



## **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

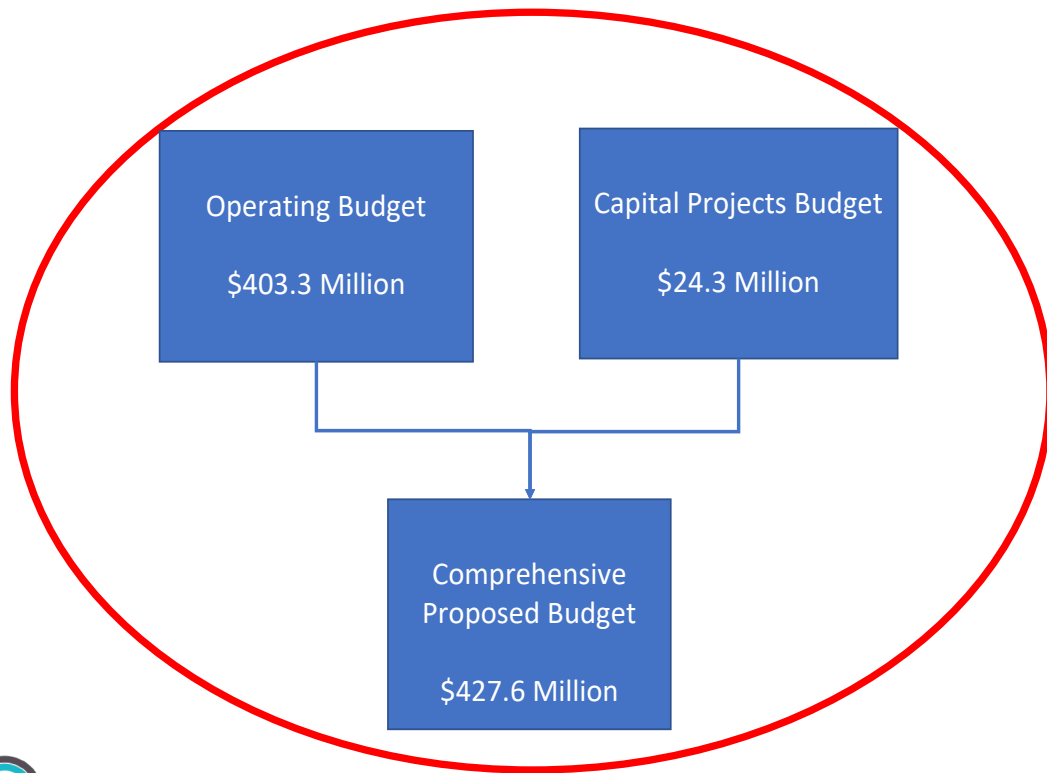
# HIGHLIGHTS OF THE PROPOSED FISCAL YEAR 2021-22 BUDGET

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.

# COVERED CALIFORNIA'S COMPREHENSIVE, OPERATING, AND CAPITAL PROJECTS PROPOSED FY 2021-22 BUDGETS



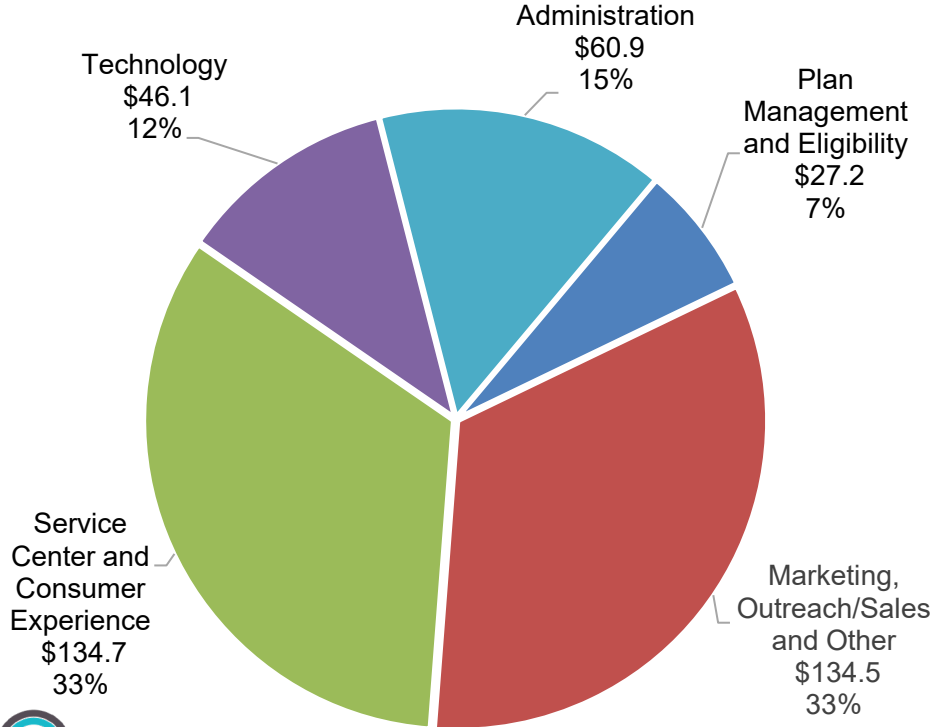
The comprehensive FY 2021-22 proposed budget totals \$427.6 million.

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

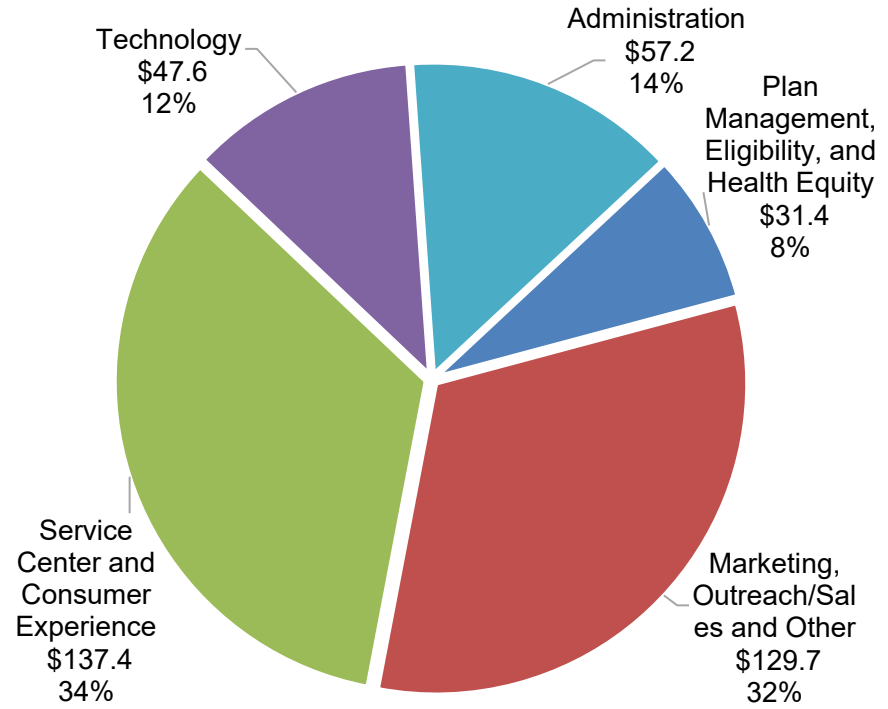
This year's proposed budget moves the amortizable investments in CalHEERS from the operating budget into the capital projects budget. The total proposed amortizable CalHEERS expenses equals \$16.3 million.

# FY 2021-22 PROPOSED OPERATING BUDGET - JUNE 2021

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



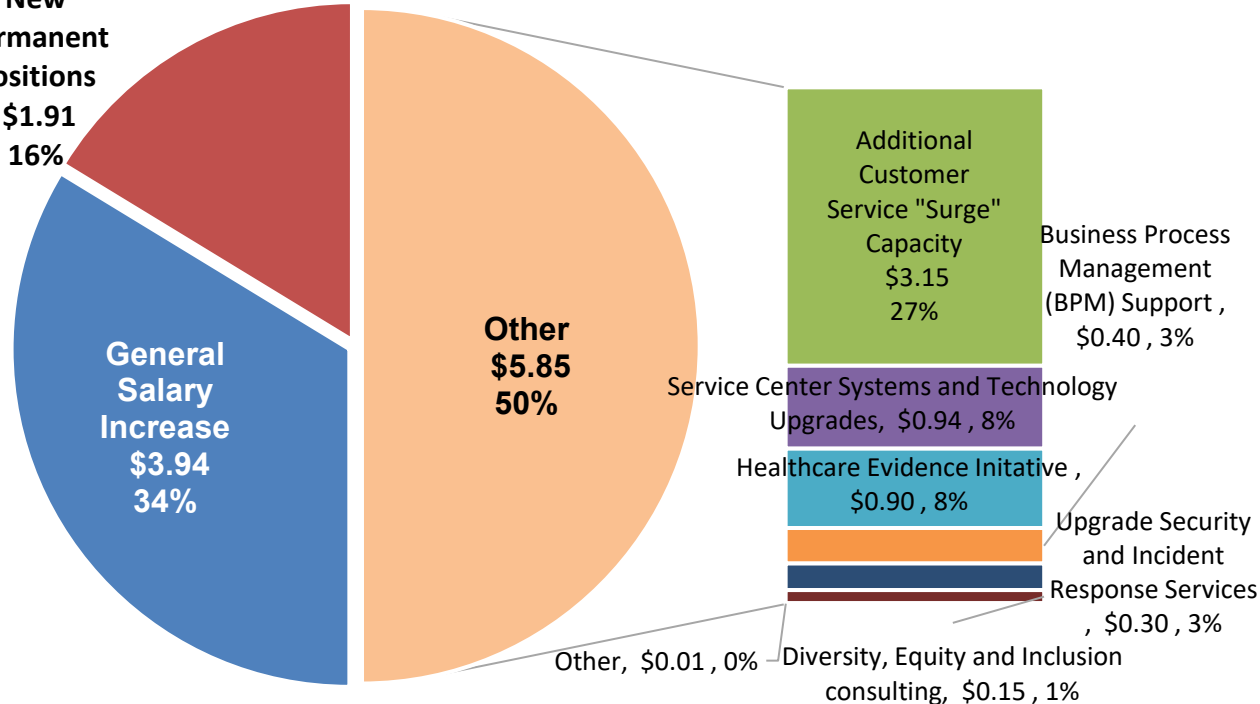
FY 2021-22 **June** Proposed Budget  
(Dollars in Millions)  
Total = \$403.3  
Total Staff = 1,440



# BUDGET AUGMENTATIONS TO BASELINE BUDGET FOR FY 2021-22

**Total Budget Augmentations = 11.7 Million**  
(Dollars in Millions)

**Addition of 21  
New  
Permanent  
Positions  
\$1.91  
16%**



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 :

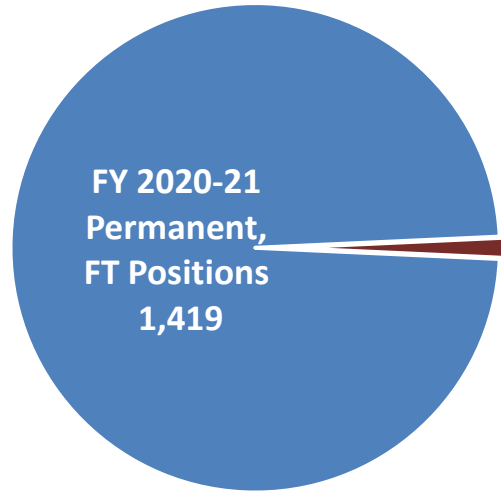
- \$3.94 million set aside to pay for a restoration of the 2.5% General Salary Increase, suspended in July 2020.
- \$1.91 million to support 21 additional permanent, full time positions.
- \$5.85 million for other operating expenses, including \$3.15 million for additional customer service capacity during high call volume periods, and \$940 thousand for technological upgrades to Service Center software and systems.

# STAFFING CHANGES FOR FISCAL YEAR 2021-22

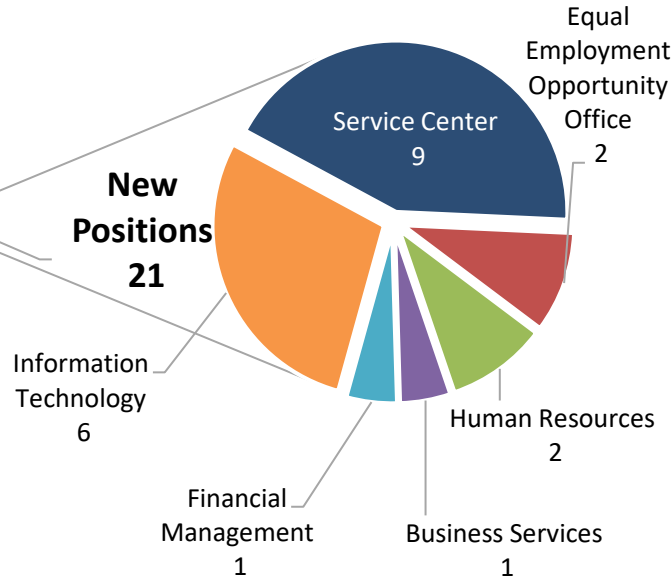
## Total Permanent, Full Time Positions for Fiscal Year

2021-22: 1,440

### Total Positions



### New Positions By Division



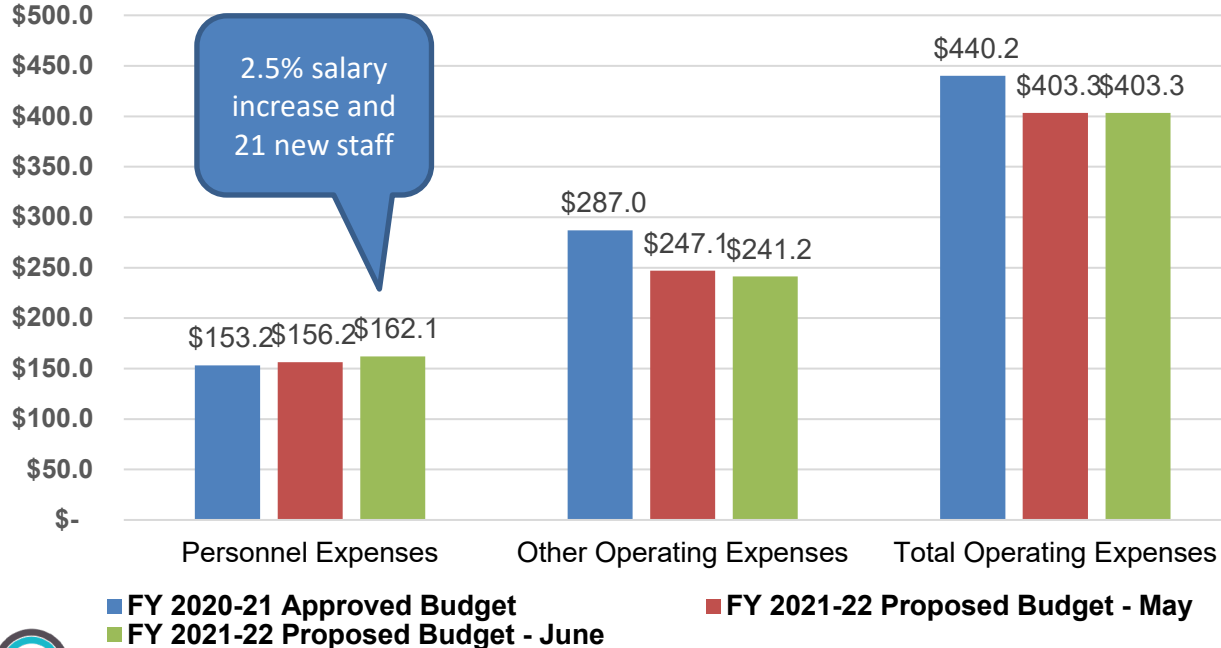
The proposed FY 2021-22 budget increases the number of Covered California permanent full-time employees by 21, or 1.5 percent, raising the staffing level from 1,419 to 1,440.

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 PROPOSED FY 2021-22 OPERATING BUDGET COMPARED TO THE FY 2020-21 APPROVED BUDGET

**Covered California  
Operating Budget  
Comparing FY 2020-21 Approved Budget to FY 2021-22 Proposed  
Budget For May and June  
(Dollars in Millions)**



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.

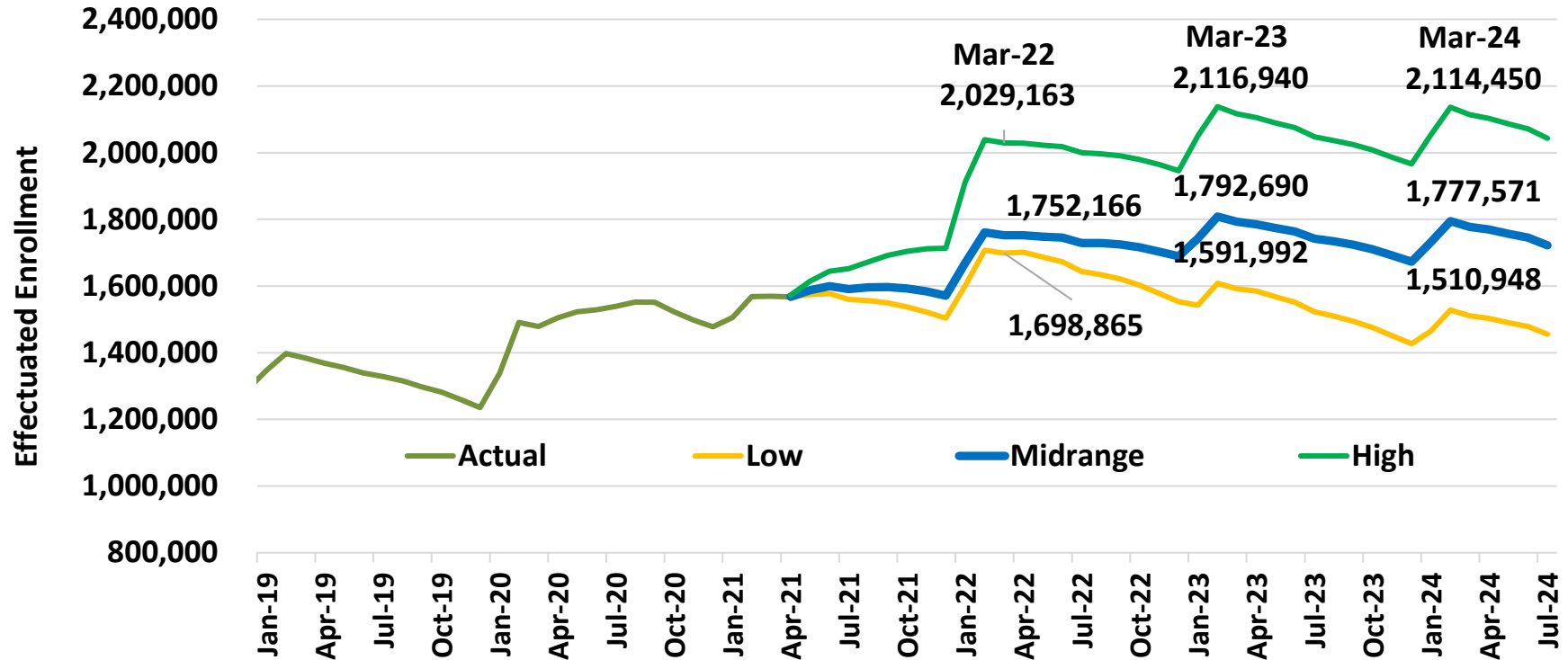
The budget as proposed incorporates the capacity to make internal adjustments to accommodate final salary adjustments negotiated and established by the Newsom Administration and ratified by the legislature.

# COVERED CALIFORNIA'S CAPITAL PROJECTS BUDGET

## 2021-22 PROPOSED BUDGET

	FY 21-22
	Proposed Budget
CalHEERS	\$ 16.3
Other Capital Investments	\$ 8.0
Total	\$ 24.3

# Covered California Enrollment Forecast FY 2021-22 Proposed Budget Effectuated Enrollment



# 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)

	FY 2021-22 Proposed Budget	FY 2022-23 Projected Outcome at 2.5% CPI Growth	FY 2023-24 Projected Outcome at 2.5% CPI Growth
Assessment Fee	3.25%	3.25%	3.25%
Projected Growth in Premiums	1.0%	5.0%	5.0%
Projected Average Monthly Eligibles	1,663,421	1,746,682	1,737,597
Projected Total Member Months Indiv. Market	19,961,054	20,960,189	20,851,159
Projected Individual Market Fee PMPM	\$ 18.58	\$ 19.15	\$ 20.10
Individual Market Operating Revenues (Med. & Dental)	\$ 372,862,785	\$ 403,564,870	\$ 421,493,673
CCSB Operating Revenues	\$ 22,217,771	\$ 23,645,605	\$ 25,692,083
Other Income	\$ 4,500,000	\$ 2,500,000	\$ 3,000,000
<b>Total Revenues</b>	<b>\$ 399,580,556</b>	<b>\$ 429,710,475</b>	<b>\$ 450,185,756</b>
<b>Total Operating Expenses</b>	<b>\$ 403,321,177</b>	<b>\$ 411,832,406</b>	<b>\$ 420,556,414</b>
<b>Net Operating Income (Loss)</b>	<b>\$ (3,740,621)</b>	<b>\$ 17,878,069</b>	<b>\$ 29,629,342</b>
End of Year Cash Reserve Balance	\$ 339,157,204	\$ 340,362,595	\$ 352,902,442
Months of Operations Funded With Cash Reserve	9.9	9.7	10.1

# RECOMMEND APPROVAL OF COVERED CALIFORNIA'S FY 2021-22 BUDGET AND 2022 ASSESSMENT RATES

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.

# PUBLIC COMMENT

**CALL: (877) 336-4440**

**PARTICIPANT CODE: 6981308**

- ❑ 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.
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*NOTE: Written comments may be submitted to [BoardComments@covered.ca.gov](mailto: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.

# PUBLIC COMMENT

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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”

# BACKGROUND CONTINUED

- ❑ 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**:



### 1 Metal Tier Choice

Employees choose from health plans in the **one metal tier**:



## Additional Proposed Expanded Metal Tier Offerings to Include:

### NEW! Full Choice

Employees choose from health plans in **all four metal tiers**:



### NEW! 3 Metal Tier Choice

Employees choose from health plans in the **three touching metal tiers**:



# 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
<ul style="list-style-type: none"><li>Section 6520 (b)(10),(11) – Employer and Employee Application Requirements</li><li>Section 6532 (a)(1),(b)(2) – Employer Payment of Premiums</li></ul>	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)(B)(4)(A) – Eligibility Requirements for Enrollment in the SHOP	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.	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	<ul style="list-style-type: none"> <li>Provided clarification of the 30 day Grace Period if payment is returned for insufficient funds.</li> </ul>	<ul style="list-style-type: none"> <li>Provides clarity for consumers of their grace period if premium payments are returned for insufficient funds.</li> </ul>

# 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.

Required Contribution for Benchmark Silver Premium under the American Rescue Plan			
Income Range		Required Contribution as Share of Income	
Income as a Percent of the Federal Poverty Level (FPL)	Income Range for a Single Household	Affordable Care Act	American Rescue Plan (Current Law)
Under 138%	\$0 to \$17,609	2.07%	0.0%
138% – 150%	\$17,609 to \$19,140	3.10% – 4.14%	0.0%
150% – 200%	\$19,140 to \$25,520	4.14% – 6.52%	0.0% – 2.0%
200% – 250%	\$25,520 to \$31,900	6.52% – 8.33%	2.0% – 4.0%
250% – 300%	\$31,900 to \$38,280	8.33% – 9.83%	4.0% – 6.0%
300% – 400%	\$38,280 to \$51,040	9.83%	6.0% – 8.5%
Over 400%	\$51,040 and up	Not eligible for subsidies	8.5%



## 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.

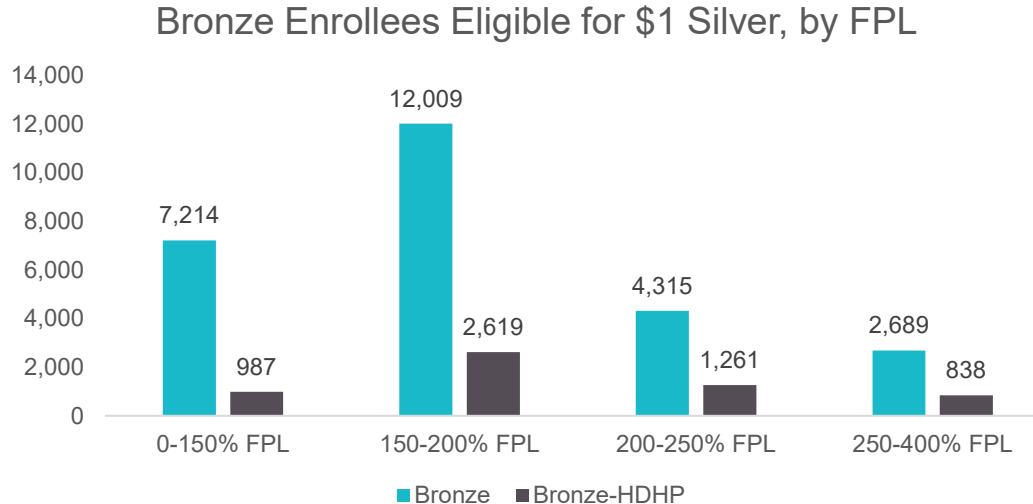
Coverage Category	Minimum Coverage	Bronze	Silver	Enhanced Silver 73	Enhanced Silver 87	Enhanced Silver 94	Gold	Platinum
Percent of cost coverage	Covers 0% until out-of-pocket maximum is met	Covers 60% average annual cost	Covers 70% average annual cost	Covers 73% average annual cost	Covers 87% average annual cost	Covers 94% average annual cost	Covers 80% average annual cost	Covers 90% average annual cost
Cost-sharing Reduction Single Income Range	N/A	N/A	N/A	\$25,521 to \$31,900 (>200% to ≤250% FPL)	\$19,141 to \$25,520 (>150% to ≤200% FPL)	up to \$19,140 (100% to ≤150% FPL)	N/A	N/A
Annual Wellness Exam	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Primary Care Visit	After first 3 non-preventive visits, full cost per instance until out-of-pocket maximum is met	\$65*	\$40	\$35	\$15	\$5	\$35	\$15
Urgent Care		\$65*	\$40	\$35	\$15	\$5	\$35	\$15
Specialist Visit	Full cost per service until out-of-pocket maximum is met	\$95*	\$80	\$75	\$25	\$8	\$65	\$30
Emergency Room Facility		40% after deductible is met	\$400	\$400	\$150	\$50	\$350	\$150
Laboratory Tests		\$40	\$40	\$40	\$20	\$8	\$40	\$15
X-Rays and Diagnostics		40% after deductible is met	\$85	\$85	\$40	\$8	\$75	\$30
Imaging			\$325	\$325	\$100	\$50	\$150 copay or 20% coinsurance***	\$75 copay or 10% coinsurance***
Tier 1 (Generic Drugs)	Full cost per script until out-of-pocket maximum is met	\$18**	\$16**	\$16**	\$5 or less	\$3 or less	\$15 or less	\$5 or less
Tier 2 (Preferred Drugs)		40% up to \$500 after drug deductible is met	\$60**	\$55**	\$25**	\$10 or less	\$55 or less	\$15 or less
Tier 3 (Non-preferred Drugs)			\$90**	\$85**	\$45**	\$15 or less	\$80 or less	\$25 or less
Tier 4 (Specialty Drugs)			20% up to \$250** per script	20% up to \$250** per script	15% up to \$150** per script	10% up to \$150 per script	20% up to \$250 per script	10% up to \$250 per script
Medical Deductible	N/A	Individual: \$6,300 Family: \$12,600	Individual: \$4,000 Family: \$8,000	Individual: \$3,700 Family: \$7,400	Individual: \$1,400 Family: \$2,800	Individual: \$75 Family: \$150	N/A	N/A
Pharmacy Deductible	N/A	Individual: \$500 Family: \$1,000	Individual: \$300 Family: \$600	Individual: \$275 Family: \$550	Individual: \$100 Family: \$200	N/A	N/A	N/A
Annual Out-of-Pocket Maximum	\$8,150 individual only	\$8,200 individual \$16,400 family	\$8,200 individual \$16,400 family	\$6,500 individual \$13,000 family	\$2,850 individual \$5,700 family	\$1,000 individual \$2,000 family	\$8,200 individual \$16,400 family	\$4,500 individual \$9,000 family

# PRELIMINARY ANALYSIS OF SILVER PLAN AND PREMIUM OPTIONS FOR BRONZE ENROLLEES

- ❑ 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.

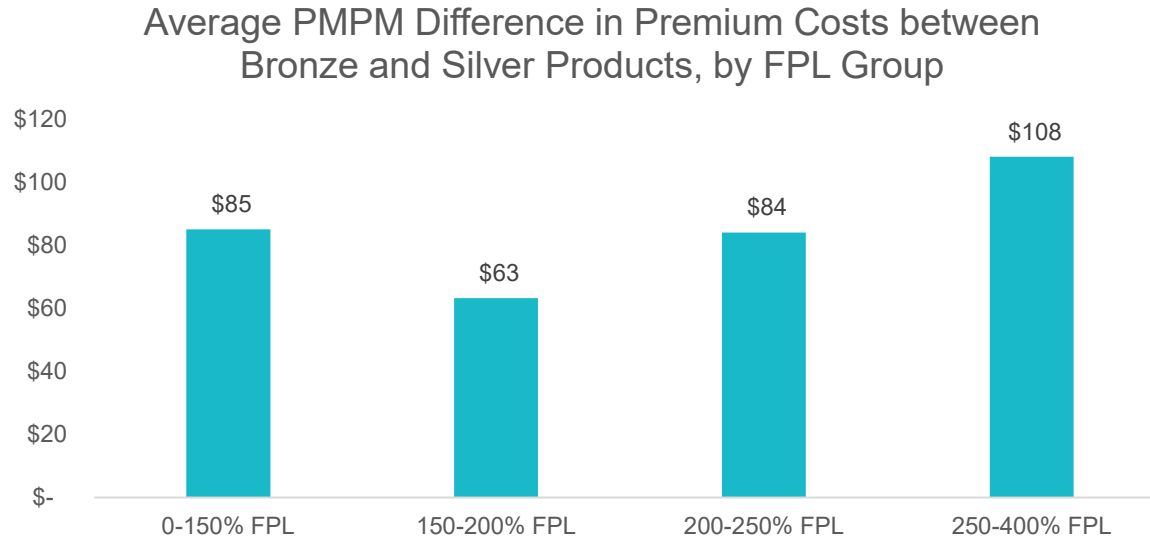
# BRONZE ENROLLEES ELIGIBLE FOR \$1 SILVER

- ❑ 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.



# DIFFERENCE IN COSTS BETWEEN BRONZE AND SILVER

- 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.

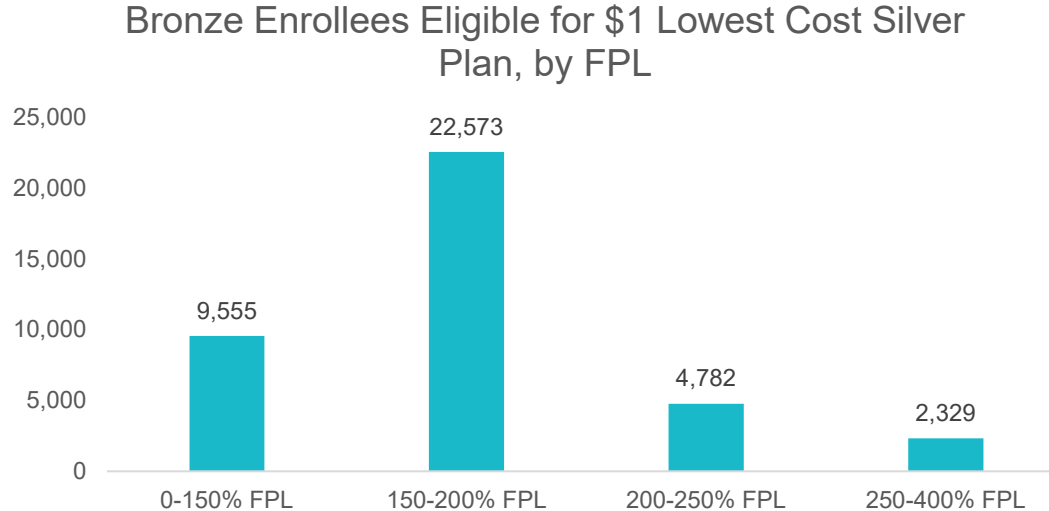


Analysis excludes Bronze HDHP.



# BRONZE ENROLLEES ELIGIBLE FOR \$1 LOWEST COST SILVER OPTION

- ❑ 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.

# IMPLEMENTATION CONSIDERATIONS

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](#).

# PUBLIC COMMENT

**CALL: (877) 336-4440**

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- ❑ 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](mailto:BoardComments@covered.ca.gov).*