

COVERED CALIFORNIA BOARD MINUTES  
Thursday, June 17, 2021  
Covered California  
1601 Exposition Blvd.  
Sacramento, CA 95815

*Please Note: Covered California hosted its June 17<sup>th</sup> 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**

Chairman Mark Ghaly called the meeting to order at 10:02 a.m.

**Board Members Present During Roll Call:**

Jarrett Barrios  
Jerry Fleming  
Dr. Sandra Hernandez  
Art Torres  
Dr. 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).

Chairman Ghaly called open session to order at 12:02 p.m.

**Agenda Item III: Board Meeting Action Items**

**May 20, 2021 Meeting Minutes**

**Discussion:** None.

**Motion/Action:** Chairman Ghaly called for a motion and a second to approve the May 20, 2021 meeting minutes. Vice Chair Hernandez moved to approve the meeting minutes. The motion was seconded by Mr. Fleming.

**Public Comment:** None.

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

## **Audit Finance Committee Membership**

**Motion/Action:** Chairman Ghaly called for nominations to the two-member audit finance committee. Vice Chair Hernandez nominated Mr. Fleming; Mr. Barrios nominated Dr. Hernandez to continue to serve on the committee.

**Public Comment:** None

**Vote:** The action was approved by a unanimous vote of those present, with Vice Chair Hernandez and Mr. Barrios each abstaining from their respective nominations.

## **Agenda Item IV: Executive Director's Report**

### **Announcement of Closed Session Actions**

Peter V. Lee, Executive Director, stated that the board met in closed session to discuss contracting, personnel, and litigation matters. Mr. Lee noted that the board approved the continuation of the existing navigator program under its current structure. Executive Director's Update

Mr. Lee highlighted a report that was issued last week by the Assistant Secretary of Health and Human Services for Planning and Evaluation on national enrollment in marketplaces and Medicaid. Mr. Lee noted that enrollment in marketplaces has been flat for about four years. However, it has now grown by 1.6 million. In terms of Medicaid expanded enrollment, it's grown by 2.5 million. Through the Affordable Care Act, there are now about 31 million Americans who are covered.

Mr. Lee noted that Covered California will be releasing enrollment figures on Monday, June 21 along with the launch of the unemployment benefits.

**2021 Board Meeting Dates:** Mr. Lee presented the Covered California Board meeting dates for 2021, with two of the meetings scheduled as only a possibility. Mr. Lee noted that in fall 2021, there is a possibility that there will be a transition back to in-person board meetings.

### **Covered California Data and Research**

Katie Ravel, Director of Policy, Eligibility and Research, gave an overview of the consumer research that Covered California has conducted to inform the implementation of the American Rescue Plan.

Ms. Ravel began by presenting the findings of two research projects that focused on converting off-exchange consumers to on-exchange and current members who can upgrade their coverage from the Bronze plan to the Silver tier.

The first research project was conducted through in-depth interviews with ten off-exchange consumers likely to benefit from financial help available through the American Rescue Plan. Consumer respondents represented a diverse background in race, ethnicity, age, and household income. In-depth interviews were also conducted with six insurance agents who have an off-exchange book of business and certification to enroll consumers in Covered California.

Next, Ms. Ravel explained some of the key takeaways from the in-depth interviews. Off-exchange consumers stated that they would like to spend less on health insurance, and their biggest barrier is that they don't think that they would ever qualify for financial help or coverage through Covered California. Also, Covered California found that it will be difficult to get people to act before open enrollment. Ms. Ravel noted that consumers do not have a lot of motivation to switch in the middle of the year when they are already covered off-exchange. In addition, Covered California found that carriers are important messengers, and for some consumers, health insurance agents are key to both outreach and enrollment. Lastly, Ms. Ravel emphasized that consumers want detailed qualifying information, not just messaging.

For the second research project, in-depth interviews were conducted with 16 consumers who were enrolled in Bronze plans through Covered California for 2021. Consumer respondents represented a diverse background in race, ethnicity, and household income. In-depth interviews were conducted with eight health insurance agents from across the state as well. All agent respondents had certification to enroll consumers in coverage through Covered California.

Ms. Ravel highlighted some of the key takeaways from this project as well. Covered California found that consumers' main objective is to find the plan with the lowest monthly premium. This focus on lower premiums is driven by priorities and budget constraints. In addition, consumers expressed that they would enroll in a Silver plan if it costs the same as the Bronze plan, however, they are not likely to upgrade on their own. On the other hand, Ms. Ravel stated that consumers are open to the idea of auto-enrollment in Silver, but they would want to retain some agency. Ms. Ravel also noted that if Covered California were to take action and try to move consumers into a Silver plan, it is important to communicate with consumers about their health savings accounts and to be mindful of the potential for increased tax liability.

Ms. Ravel closed by noting that Covered California is taking its findings from the interviews into consideration when moving Bronze enrollees into higher coverage and when working with carriers to design initiatives to move consumers from off-exchange to on-exchange.

## **State and Federal Policy/Legislative Update**

Mr. Lee gave an overview of the updates on the state and legislative front. He highlighted two provisions in the state budget: the One-Dollar Premium Subsidy Program and the Health Care Affordability Reserve Fund, which will subsidize #1 per member, per month allowing consumers to pay a \$0 premium. With the establishment of a Health Care Affordability Reserve Fund, Covered California will be required to produce a report by January 2022 on the options for the use of the funding. The report must also include timelines and operational considerations for implementation. Other state budget provisions included hospital discharge data sharing, Medi-Cal coverage to undocumented older adults, the Golden State Stimulus II, and employee compensation. Lastly, Mr. Lee noted that the administration is proposing trailer bill language to extend Covered California's Emergency Rulemaking Authority for three years until January 2025.

**Public Comments:** Diana Douglas with Health Access California acknowledged the recent Supreme Court ruling to uphold the Affordable Care Act and expressed excitement to be able to continue to work with Covered California to help improve equity, affordability, and enrollment. Ms. Douglas also showed appreciation for the research projects that Covered California has conducted. Finally, Ms. Douglas stated that she looks forward to the cost-sharing report that is making its way into the final budget.

Alicia Emanuel with the National Health Law Program and the Health Consumer Alliance expressed relief for the recent Supreme Court ruling and noted that the Affordable Care Act has led to tremendous advancements for low-income consumers on Medicaid. Ms. Emanuel also expressed gratitude for Covered California's continuous funding of the navigator program and asked that Covered California continues to listen to navigators and their needs.

## **Agenda Item V: Covered California Policy and Action Items**

### **Action Item: Covered California's Proposed Fiscal Year 2021-2022 Budget**

Jim Watkins, Chief Financial Officer, gave an overview of the proposed budget and highlighted some of the changes between Covered California's May and June budget.

**Highlights of the Proposed Fiscal Year 2021-22 Budget:** Covered California's proposed operating budget for FY 2021-22 is \$403.3 million. Mr. Watkins noted that this year's operating budget provides 1,440 authorized positions, eliminates \$30 million in one-time marketing and \$11.6 million in one-time Service Center spending for pandemic outreach, redirects \$11.7 million in unallocated funds towards budget augmentations addressing mission-critical projects and priorities, moves \$16.3 million in CalHEERS amortizable expenditures into the capital project's budget, incorporates the administration's salary adjustments, and maintains a 3.25 percent assessment fee on Qualified Health Plans for plan year 2022.

**Changes to the FY 2021-22 Proposed Budget:** Mr. Watkins stated that the June budget allocates \$10 million for budget augmentation and an additional \$1.7 million that shifted from the Marketing fund to fund the \$11.7 million in budget augmentations. These include \$3.94 million set aside to pay for a restoration of the 2.5% general salary increase, \$1.91 million to support 21 additional staff, and \$5.85 million for other operating expenses.

**Recommended Approval of Covered California's FY 2021-22 Budget and 2022 Assessment Rates:** Mr. Watkins closed by recommending that the board adopt the board resolution to approve the operating budget and capital project's budget for FY 2021-22. Also, Mr. Watkins asked that the board grant the Executive Director the authority to make changes to the operating budget and that the board approves the assessment fee on Qualified Health Plans for plan year 2022.

**Board Comments:** Vice Chair Hernandez thanked Mr. Watkins and his team for their hard work on the proposed budget. Also, she expressed excitement for the health equity work that is in this budget and for the future efforts to come.

Mr. Fleming thanked Mr. Watkins and his team.

Chairman Ghaly echoed his colleagues' comments and emphasized the significance of keeping the assessment fee stable throughout the years. In addition, Chairman Ghaly stated how important it is to invest in the staff at Covered California and to reverse the staff's salary reductions.

Mr. Barrios echoed Chairman Ghaly's comment regarding the investment in Covered California's staff.

Chairman Ghaly thanked Vice Chair Hernandez for raising the health equity work that is in the proposed budget. He emphasized that this is not new, but Covered California is now naming it in their budget.

**Motion:** Chairman Ghaly called for a motion and a second to approve this action item. Vice Chair Hernandez moved it, and Mr. Torres seconded it.

**Public Comments:** Diana Douglas with Health Access California expressed support for the approval of the proposed budget and thanked Covered California for its flexibility over this past year. Ms. Douglas also expressed appreciation for the health equity work that is in the budget.

Jen Flory with Western Center on Law and Poverty showed appreciation for Covered California's concerns with the premium assessment fee. Ms. Flory expressed support for the reversal of the staff's salary reductions as well. Finally, Ms. Flory encouraged Covered California to continue to find creative ways to educate consumers through marketing efforts.

Alicia Emanuel with the National Health Law Program and the Health Consumer Alliance expressed support for Covered California's proposed budget. Ms. Emanuel noted that they are grateful for Covered California's health equity work and the Health Consumer Alliance's ongoing funding during the pandemic.

Doreena Wong with Asian Resources, Inc. echoed her colleagues' comments. Ms. Wong expressed her appreciation for the staff at Covered California for their discussions with stakeholders and navigators on how to adjust the navigator program. Lastly, Ms. Wong expressed support for addressing the health equity issues.

**Board Comments:** Mr. Torres expressed gratitude for all the hard work that has been done by his colleagues and the staff at Covered California. He noted that some of the modeling language of the navigator program will be incorporated into the navigator program for stem cell research and clinical trials.

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

**Action Item: Enrollment Assistance Permanent Regulation Package**

Angela Gilliam from the Outreach and Sales Division gave a high-level overview of the next item up for action.

**Certified Enrollment Counselor's Enrollment Assistance Program:** Ms. Gilliam requested the board's approval to complete the permanent rulemaking process for the Certified Enrollment Counselor's (CECs) Enrollment Assistance regulations. She stated that these regulations establish the process for individuals to become CECs and provide enrollment assistance to consumers. These regulations relate to background check payments, voter registration, assistance with appeals, limitations on tax assistance, and gift giving. Ms. Gilliam noted that the rulemaking package does not make any major changes to the emergency regulations that the board previously approved, and these regulations must be made permanent before December 12, 2021.

**Motion:** Chairman Ghaly called for a motion and a second to approve this action item. Mr. Torres moved it, and Mr. Fleming seconded it.

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

### **Discussion Item: Covered California for Small Business Emergency Regulations**

Terri Convey, Director of Outreach and Sales, presented the first item up for discussion before the board.

Ms. Convey stated that Covered California is proposing to expand Covered California for Small Business's (CCSB) product portfolio to allow up to four contiguous metal tier plan offerings. Currently, Covered California offers two metal tier choices to employer groups.

**Proposed Changes and Rationale:** Ms. Convey highlighted the proposed changes and the rationale behind each change. The first proposed change is that employers will no longer need to provide a billing address. Instead, employers will only be required to provide a principal business address and mailing address. Also, the employers will be able to select one, two contiguous, three contiguous, or four contiguous metal tiers. This will allow the employer and employees more health plan choices that will be beneficial for consumers. Starting August 1, 2021, if a qualifying employer is offering dental coverage to qualified employees, the employer must select a dental reference plan. The dental reference plan was added for clarification and is used to set premium contribution. Ms. Convey noted that dental has no required minimum contribution. Additionally, Covered California will require the first month's total premium payment as a binder payment for the new employer application. For new business enrollment, the employer and employee application must be submitted to CCSB five days before the requested effective date, and the social security or taxpayer identification number will be needed for the employee's application. Furthermore, the exchange's notification to QHP issuers will be updated regarding participation requirement changes due to prevailing market practice of at least 210 days. Lastly, CCSB will require a minimum participation of 70% of eligible employees and provide clarification of the 30-day grace period if premium payments are returned for insufficient funds.

**Public Comments:** Diana Douglas with Health Access California expressed support for the expansion of options for small business enrollees and aligning the CCSB plan options with the rest of the marketplace. Ms. Douglas emphasized that having a full choice among the plans and the ability to move freely between the metal tiers is ideal.

## **Discussion Item: Policy Planning for 2022 Renewal and Open Enrollment**

Ms. Ravel returned to present an overview of the proposed and amended policies for the 2022 renewal and open enrollment period. Those policies include the one-dollar premium subsidy program, the proposal to automatically move certain Bronze enrollees into Silver plans, and the state premium subsidy program.

**One-Dollar Premium Subsidy Program Overview:** Ms. Ravel stated that Covered California QHPs are required to include coverage for non-Hyde abortion services. Federal funds can't be used to pay for the portion of the premium for this coverage. California has addressed this by implementing a one dollar per member per month premium amount for all subsidized enrollments. Ms. Ravel noted that the Governor's May Revision proposes to subsidize one dollar per member per month at a General Fund cost of \$20 million annually to pay the non-Hyde portion of the health premium on behalf of Covered California consumers.

Assuming the adoption of the policy change, a California Premium Credit of at least one dollar per member per month will be applied to all health coverage enrollments to account for the non-Hyde abortion portion of the premium amount beginning for plan year 2022. The premium credit will apply to all members enrolled in a health plan on the exchange, including catastrophic plans. This premium credit will not apply to dental plans, however.

**Board Comments:** Mr. Barrios asked if all QHPs currently offer full coverage for abortion services as well as other reproductive health services.

Ms. Ravel stated that Mr. Barrios was correct.

Mr. Fleming asked if this would raise the issue of people not knowing that they would need to opt out of the one dollar per member per month premium.

Ms. Ravel responded that Covered California is brainstorming how to be clear in their noticing and how carriers can support. She noted that it is common for consumers with low premiums to not notice the one-dollar premium on their invoices.

**Proposal to Automatically Move Certain Bronze Enrollees into Silver Plans:** Ms. Ravel stated that Covered California is in the early stages of this proposal. Due to the increased generosity of the American Rescue Plan subsidies, there has been a larger share of marketplace enrollment obtaining one dollar per member per month coverage. Many enrollees are in Bronze plans but could obtain one-dollar Silver plans with rich cost-sharing benefits.

Ms. Ravel explained that of the nearly 405,000 Bronze enrollees, 32,000 are eligible for a one dollar per member per month Silver plan with their current carrier. This includes

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26,000 enrollees in standard Bronze plans and 6,000 in Bronze High Deductible Plans. Among the Bronze enrollees who could not get a Silver plan with the same carrier, the average per member per month difference in premium costs for a silver product is \$92. Ms. Ravel noted that an additional 39,000 Bronze enrollees could get a one-dollar per member per month Silver plan if they switched to the lowest-cost Silver plan available to them.

Based on the analysis of Bronze enrollment and consumer research, Covered California staff recommend piloting an automatic move of certain lower-income Bronze enrollees into one-dollar per member per month Silver cost-sharing reduction plans during renewal for the 2022 plan year. Ms. Ravel emphasized that Covered California would need to work internally and with their state and federal partners to ensure that this proposal meets the consumer's protective renewal requirements. This proposal will be brought back before the board in August and staff will seek approval of emergency state regulations to implement the new renewal methodology in September.

**Board Comments:** Mr. Barrios expressed support for this proposal and asked if consumers would be moved back to Bronze if the subsidy doesn't become permanent after two years.

Ms. Ravel stated that Covered California would present the option of moving them back or would conduct active outreach to make them aware that they can either stay at Silver or go back to Bronze.

Chairman Ghaly made one final comment before signing off. He thanked Ms. Ravel for the hard work on this proposal and noted that ensuring consumers have access to preventative care is very important.

Vice Chair Hernandez expressed appreciation for the research behind these proposed policies.

Mr. Fleming asked if the QHPs are supportive of this new approach.

Ms. Ravel explained that Covered California has begun initial discussions with the QHPs, but there is still more work that needs to be done with them.

**State Premium Subsidy Program Updates:** Ms. Ravel emphasized that state advanced premium subsidies will not apply in 2022 due to the generosity of the American Rescue Plan's subsidies. In 2022, consumers will be required to reconcile and repay state premium subsidy received in 2021 prior to the American Rescue Plan implementation.

**Board Comments:** Vice Chair Hernandez raised that Covered California will need to have a communication plan in place for those consumers that will be required to repay the state subsidy.

Mr. Fleming asked how many consumers fall into this category.

Mr. Lee responded that about 600,000 consumers will be subject to this reconciliation.

**Public Comments:** Jen Flory with Western Center on Law and Poverty expressed support for the proposal to move enrollees from Bronze to Silver. Ms. Flory highlighted



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that Covered California has experience with moving enrollees, and she also expressed support for the zeroing out of the one-dollar premiums.

Alicia Emanuel with the National Health Law Program and the Health Consumer Alliance expressed support for the governor's proposal to zero out the one-dollar premiums. Ms. Emanuel emphasized that this will help remove barriers to coverage. Lastly, she expressed excitement for the proposal to move enrollees to Silver plans.

Diana Douglas with Health Access California echoed previous comments and expressed support for the proposals.

Cary Sanders with the California Pan-Ethnic Health Network (CPEHN) aligned her comments with those of her colleagues. Ms. Sanders also expressed support and appreciation for the team at Covered California.

Doreena Wong with Asian Resources, Inc. echoed her colleagues' comments. Ms. Wong stated that with the new proposals, it is important to educate consumers to prevent confusion.

Faith Borges with the California Association of Health Underwriters expressed excitement for the continued financial support that is being made available and looks forward to working with Covered California to ensure any tax issues are resolved quickly.

Vice Chair Hernandez adjourned the meeting at 2:00 p.m.