COVERED CALIFORNIA POLICY AND ACTION ITEMS

August 19, 2021 Board Meeting

COVERED CALIFORNIA FOR SMALL BUSINESS EMERGENCY REGULATIONS

Linda Anderson, Chief of Operations, Covered California for Small Business

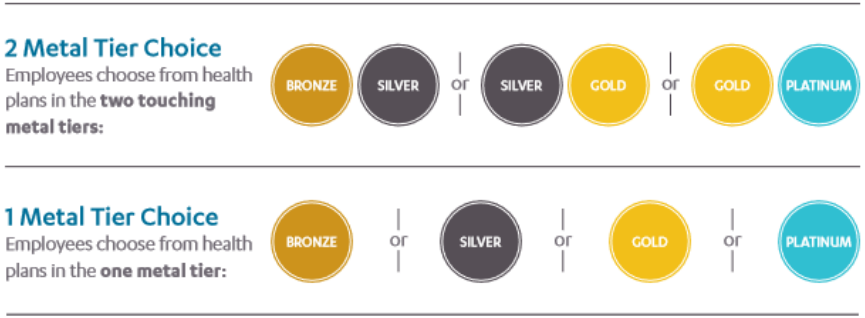
BACKGROUND

- Covered California was granted emergency rulemaking authority by the Legislature through January 1, 2022 for the eligibility and enrollment regulations for the individual and small business exchanges
- Covered California for Small Business (CCSB) is presenting emergency rulemaking for Action
- Proposed changes clarify regulatory language and update requirements related to eligibility and enrollment due to enrollment system enhancement, benefitting small business consumers
- This Emergency Regulation proposal was presented to the Board for Discussion on June 17, 2021.

BACKGROUND CONTINUED

- Proposing to expand CCSB's product portfolio to allow up to four contiguous metal tier plan offerings

Today's Metal Tier Offerings:



Additional Proposed Expanded Metal Tier Offerings to Include:

HIGHLIGHTS TO PROPOSED CHANGES AND RATIONALE

Section and Title	Proposed Changes	Rationale
Section 6520 (a)(1) - Employer and Employee Application Requirements	Employer will no longer need to provide billing address	Employer will only be required to provide principal business address and mailing address. Employer invoices will be sent to the mailing address if different from business address.
Section 6520 (a)(12)(C) - Employer and Employee Application Requirements	The employer's selection for one, two contiguous, three contiguous, or four contiguous metal tiers.	CCSB is proposing to expand contiguous metal tier options for employers that will allow employers and employees more choice. This will allow for the employer and employees more health plan choices that will be beneficial to the consumers. Aligns with the small business marketplace.
Section 6520 (a)(12)(E) – Employer and Employee Application Requirements	Effective August 1, 2021, if qualified employer is offering dental coverage to qualified employees, the employer must select a dental reference plan.	Added dental reference plan for clarification. Reference plan is used to set premium contribution. Dental has no required minimum contribution.

HIGHLIGHTS TO PROPOSED CHANGES AND RATIONALE

Section and Title	Proposed Changes	Rationale
• Section 6520 (b)(10),(11) – Employer and Employee Application Requirements • Section 6532 (a)(1),(b)(2) – Employer Payment of Premiums	Qualified employer understands that CCSB will not consider the qualified employer approved for health or dental coverage until the employer's first month's total premium payment are received.	For market and financial consistency and accuracy, CCSB will no longer accept premium payment that is between 85 to 99 percent of the total amount due. CCSB's enhanced customer portal will allow for employers to make premium payment and adjust premiums based on eligibility additions or terminations in real-time.
Section 6520 (d) – Employer and Employee Application Requirements	For new business enrollment, the employer and employee application shall be submitted to CCSB five days prior to the requested effective date.	Added new business enrollment application submission timeframe for clarification.
Section 6520 (d)(2) – Employer and Employee Application Requirements	Social Security Number (SSN) or Taxpayer Identification Number needed for employee's application.	Added SSN for clarification

HIGHLIGHTS TO PROPOSED CHANGES AND RATIONALE

Section and Title	Proposed Changes	Rationale
Section 6522 (a)(4)(A) – Eligibility Requirements for Enrollment in the SHOP	Provision has been updated to allow the QHP issuers agree to an earlier effective date for the proposed changes.	This will allow QHP issuers enough time to make any rate changes associated with the participation requirements. As well, this will allow CCSB to stay in sync with issuer's changes in eligibility requirements for the small business marketplace.
Section 6522 (a)(4)(B) – Eligibility Requirements for Enrollment in the SHOP	CCSB requires a minimum participation of 70% of eligible employees. Provided clarification for qualified employee who waives coverage that meets the definition of minimum essential coverage (MEC).	Employees that waive their coverage due to receiving health coverage elsewhere such as employer-sponsored plans, federal or state coverage, or any coverage that is defined as MEC will not count towards the employer's participation calculation. This will remove barriers for employers to participate without increasing risk of individuals enrolling without MEC. This will align with the small business marketplace.
Section 6532 (e) – Employer Payment of Premiums	Provided clarification of the 30 day Grace Period if payment is returned for insufficient funds.	Provides clarity for consumers of their grace period if premium payments are returned for insufficient funds.

NEXT STEPS

- Government Code section 100504(a)(6) requires the Board to discuss proposed regulations at a properly noticed meeting before adoption.
- Requesting the Board to formally adopt the regulation package and file with the Office of Administrative Law.

PUBLIC COMMENT

CALL: (877) 336-4440
PARTICIPANT CODE: 6981308

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POLICY PLANNING FOR 2022 RENEWAL AND OPEN ENROLLMENT

Katie Ravel, Director, Policy, Eligibility & Research Division

PROPOSAL TO AUTOMATICALLY MOVE CERTAIN ENROLLEES FROM BRONZE TO SILVER PLANS – EMERGENCY REGULATIONS

Katie Ravel, Director, Policy, Eligibility & Research Division

PROPOSED POLICY TO AUTOMATICALLY MOVE BRONZE ENROLLEES TO SILVER PLANS

As initially presented in June, Covered California proposes to automatically move Bronze enrollees into Silver during the upcoming renewal if:

- Their income is under 150% FPL.
- They can get a $0 PMPM Silver plan with the same carrier in the same product. Enrollees in Bronze HDHPs will be moved to a Silver product with the same carrier if the Silver product meets the $0 PMPM requirement.

IMPLEMENTATION CONSIDERATIONS

Covered California has engaged state and federal partners, issuers and consumer advocates in program development as follows:

- Consulted with federal Center for Consumer Information and Insurance Oversight to change Covered California's renewal methodology.
- Designed and sought feedback on a new consumer notice to clearly inform Bronze enrollees about the action taken by Covered California, the consumer's options and any actions they need to take.
- Consulted with California regulators.
  - After consultation on program implementation approach, the Department of Managed Health Care granted a limited waiver of the Knox-Keene protections that require "same product renewal" due to the consumer-centric nature of this program.
  - Consulted with the California Department of Insurance on alignment with Insurance Code requirements related to renewals.
- Developed draft emergency state regulation.

PROPOSED PROGRAM REGULATION

- Revised the passive renewal hierarchy under 10 CCR § 6498(l) to allow for auto-enrollment of certain bronze QHP enrollees into an enhanced silver 94 QHP with $0 premium at renewal, as follows:
  - Notwithstanding the process specified in subdivision (l)(1) through (5) of this section, an enrollee whose household income is at or below 150% of the FPL, who is determined by the Exchange to be eligible for APTC and CSR, and who is currently enrolled in a bronze-tier QHP shall be enrolled in a silver-tier QHP with the same provider network as the enrollee's current QHP offered by the same QHP issuer, provided that the enrollee's net monthly premium for the silver-tier QHP is $0.00.

NEXT STEPS

- Government Code section 100504(a)(6) requires the Board to discuss proposed regulations at a properly noticed meeting before adopting them.
- Staff will request the Board to formally adopt the regulation package in September so it can be filed with the Office of Administrative Law.
- Any additional proposed changes to the proposed emergency regulations for eligibility and enrollment in the individual market will be communicated to stakeholders for review and commenting prior to Action.

PLANNING FOR AUTO ENROLLMENT OF INDIVIDUALS WHO LOSE MEDI-CAL COVERAGE

Katie Ravel, Director, Policy, Eligibility & Research Division

OVERVIEW OF REQUIREMENT TO AUTOMATICALLY ENROLL INDIVIDUALS WHO LOSE MEDI-CAL COVERAGE

- California Senate Bill 260 (Chapter 845, Statutes of 2019) directs Covered California to automatically enroll individuals who lose Medi-Cal coverage and gain eligibility for subsidized coverage.
- Individuals will be enrolled in the lowest cost silver plan available, unless Covered California has information that enables enrollment with the individual's previous managed care plan.
- Enrollment is to occur before the Medi-Cal termination date.
- The first premium payment (binder payment) due date to be no sooner than the last day of the first month of enrollment.
- Covered California to provide a notice that includes the following information:
  - The plan in which the individual is enrolled.
  - The right to select another available plan and any relevant deadlines for that selection.
  - How to receive assistance to select a plan.
  - The right not to enroll in the plan.
  - Information for an individual appealing their previous coverage through Medi-Cal
  - A statement that services received during the first month of enrollment will only be covered by the plan if the premium is paid by the due date.

AUTOENROLLMENT IMPLEMENTATION TIMING

- SB 260 called for implementation no later than July 1, 2021, but implementation was delayed due to COVID-19 impacts.
- CalHEERS will be programmed to perform autoenrollments beginning July 2022.
- Covered California is considering a pilot phase prior to June of 2022 to coincide with the anticipated end of the Public Health Emergency. Goals of the pilot are to (1) test the outcomes of autoenrollment compared to outreach alone and (2) refine business or other processes, if possible, prior to full launch.

AUTOENROLLMENT IMPLEMENTATION PLANNING

Over the coming months, staff will update the Board on the following key planning efforts underway to launch the auto-enrollment program:

- Data analysis and forecasting
- Eligibility and enrollment policy and regulation development
- Consumer research
- Eligibility and enrollment system development
- Noticing and member communication development
- Coordination and planning with Department of Health Care Services
- Coordination and planning with issuers
- Program evaluation planning

PUBLIC COMMENT

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2022 QUALIFIED HEALTH PLAN AND QUALIFIED DENTAL PLAN CERTIFICATION SUMMARY

James DeBenedetti, Plan Management Division

INTRODUCTION

- All 11 existing QHP Issuers and 1 new QHP Issuer will be in Covered California's offering in Plan Year 2022.
- Covered California met with 12 QHP Issuers and 6 QDP issuers from late June through mid-July for annual rate negotiation discussions.
- During negotiation meetings with QHP Issuers, Covered California also highlighted several priorities areas for the 2023 contract refresh:
  - Covered California 2023 contract reframing to focus on consumer-centric policies
  - Quality Transformation Initiative (QTI) and Attachment 7 priority areas
  - Partnership with Issuers to develop longer-term marketing and retention strategies

COVERED CALIFORNIA 2022 QHP OFFERINGS

- Three of the 11 existing issuers are expanding coverage of existing products:
  - Anthem EPO will expand into Alameda, Contra Costa, El Dorado, Marin, Napa, Placer, Sacramento, San Francisco, San Mateo, Solano, Sonoma and Yolo counties (Regions 2-6, and Region 8)
  - Blue Shield will bring its Trio HMO plan into portions of Monterey and Santa Barbara counties (Regions 9 and 12)
  - Valley Health Plan will expand into Monterey and San Benito counties (Region 9)
  - **NEW CARRIER - Bright HealthCare**, which currently operates in 13 other states and covers more than 500,000 people in the individual market, will begin offering coverage in Contra Costa county (Region 5)
- All Californians can now choose between two issuers, 94 percent from three or more, and 81 percent from four or more

COVERED CALIFORNIA 2022 QHP ISSUER RATES

- The individual market average rate change is 1.8 percent, with a three-year average of 1.1 percent between 2020-2022
- The rate change reflects what unsubsidized consumers would pay – both on and off-exchange. For subsidized consumers, their "net premiums will change based on multiple factors including American Rescue Plan subsidies, changes in second lowest silver.
- Regional rates varied between a 5.8% decrease (Region 1) and a 3.4% increase in Region 3 (Sacramento, Placer, El Dorado, and Yolo counties)
- 2022 rate and coverage details are available at: https://hbex.coveredca.com/data-research/
- Rates are provisional and subject to regulator review

COVERED CALIFORNIA 2022 QHP RATES

Factors contributing to the 1.8 percent average rate increase include:

- Covered California's strong and healthy enrollment due to the subsidies provided by the American Rescue Plan, and the anticipation that this strong enrollment trend will continue during the special-enrollment period lasting until December 31, 2021
- Continued and improving consumer risk mix. Issuers indicated that new enrollees have had a positive impact on reducing the risk and associated insurance premiums by up to 1 percent
- Premiums have been kept lower than the historical medical cost trend of 5 to 7 percent through other factors, such as the impact of the COVID-19 pandemic and deferred care

2022 DENTAL PLAN OFFERINGS AND RATES

- The statewide weighted average rate change for individual and family dental plans decreased by 1.04 percent
- Six QDP Issuers are returning for 2022; three of the six QDP Issuers have coverage area changes:
  - Anthem DHMO is expanding into San Francisco, Contra Costa and Alameda counties (Regions 4, 5, 6)
  - Delta DHMO is covering portions of San Diego county (Region 19)
  - Dental Health Services is reducing coverage area in all regions with the exception of Region 11, where there is no coverage in 2022. There are no changes in coverage area for Region 18.
- Two QDP Issuers are withdrawing from the individual and family dental marketplace (Access DHMO and Guardian DPPO)
  - Approximately 9,800 enrollees will be affected
  - Enrollees may choose a new dental plan during renewal. If enrollees do not take action, they will be migrated to the lowest-cost dental plan of the same type (DHMO or DPPO) in their region

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QUALIFIED HEALTH PLAN ISSUER CONTRACT REFRESH AND PATH FORWARD

James DeBenedetti, Plan Management Division

CONSUMER-CENTRIC FRAMEWORK

As Covered California builds on the robust competition and stability of the past seven years, it needs continue its consumer-centric frame as it looks considers adding or removing carriers. Across the board, but in particular when having more than four or five carriers in a given market, Covered California needs to balance the cumulative impact of new plans and offerings to the current product portfolio, considering:

- The positive benefit to consumers of added meaningful choice;
- Whether after the fourth carrier, the positive benefits of price competition drop significantly and there is risk of a negative impact on consumer decision-making by choice overload; and
- Whether having smaller enrollment across multiple carriers runs the risk of undercutting efforts to align market signals to improve quality and minimize administrative burden on providers.

As we seek to improve the offerings available to consumers, Covered California will actively consider consumer-centric policies that would rise in importance as the number of carriers increases

CONSUMER-CENTRIC POLICY CONSIDERATIONS

When evaluating the addition or removal carriers or products for plan year 2023 and thereafter, the following policies are under consideration:

- Continuity: promoting continuity of care for those currently enrolled and for those moving in and out of Covered California (to/from both Medi-Cal and ESI)
- Quality and Equity: considering policies that would put financial, enrollment, or participation impacts on low versus higher performing plans (e.g., implementing the financial incentives of the Quality Transformation Initiative; not allowing auto-enrollment into “low quality” plans; considering not allowing participation of “low quality” plans)
- Distinct/Unique Offerings: seeking to have consumer options that are truly differentiated (e.g., unique providers; integration strategies; ties to underserved populations, etc.)
- Meaningful Consumer Benefit: assessing the benefit of “high cost” products with very small enrollment
- Geographic Reach/Regional Participation: requiring full regional coverage and/or pathway to full coverage within 3 years
- Product Mix: limiting multiple product offerings from each carrier
- Single Risk Pool Requirement: more express standards related to rate setting differentials across metal tiers
- Pricing Stability: requiring a multi-year rate increase “ceiling” from carriers entering new markets (whether new to Covered California, or expansions from existing carriers) when initial pricing appears unsustainably low

QUALITY TRANSFORMATION INITIATIVE (QTI) AND ATTACHMENT 7 PRIORITY AREAS

During QHP Issuer meetings, Covered California confirmed our commitment and implementation goals for the Quality Transformation Initiative (QTI) and Attachment 7 priority areas for the new 2023-2025 contract:

- QTI: Covered California is developing a penalty program for quality and equity performance for the new 2023-2025 contract period, with 2022 as a pilot year, to catalyze improvement in health plan quality. The program will place 1% of premium at risk in 2023, with increases phased in over time, for performance on a parsimonious set of measures.
- Attachment 7: Covered California is refreshing the health equity, quality, and delivery system transformation requirements for the new 2023-2025 contract period, building on the substantial changes made in the 2022 amendment. The requirements will increase focus on data and outcomes, promote alignment with other public purchasers, and emphasize the following key strategic priority areas:
  - Disparities reduction
  - Behavioral health
  - Effective primary care
  - Affordability and cost
  - Data exchange

MARKETING AND RETENTION STRATEGY

- Covered California is exploring alternative strategies to promote overall enrollment and will be working with Issuers to identify common principles related to acquisition activities. Some items for consideration include:
  - Shared responsibility to invest in marketing and retention
  - Establishing goals to increase overall marketplace enrollment
  - Consumer awareness of and trust in the partnership between Covered California and its contracted Issuers
- Covered California and QHP Issuers are securing a vendor who will help identify longer-term strategies and methodologies to determine, develop, and measure best approach to marketing and retention efforts, focus on how and where investments will create the most impact, and promote affordability by investing efficiently and effectively across the full spectrum of consumer interaction

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