft of Attachment 7 and Attachment 14 for the board.

Next, he discussed the Attachment 14 revisions and displayed the performance standards and penalty section of the contract. It has had essentially no impact in terms of the amount of money that plans have had to pay out over several years. This is partly due to the fact that there has been a lot of credits that were available to offset these penalties, but also because there wasn't a lot of money at stake. As Covered California prepares the health plans for transition to the Quality Transformation Fund in 2023, the credits will be removed, and the penalties related to Service Center and operational metrics will be converted and loaded onto the quality improvement-related metrics. In order to maintain their performance, the focus is not going to be on penalties, but instead on public reporting where it can be easy for anyone to look up the performance of the health plans. Currently, there are about 30 percent of performance standards, money or penalties at risk for these areas. This will be increased to 100 percent with half of it related to the Quality Related System and will be the star rating system that has been discussed in the past. There is one credit left, a two percent credit for early National Committee for Quality Assurance (NCQA) Multicultural Healthcare Distinction. In addition, there is one operational metric still there, the submission of the data to the Health Evidence Initiative, which allows Covered California to review what is going on with their plans in terms of utilization.

Mr. Fleming asked Mr. DeBenedetti to clarify what the 100 percent increase is.

Mr. DeBenedetti stated that it is 10 percent of their participation fee and their fee for 2022 will likely be around 3.25 percent. As a result, it will be 0.325 percent of premium. Someone might say that this is a huge amount, but when it's compared to the Quality Transformation Fund, it is less.

Mr. DeBenedetti then moved onto the changes related to recently passed laws. For example, the Senate Bill 260 has auto enrollment from Medi-Cal into Covered California's program. Some elements of the contract were changed to account for that. There is also now the potential for significant court awards related to the cost-sharing reduction program. As a result, Covered California wanted to ensure that it was clear that court awards with a significant financial impact were treated like changes in the ACA that were unanticipated.

Lastly, Mr. DeBenedetti asked that all questions or comments be sent in by February 4, 2021. If they are not submitted before the deadline, they will not be ignored, but this gives staff time to review all of them and make effective changes to the contract. The final edits will be done and ready for consideration for the March board meeting.

Mr. Lee emphasized that this 2022 contract is a stepping stone on the way to major changes that would implement more incentives for quality. He also noted that credits were mainly given to health plans if Covered California didn't do a great job on service levels or phone service, for example. Health plans will be held accountable just as Covered California is being held accountable to the public. Mr. Lee expressed appreciation for the health plans, advocates, and clinician organizations that have been very involved in Plan Management meetings for months on these issues.

2022 Certification Application
Jan Falzarano, Deputy Director of Plan Management, was introduced to give a high-level overview of the certification process and what it means to apply in order to be a QHP.

For the 2022 Certification Application, it is an extension year to the existing contract. This means that the certification applications are open to both existing and new issues in the individual and small business product. Ms. Falzarano noted that the new issuers must be licensed at the time the application is due to Covered California. Similar to last year, the current contract's criteria will have the simple bi-certification application during this extension year.

Some modifications were also made based upon the various feedback that was received from the program areas, with most of them being of technical nature. Ms. Falzarano highlighted a few with the first one being Section 5 of the benefit design. In order to better understand how the Quality Health Plan issuers are administering the telehealth services, Covered California added an attachment that would require all Quality Health Plan issuers to report on the availability of the telehealth services to Covered California members, and also the associated cost-sharing for each one of the metal tiers. Additionally, Covered California is seeking information if the service modality is provided through the applicant's telehealth vendor or through their network provider. These are across the service lines of primary care, specialists, behavioral health, and other services as well. Another change was made under Section 14 that requires Quality Health Plan applicants to provide additional information on their agent communication and sales strategies. Furthermore, some questions were added to better understand how Quality Health Plans are messaging and providing updates to their agents, the sales tools that are being made available, and the support services that are

being made available for the agents to assist with any kind of consumer enrollment issue. Finally, there have been a lot of amendments to Section 18. It was amended in order to be in line with all of the modifications that were made in both Attachment 7 and 14.

Ms. Falzarano highlighted a couple of key dates. Covered California is accepting Letters of Intent from February 1 through February 12. These letters are non-binding, so plans aren't obligated to apply once they send in a Letter of Intent. However, it is important that plans note that applications won't be accepted if they don't submit a Letter of Intent. The applications will be going live on March 1 and are due on April 30 for both individual and small businesse applications. This includes health and dental products as well.

Public Comments: Doreena Wong with Asian Resources, Inc. commended Covered California for their openness in working with many stakeholders, including the consumer advocates and incorporating many of their recommendations in both Attachment 7 and 14. Ms. Wong expressed support for the recommended changes, as well as changes to the certification process. The telehealth capabilities will help to gain a better understanding of what specific health plan capacities are. Ms. Wong also showed appreciation for Covered California's efforts and she looks forward to working with Mr. DeBenedetti's team on finalizing the attachments to increase the quality improvement of the health plans.

Diana Douglas with Health Access California expressed her appreciation for all of the efforts to work with the advocate community on the 2022 year in order to ensure it's a meaningful transition year. Ms. Douglas supported the inclusion of the National Committee for Quality Assurance (NCQA) Accreditation requirements and the use of the Health Equity Distinction. She was also pleased to see a number of the changes to Attachment 7 implemented and was hopeful after seeing the increase metrics planned for the future years. Finally, Health Access California is interested in the potential for screening for housing and food insecurity based on income, rather than just receiving the plan-based services. They look forward to discussing how those screenings could be more effective.

2022 Benefit Design

Ms. Falzarano returned to give an overview of the 2020 benefit design. The standard benefit design is built on ten Essential Health Benefits (EHBs) that are mandated by the ACA. There are four metal tiers in the benefit design with the lowest tier starting at the actuarial value of 60 percent, the Bronze product, and the highest is the Platinum plan at 90 percent. California law mandates an allowable de minimis variation range for actuarial value of plus or minus two percent. In the fall of each year, the Office of Management and Budget (OMB) releases a draft Actuarial Value Calculator (AVC) and Notice of Benefit and Payment Parameters (NBPP). These are both used to model how benefit cost shares can be changed to ensure all plans fit within the de minimis range for each metal tier and the final for each are released in spring.

The Actuarial Value Calculator (AVC) was released the first week of December. The draft calculator for this year assumes a zero percent increase in the cost trend from 2021 to 2022, allowing room for small adjustments. Covered California uses a stair-step

approach to benefit design. Plans with a higher actuarial value and higher premium have lower out-of-pocket costs. Both the Platinum and Gold coinsurance plans remain close to the upper actuarial value de minimis range. In order to preserve this stair-step approach between metal tiers, proposed 2022 changes are only possible with the Silver tier.

Ms. Falzarano then began to go through the proposed changes of each of the metal tiers, starting with Silver 94. In this plan, the only modification that was made was reducing the maximum out-of-pocket from $1,000 to $800. For the Silver 87 plan, the medical deductible was reduced from $1,400 to $800, but the most significant reduction is to eliminate the drug deductible. Currently, in the 2021 design, it is set at $100 and so in 2022, that model can be down to $0. Next is the Silver 73 plan, and the drug deductible was reduced significantly by $225, and the drug co-pay for the Tier 1 generic drugs was decreased from $16 to $15. Lastly, for the Silver 70 plan, the cost share for primary care, behavioral health, speech therapy, and physical and occupational health therapy were reduced. Each of those visits were reduced by $5. When Plan Management staff met with the Plan Advisory group last week, these proposed benefit changes were shared, and a request was made to the health plans for the preliminary impact to the premiums if these modifications were made. One Qualified Health Plan (QHP) issuer estimated that it would be less than a one percent increase if these changes were implemented.

Board Comments: Mr. Lee paused for a moment to comment before the board members. He wanted to remind both the board and the public that at the Silver tier, their deductible doesn't apply at all to any other outpatient care right now, except for medical prescriptions. Furthermore, there are no deductibles to see a primary care doctor or for behavioral health services. Members just have to pay their co-pay, which Covered California is proposing to go down from $40 to $35. The one exception is in prescription drugs for outpatients. There is a deductible of $50. Covered California is going to work to eliminate all deductibles related to outpatient care and treatment. Mr. Lee noted that this is an important direction to move toward.

Mr. Fleming asked if there were any tests done in regard to the issue of having to adjust back and forth each year due to increases.

Ms. Falzarano believes that even with the 2021 year and moving forward, there won't be a significant impact. She noted that they feel comfortable proceeding with the modifications at this time.

Mr. Lee wanted to clarify Mr. Fleming's question. It is important and Covered California is looking at the actuarial impacts of the premiums over time to avoid having to adjust back and forth.

Mr. Fleming stated that it all comes down to the placement in actuarial value.

Ms. Falzarano noted that this will be further discussed with the actuary staff before the March board meeting.

2022 Benefit Design for Covered California for Small Business (CCSB)

Ms. Falzarano stated that there are no changes to the 2022 standard benefit design for the CCSB market, including dental. She highlighted one technical change specifically around end note #11. There was a recommendation to change the word "comprehensive" to "comparable." This was in reference to the waiting period for major services.

Ms. Falzarano also noted that staff is still waiting on the release of the final draft of the Actuarial Value Calculator (AVC) and that any additional changes between now and the March board meeting will be highlighted during the next meeting.

Mr. Lee thanked Ms. Falzarano, the carriers and advocates who have helped Covered California figure out the best benefit designs.

Public Comments: Jen Flory with Western Center on Law and Poverty aligned her comments with those of Health Access regarding the Attachment 7 and 14 discussion. Regarding the benefit design and the concerns Mr. Fleming expressed about potential adjustments issue, Ms. Flory noted that consumers have largely gone without care in 2020 and that the benefit should go back to consumer by keeping those MOOPs as low as possible. Additionally, with the changes in the federal administrations and Senate, she has hope to make some other improvements federally. While 2023 is still uncertain, she urged staff to do what they can to keep as many benefits in the consumer's hands in 2022.

Diana Douglas with Health Access California thanked Covered California echoed Ms. Flory's comments. Ms. Douglas also expressed support for the proposed benefit design changes, including the reduction of the medical and prescription drug deductibles for Silver 87 and the drug deductibles and copayments for Silver 73, noting that affordability remains a challenge and that these changes will provide some relief for consumers. Lastly, she expressed appreciation for Covered California's work with Health Access California on the benefit design.

Vice Chairman Fearer adjourned the meeting at 3:18 p.m.