COVERED CALIFORNIA POLICY AND ACTION ITEMS

June 17, 2021 Board Meeting
COVERED CALIFORNIA’S PROPOSED FISCAL YEAR 2021-2022 BUDGET

Peter Lee, Executive Director &
Jim Watkins, Chief Financial Officer
COVERED CALIFORNIA’S PROPOSED FY 2021-22
BUDGET SUMMARY AGENDA

- Present Covered California’s Proposed FY 2021-22 Budget
- Highlight Changes Since May’s Draft Proposed FY 2021-22 Budget
- Recommend Approval of Covered California’s FY 2021-22 Budget and 2022 Plan Year Assessment Rates
HIGHLIGHTS OF THE PROPOSED FISCAL YEAR 2021-22 BUDGET

Covered California’s proposed operating budget for FY 2021-22 is $403.3 million, which represents a decrease of $36.9 million compared to the FY 2020-21 approved budget of $440.3 million.

This year’s operating budget:

- Provides 1,440 authorized positions—including 21 new positions,
- Eliminates $30 million in one-time marketing and $11.6 million 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 out of the operating budget and into the capital projects budget,
- Incorporates the administration’s salary adjustments and provides capacity to fund final negotiated salary adjustments by the Newsom Administration and ratified by the legislature.
- Maintains a 3.25 percent assessment fee on Qualified Health Plans for plan year 2022.
The comprehensive FY 2021-22 proposed budget totals $427.6 million.

Covered California’s FY 2021-22 proposed operating budget totals $403.3 million, while the proposed capital projects budget totals $24.3 million.

This year’s proposed budget moves the amortizable investments in CalHEERS from the operating budget into the capital projects budget. The total proposed amortizable CalHEERS expenses equals $16.3 million.
FY 2021-22 PROPOSED OPERATING BUDGET - JUNE 2021

FY 2021-22 **May** Proposed Budget (Dollars in Millions)
Total = $403.3
Total Staff = 1,419

- Technology: $46.1 (12%)
- Administration: $60.9 (15%)
- Plan Management and Eligibility: $27.2 (7%)
- Marketing, Outreach/Sales and Other: $134.5 (33%)
- Service Center and Consumer Experience: $137.4 (34%)

FY 2021-22 **June** Proposed Budget (Dollars in Millions)
Total = $403.3
Total Staff = 1,440

- Technology: $47.6 (14%)
- Administration: $57.2 (14%)
- Plan Management, Eligibility, and Health Equity: $31.4 (8%)
- Marketing, Outreach/Sales and Other: $129.7 (32%)
- Service Center and Consumer Experience: $137.4 (34%)
The proposed budget presented in May had set aside $10 million for budget augmentation. The June budget allocates this amount and an additional $1.7 million shifted from Marketing 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, suspended in July 2020.
- $1.91 million to support 21 additional permanent, full time positions.
- $5.85 million for other operating expenses, including $3.15 million for additional customer service capacity during high call volume periods, and $940 thousand for technological upgrades to Service Center software and systems.
The proposed FY 2021-22 budget increases the number of Covered California permanent full-time employees by 21, or 1.5 percent, raising the staffing level from 1,419 to 1,440.

Service Center adds 9 new employees, 8 of whom are dedicated to the multi-case household duplicate account resolution project.

Information Technology adds 6 new employees to help implement and support new systems and technologies in the Service Center, Human Resources, support the Business Process Management solution for CalHEERS, and upgrade security and incident response capabilities.
Covered California’s operating budget decreased from $440.2 million to $403.3 million.

This decrease was driven by restructuring the operating budget and moving amortizable CalHEERS expenses out of the operating budget and into the capital projects budget.

In addition, Covered California removed one-time marketing expenses totaling $30 million and one-time Service Center expenses totaling $11.6 million.

The budget as proposed incorporates the capacity to make internal adjustments to accommodate final salary adjustments negotiated and established by the Newsom Administration and ratified by the legislature.
### COVERED CALIFORNIA’S CAPITAL PROJECTS BUDGET
#### 2021-22 PROPOSED BUDGET

<table>
<thead>
<tr>
<th>FY 21-22 Proposed Budget</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>CalHEERS</td>
<td>$16.3</td>
</tr>
<tr>
<td>Other Capital Investments</td>
<td>$8.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$24.3</strong></td>
</tr>
</tbody>
</table>
Covered California Enrollment Forecast
FY 2021-22 Proposed Budget
Effectuated Enrollment

Effectuated Enrollment

- Actual
- Low
- Midrange
- High

Mar-22: 2,029,163
Mar-23: 2,116,940
Mar-24: 2,114,450

Jan-19 to Jul-24
## COVERED CALIFORNIA CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
### FISCAL YEAR 2021-22 MULTI-YEAR PROJECTION
#### BUDGETARY-LEGAL BASIS REPORTING (MID-RANGE FORECAST)

<table>
<thead>
<tr>
<th>FY 2021-22 Proposed Budget</th>
<th>FY 2022-23 Projected Outcome at 2.5% CPI Growth</th>
<th>FY 2023-24 Projected Outcome at 2.5% CPI Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessment Fee</td>
<td>3.25%</td>
<td>3.25%</td>
</tr>
<tr>
<td>Projected Growth in Premiums</td>
<td>1.0%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Projected Average Monthly Eligibles</td>
<td>1,663,421</td>
<td>1,746,682</td>
</tr>
<tr>
<td>Projected Total Member Months Indiv. Market</td>
<td>19,961,054</td>
<td>20,960,189</td>
</tr>
<tr>
<td>Projected Individual Market Fee PMPM</td>
<td>$18.58</td>
<td>$19.15</td>
</tr>
</tbody>
</table>

### Individual Market Operating Revenues (Med. & Dental)
- FY 2021-22: $372,862,785
- FY 2022-23: $403,564,870
- FY 2023-24: $421,493,673

### CCSB Operating Revenues
- FY 2021-22: $22,217,771
- FY 2022-23: $23,645,605
- FY 2023-24: $25,692,083

### Other Income
- FY 2021-22: $4,500,000
- FY 2022-23: $2,500,000
- FY 2023-24: $3,000,000

### Total Revenues
- FY 2021-22: $399,580,556
- FY 2022-23: $429,710,475
- FY 2023-24: $450,185,756

### Total Operating Expenses
- FY 2021-22: $403,321,177
- FY 2022-23: $411,832,406
- FY 2023-24: $420,556,414

### Net Operating Income (Loss)
- FY 2021-22: $(3,740,621)
- FY 2022-23: $17,878,069
- FY 2023-24: $29,629,342

### End of Year Cash Reserve Balance
- FY 2021-22: $339,157,204
- FY 2022-23: $340,362,595
- FY 2023-24: $352,902,442

### Months of Operations Funded With Cash Reserve
- FY 2021-22: 9.9
- FY 2022-23: 9.7
- FY 2023-24: 10.1
Covered California recommends that the Board adopt Board Resolution 2021-XX to:

- Approve the Operating Budget for FY 2021-22, providing expenditure authority of $403,321,177.
- Approve the Capital Projects Budget FY 2021-22 of $24,300,000. Expenditures from the Capital Projects Reserve in excess of $1,000,000 in value will require Board review and approval. Any unexpended funds will remain in the Capital Projects Reserve and be made available for expenditure in subsequent fiscal years.
- Grant the Executive Director authority to make adjustments to the Operating Budget, provided that Fiscal Year 2021-22 expenditures remain at or below the level of expenditure authority approved by the Board. Any material adjustments to program budgets and positions must be reported to the Board.
- Charge a per-member-per-month assessment fee of 3.25 percent for plan year 2022 on Qualified Health Plans, including dental plans, sold through the individual exchange, and 5.2 percent of premiums for such plans sold through Covered California for Small Business.
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The call-in instructions can also be found on page two of the Agenda.

**EACH CALLER WILL BE LIMITED TO TWO MINUTES PER AGENDA ITEM**

*NOTE: Written comments may be submitted to BoardComments@covered.ca.gov.*
ENROLLMENT ASSISTANCE PERMANENT REGULATION PACKAGE

Angela Gilliam, Outreach and Sales Division
Action
CERTIFIED ENROLLMENT COUNSELORS ENROLLMENT ASSISTANCE PROGRAM

- Staff requests the Board’s approval to complete the permanent rulemaking process for the Certified Enrollment Counselors (CECs) Enrollment Assistance regulations.
- The CEC Enrollment Assistance regulations establish the process for individuals to become CECs and provide enrollment assistance to consumers.
- While most CEC Enrollment Assistance regulations are permanent, some are still under the emergency status. These regulations relate to background check payments, voter registration, assistance with appeals, limitations on tax assistance, and gift giving.
CERTIFIED ENROLLMENT COUNSELORS ENROLLMENT ASSISTANCE PROGRAM

- The rulemaking package does not make any major changes to the emergency regulations that the Board previously approved.
- Some changes address minor grammatical issues and update citations to state and federal regulations.
- These emergency regulations were adopted on December 12, 2016. They must be made permanent before December 12, 2021.
- The public comment period ran from April 23 – June 7, 2021, and no comments were received.
CERTIFIED ENROLLMENT COUNSELORS ENROLLMENT ASSISTANCE PROGRAM

- Staff is now requesting final Board approval to file the permanent regulation package with the Office of Administrative Law.
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COVERED CALIFORNIA FOR SMALL BUSINESS EMERGENCY REGULATIONS

Terri Convey, Director of Outreach and Sales, 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) will present emergency rulemaking at the June Board meeting for Discussion

- Proposed regulation changes provide clarification for eligibility and enrollment determination due to enrollment system enhancement, benefitting small business consumers

- Edits made throughout to include “dental benefit plans” for clarity and consistency. Language has been edited to appropriately indicate “health plans” or “health benefit plans” where “QHP” is written and not intended to include “dental benefit plans”
Proposing to expand CCSB’s product portfolio to allow up to four contiguous metal tier plan offerings

**Today’s Metal Tier Offerings:**

- **2 Metal Tier Choice**
  Employees choose from health plans in the two touching metal tiers:

  - BRONZE or SILVER or SILVER or GOLD or GOLD or PLATINUM

- **1 Metal Tier Choice**
  Employees choose from health plans in the one metal tier:

  - BRONZE or SILVER or GOLD or PLATINUM

**Additional Proposed Expanded Metal Tier Offerings to Include:**

- **NEW! Full Choice**
  Employees choose from health plans in all four metal tiers:

  - BRONZE or SILVER or GOLD or PLATINUM

- **NEW! 3 Metal Tier Choice**
  Employees choose from health plans in the three touching metal tiers:

  - BRONZE or SILVER or GOLD or SILVER or GOLD or PLATINUM
<table>
<thead>
<tr>
<th>Section and Title</th>
<th>Proposed Changes</th>
<th>Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 6520 (a)(1) - Employer and Employee Application Requirements</td>
<td>Employer will no longer need to provide billing address</td>
<td>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.</td>
</tr>
<tr>
<td>Section 6520 (a)(12)(C) - Employer and Employee Application Requirements</td>
<td>The employer’s selection for one, two contiguous, three contiguous, or four contiguous metal tiers.</td>
<td>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.</td>
</tr>
<tr>
<td>Section 6520 (a)(12)(E) – Employer and Employee Application Requirements</td>
<td>Effective August 1, 2021, if qualified employer is offering dental coverage to qualified employees, the employer must select a dental reference plan.</td>
<td>Added dental reference plan for clarification. Reference plan is used to set premium contribution. Dental has no required minimum contribution.</td>
</tr>
<tr>
<td>Section and Title</td>
<td>Proposed Changes</td>
<td>Rationale</td>
</tr>
<tr>
<td>-------------------</td>
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<td>-----------</td>
</tr>
<tr>
<td>• Section 6520 (b)(10),(11) – Employer and Employee Application Requirements</td>
<td>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.</td>
<td>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.</td>
</tr>
<tr>
<td>• Section 6532 (a)(1),(b)(2) – Employer Payment of Premiums</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Section 6520 (d) – Employer and Employee Application Requirements</td>
<td>For new business enrollment, the employer and employee application shall be submitted to CCSB five days prior to the requested effective date.</td>
<td>Added new business enrollment application submission timeframe for clarification.</td>
</tr>
<tr>
<td>Section 6520 (d)(2) – Employer and Employee Application Requirements</td>
<td>Social Security Number (SSN) or Taxpayer Identification Number needed for employee’s application.</td>
<td>Added SSN for clarification</td>
</tr>
<tr>
<td>Section and Title</td>
<td>Proposed Changes</td>
<td>Rationale</td>
</tr>
<tr>
<td>-------------------</td>
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<td>-----------</td>
</tr>
<tr>
<td>Section 6522 (a)(B)(4)(A) – Eligibility Requirements for Enrollment in the SHOP</td>
<td>Updated the Exchange notification to QHP issuers regarding participation requirement changes due to prevailing market practice of at least 210 days. Provision has been updated to allow the QHP issuers agree to an earlier effective date for the proposed changes.</td>
<td>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.</td>
</tr>
<tr>
<td>Section 6522 (a)(4)(B) – Eligibility Requirements for Enrollment in the SHOP</td>
<td>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).</td>
<td>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.</td>
</tr>
<tr>
<td>Section 6532 (e) – Employer Payment of Premiums</td>
<td>• Provided clarification of the 30 day Grace Period if payment is returned for insufficient funds.</td>
<td>• Provides clarity for consumers of their grace period if premium payments are returned for insufficient funds.</td>
</tr>
</tbody>
</table>
BACKGROUND MATERIALS

CCSB Expanded Metal Tier Data
EXPANDED METAL TIER OPTION – BACKGROUND AND DATA

- Employers are required to contribute at least 50% of the cost of the employee premium of the reference plan.
- 75% of the time CCSB employers set their contribution on the higher metal plan (Platinum, Gold, Silver – single & two contiguous metal tier selection).
- 74% of CCSB employer groups select the two contiguous metal plan offering:
  - 18% Platinum/Gold
    - Reference Plan: 45% Platinum, 55% Gold
  - 35% Gold/Silver
    - Reference Plan: 34% Gold, 66% Silver
  - 21% Silver/Bronze
    - Reference Plan: 33% Silver, 67% Bronze
- 82% of CCSB employers select Silver or high metal plan as the reference plan (single & two contiguous).
- 90% of CCSB employees are choosing the highest metal plan (Platinum, Gold, Silver).
OTHER STATE (SHOP) & PRIVATE EXCHANGES

What are other State and Private Exchanges offering?

- New Mexico SHOP (bewellnm) – Full Choice (all metal levels for all carriers)
- Rhode Island SHOP (HealthSource RI) – Full Choice
- District of Columbia SHOP (DC Health Link) – Horizontal Choice (one metal level across all carriers) or Vertical Choice (one carrier and all metal levels)
- Massachusetts SHOP (Massachusetts Health Connector) – Horizontal Choice or Vertical Choice
- Cal. Choice (California private exchange) – Full Choice
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POLICY PLANNING FOR 2022 RENEWAL AND OPEN ENROLLMENT

Katie Ravel, Director, Policy, Eligibility & Research Division
POLICY PLANNING FOR 2022 RENEWAL AND OPEN ENROLLMENT

This presentation provides an overview of proposed and amended policies for the 2022 renewal and open enrollment period:

1. $1 Premium Subsidy Program

2. Proposal to automatically move certain Bronze enrollees into Silver plans

3. State premium subsidy program
$1 PREMIUM SUBSIDY PROGRAM
$1 PREMIUM SUBSIDY PROGRAM OVERVIEW

- **Background:** Covered California QHPs include coverage for non-Hyde abortion services. Federal funds cannot be used to pay for the portion of the premium for this coverage, which QHP issuers estimate on an actuarial basis at a cost no less than $1 per member per month (PMPM). To date, California has addressed this by implementing a $1 PMPM minimum premium amount for all subsidized enrollments.

- **Proposed Policy:** the Governor’s May Revision proposes to subsidize $1 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.
$1 PREMIUM SUBSIDY PROGRAM – IMPLEMENTATION PLANNING

- Assuming adoption of the policy change, a “California Premium Credit” of at least $1 PMPM 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, both subsidized and unsubsidized. Catastrophic plans will also be eligible for this new premium credit.

- The premium credit will not apply to dental plans.

- Covered California is working with technology partners and carriers to implement necessary system changes and carrier payment processes.
PROPOSAL TO AUTOMATICALLY MOVE CERTAIN BRONZE ENROLLEES INTO SILVER PLANS
AMERICAN RESCUE PLAN LOWERS REQUIRED CONTRIBUTION AMOUNTS FOR CONSUMERS

The increased generosity of ARP subsidies has resulted in a larger share of marketplace enrollment obtaining $1 PMPM coverage. Many of these enrollees are in Bronze plans but could obtain $1 Silver plans with rich cost sharing benefits.

<table>
<thead>
<tr>
<th>Income as a Percent of the Federal Poverty Level (FPL)</th>
<th>Income Range for a Single Household</th>
<th>Required Contribution as Share of Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 138%</td>
<td>$0 to $17,609</td>
<td>Affordable Care Act: 2.07%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>American Rescue Plan (Current Law): 0.0%</td>
</tr>
<tr>
<td>138% – 150%</td>
<td>$17,609 to $19,140</td>
<td>Affordable Care Act: 3.10% – 4.14%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>American Rescue Plan (Current Law): 0.0% – 2.0%</td>
</tr>
<tr>
<td>150% – 200%</td>
<td>$19,140 to $25,520</td>
<td>Affordable Care Act: 4.14% – 6.52%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>American Rescue Plan (Current Law): 0.0% – 2.0%</td>
</tr>
<tr>
<td>200% – 250%</td>
<td>$25,520 to $31,900</td>
<td>Affordable Care Act: 6.52% – 8.33%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>American Rescue Plan (Current Law): 2.0% – 4.0%</td>
</tr>
<tr>
<td>250% – 300%</td>
<td>$31,900 to $38,280</td>
<td>Affordable Care Act: 8.33% – 9.83%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>American Rescue Plan (Current Law): 4.0% – 6.0%</td>
</tr>
<tr>
<td>300% – 400%</td>
<td>$38,280 to $51,040</td>
<td>Affordable Care Act: 9.83%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>American Rescue Plan (Current Law): 6.0% – 8.5%</td>
</tr>
<tr>
<td>Over 400%</td>
<td>$51,040 and up</td>
<td>Affordable Care Act: Not eligible for subsidies</td>
</tr>
<tr>
<td></td>
<td></td>
<td>American Rescue Plan (Current Law): 8.5%</td>
</tr>
</tbody>
</table>
# 2021 Patient-Centered Benefit Designs and Medical Cost Shares

Benefits in blue are NOT subject to a deductible. Benefits in blue with a white corner are subject to a deductible after the first three visits.

<table>
<thead>
<tr>
<th>Coverage Category</th>
<th>Minimum Coverage</th>
<th>Bronze</th>
<th>Silver</th>
<th>Enhanced Silver 73</th>
<th>Enhanced Silver 87</th>
<th>Enhanced Silver 94</th>
<th>Gold</th>
<th>Platinum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent of cost coverage</td>
<td>Covers 0% until out-of-pocket maximum is met</td>
<td>Covers 60% average annual cost</td>
<td>Covers 70% average annual cost</td>
<td>Covers 73% average annual cost</td>
<td>Covers 81% average annual cost</td>
<td>Covers 94% average annual cost</td>
<td>Covers 90% average annual cost</td>
<td>Covers 90% average annual cost</td>
</tr>
<tr>
<td>Cost-sharing Reduction</td>
<td>N/A</td>
<td>$29,521 to $37,909 (100% to 125% FPL)</td>
<td>$19,141 to $23,520 (150% to 200% FPL)</td>
<td>up to $19,140 (100% to 150% FPL)</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single Income Range</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

- **Annual Wellness Exam**: $0
- **Primary Care Vist**: $65
- **Urgent Care**: $65
- **Specialist Visit**: $95
- **Emergency Room Facility**: 40% after deductible is met
- **Laboratory Tests**: $40
- **X-Rays and Diagnostics**: 40% after deductible is met
- **Imaging**: 40% per procedure
- **Tier 1 (Generic Drugs)**: $18
- **Tier 2 (Preferred Drugs)**: 40% up to $500 per procedure
- **Tier 3 (Non-preferred Drugs)**: $90
- **Tier 4 (Specialty Drugs)**: $100
- **Medical Deductible**: N/A
- **Pharmacy Deductible**: N/A
- **Annual Out-of-Pocket Maximum**: $8,150 (individual only)

*Copay or coinsurance applies.*
Of the nearly 405,000 Bronze enrollees, 32,000 (or 8%) are eligible for a $1 PMPM Silver plan with their current carrier. This includes 26,000 enrollees in standard Bronze plans and 6,000 in Bronze High Deductible Health Plans (HDHPs).

Among the Bronze enrollees who could not get a Silver plan with the same carrier for the $1 PMPM, the average PMPM difference in premium costs for a silver product is $92.

An additional 39,000 Bronze enrollees could get a $1 PMPM Silver plan if they switched to the lowest-cost Silver plan available to them.
Of the nearly 405,000 Bronze enrollees, approximately 32,000 are eligible for a $1 PMPM Silver plan with their current carrier. Most of those eligible (26,000) are enrolled in standard Bronze plans.

Among enrollees in standard Bronze plans, 40% under 150% FPL and 19% at 150-200% FPL are eligible for a $1 PMPM Silver plan.

![Bar chart showing Bronze Enrollees Eligible for $1 Silver, by FPL](image-url)
Among the 240,000 Bronze enrollees under 400% FPL who could not get a Silver plan for $1 PMPM, the average PMPM difference in premium costs for a Silver product is $92.

Analysis excludes Bronze HDHP.
An additional 39,000 Bronze enrollees are eligible for a $1 PMPM Silver plan, if enrolled in the lowest cost silver plan available to them. These counts exclude Bronze enrollees already eligible for a $1 Silver plan with their same carrier.

Analysis excludes Bronze HDHP.
POLICY CONSIDERATIONS

Based on analysis of Bronze enrollment and consumer research, Covered California staff recommend piloting an automatic move of certain lower-income Bronze enrollees into $1 PMPM Silver cost-sharing reduction plans during renewal for the 2022 plan year.

- Prior experience shows that member outreach improves plan choices relative to no outreach but doesn’t come close to eliminating the issue of consumers paying more for less generous coverage or foregoing a more generous coverage option available for the same or lower premium.

- If the proposed policy is adopted, it will be Covered California’s first opportunity to test actively moving consumers into a different metal tier to help them take advantage of federal premium subsidies and cost sharing benefits.

- While the consumer benefit of moving from a Bronze to a Silver cost-sharing reduction product is significant, the American Rescue Plan subsidies are only temporary at this time.

- If implementation is successful and if the American Rescue Plan subsidies are made permanent, this policy could be applied to other consumers who could receive better benefits for the same or lower monthly premium (e.g., Bronze members with higher income and/or members who are eligible for Silver 94 but buy Platinum plans).
PROPOSED POLICY TO AUTOMATICALLY MOVE BRONZE ENROLLEES TO SILVER PLANS

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 $1 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 $1 PMPM requirement.
- Note: assuming passage of the state $1 Premium Subsidy Program, these consumers would actually have a $0 monthly premium in 2022.
Covered California must work internally and with state and federal partners to ensure the proposed policy meets consumer-protective renewal requirements as follows:

- Consult with Center for Consumer Information and Insurance Oversight to change Covered California’s renewal methodology.

- Design 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.

- Consult with California regulators.
  - Consult with the Department of Managed Health Care on whether waiving the Knox-Keene protections that require “same product renewal” are consumer-centric and appropriately designed.
  - Consult with the California Department of Insurance on alignment with Insurance Code requirements related to renewals

- Develop, and seek board approval of, emergency state regulations to implement the new renewal methodology.
PROPOSED NEXT STEPS

1. Seek approval for policy change from state and federal partners
2. Present draft program regulations for discussion in August and adoption in September
3. Develop evaluation strategy to inform future initiatives
STATE PREMIUM SUBSIDY PROGRAM
STATE PREMIUM SUBSIDY PROGRAM UPDATES

- State advanced premium subsidies will not apply in 2022 due to generosity of American Rescue Plan subsidies.
- During calendar year 2022, consumers will be required to reconcile and repay state premium subsidy received in 2021 prior to American Rescue Plan implementation. Reconciliation will be limited by repayment caps adopted in the [2021 state subsidy program design document](#).
To request to make a comment, press 10; you will hear a tone indicating you are in the queue for comment. Please wait until the operator has introduced you before you make your comments.

If watching via the live webcast, please mute your computer to eliminate audio feedback while calling in. Note, there is a delay in the webcast.

The call-in instructions can also be found on page two of the Agenda.

EACH CALLER WILL BE LIMITED TO TWO MINUTES PER AGENDA ITEM

NOTE: Written comments may be submitted to BoardComments@covered.ca.gov.