

COVERED CALIFORNIA BOARD MINUTES  
Thursday, August 19, 2021  
Covered California  
1601 Exposition Blvd.  
Sacramento, CA 95815

*Please Note: Covered California hosted its August 19<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**

Vice Chair Hernandez called the meeting to order at 10:03 a.m.

**Board Members Present During Roll Call:**

Jarrett Barrios  
Jerry Fleming  
Dr. Sandra Hernandez  
Art Torres

**Board Members Absent During Roll Call:**

Chairman Mark Ghaly

**Agenda Item II: Closed Session**

A conflict disclosure was performed and there were no conflicts from the board members that needed to be disclosed. The board adjourned for closed session to discuss contracting, personnel, and litigation matters pursuant to Government Code Section 100500(j).

Vice Chair Hernandez called open session to order at 12:19 p.m.

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

**June 17, 2021 Meeting Minutes**

**Discussion:** None.

**Motion/Action:** Vice Chair Hernandez called for a motion and a second to approve the June 17, 2021 meeting minutes. Mr. Barrios moved to approve the meeting minutes. The motion was seconded by Mr. Torres.

**Public Comment:** None.

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

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

### **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 there were no matters to report at this time.

### **Executive Director's Update**

Mr. Lee called attention to the new data from the Biden administration regarding enrollment driven by the American Rescue Plan's (ARP's) subsidies and from the Centers for Disease Control and Prevention (CDC) regarding the geographic variations in insurance coverage.

In addition, Mr. Lee highlighted a new press release from Covered California. This press release stated that over 364,000 Californians have signed up for coverage since the special enrollment period (SEP) in February, and about 1.4 million Californians are seeing dramatic savings from the ARP's subsidies. Covered California also underscored in this press release that the ARP is taking a step beyond the Affordable Care Act by providing rich coverage and subsidies for people making more than 400% Federal Poverty Level (FPL). Mr. Lee noted that these benefits are only through 2022 but are being considered as part of the reconciliation package.

**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.

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

Isaac Menashe, Deputy Director of Policy, Eligibility and Research, gave an overview of enrollment under the ARP.

Mr. Menashe began by giving a summary of the SEP. So far, sign-ups are 2.6 times higher than the same time in 2019 and almost 30% higher than the previous record high of 2020. Also, year-to-date sign-ups for the whole SEP are more than two times higher than 2019 and about 12% higher than 2020. Compared to earlier SEPs, a higher share of 2021 new sign-ups are receiving subsidies. The group with an income level between 138% to 200% FPL grew the most, driven in part by sign-ups among those receiving unemployment insurance. The sign-ups with income over 600% FPL, who benefited from the elimination of the Advanced Premium Tax Credit (APTC), also grew substantially. Mr. Menashe noted that Latino and African American cohorts responded strongly throughout the 2021 SEP.

When looking at the overall enrollment profile, Mr. Menashe stated that the largest groups receiving subsidies are those with household incomes between 138% and 200% FPL. These households are paying \$35 a month for coverage, which is a savings of more than \$700. Additionally, 68% of consumers with an income level between 133% and 200% of FPL got covered for just \$1 per member per month.

Next, Mr. Menashe gave some background on the ARP's unemployment insurance provisions. The ARP provides enhanced APTCs and cost-sharing reductions if the primary tax filer or spouse reported unemployment income on their application for the 2021 coverage year. Among these consumers reporting unemployment income, Covered California locks income at 138.1% of FPL for the purposes of APTC and CSR eligibility. Covered California re-ran eligibility and enrollment for existing consumers on June 21<sup>st</sup> based on this new logic. After redetermining the eligibility of 145,000 members in June, the average net premium decreased by \$46 per month. Covered California also found that members with pre-batch incomes above 400% FPL saw an average net premium decrease of \$215 per month.

**Board Comments:** Mr. Torres asked why there was a 2% reduction in the Asian and Pacific Islander coverage.

Mr. Lee stated that African American and Latino groups have been more heavily impacted by employment job loss. As a result of that increase, there has been a decrease in Asian and Pacific Islander coverage.

Mr. Menashe emphasized that since percentages of some groups grew, other groups must fall to keep at the 100% total.

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

Mr. Lee began by providing federal updates. On August 10, 2021, the Senate passed a bipartisan infrastructure bill, and on August 11, 2021, the Senate adopted the \$3.5 trillion budget reconciliation package. Health care priorities in the package include permanency of the ARP's subsidies, expanding Medicaid coverage to all states, and bolstering Medicare to cover vision, dental, and hearing. On July 1, the Department of Health and Human Services (HHS) issued a third rulemaking for the 2022 Notice of Benefit and Payment Parameters. Mr. Lee noted that in its comment letter, Covered California applauded the recent steps by HHS to rescind and modify harmful policies that created barriers for consumers in obtaining quality, affordable coverage. Lastly, on July 20, Covered California applied for the Centers for Medicare & Medicaid Services (CMS) State Exchange Modernization Grant, seeking the full \$1.3 million funding for marketing activities related to the ARP.

Next, Mr. Lee provided state updates. The 2021-2022 State Budget (AB 128) and Health Omnibus trailer bill (AB 133) have been chaptered. These bills included a \$20 million annual appropriation for a \$1 per member per month premium subsidy to bring the premiums for many Covered California consumers to zero starting in 2022. Also, \$333.4 million was redirected from the General Fund to the Health Care Affordability Reserve Fund to be used for affordability programs starting in 2023. Additionally, these bills require the Department of Healthcare Access and Information to share hospital discharge with Covered California and require the California Health and Human Services Agency to establish an advisory committee with a representative from Covered California.

**Public Comments:** Diana Douglas with Health Access California underscored the amount of help that the ARP's subsidies are providing and thanked Covered California

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for their quick response to help facilitate enrollment. Ms. Douglas was also pleased to see the number of Californians helped by the unemployment subsidy and expressed excitement to have helped secure the \$20 million investment for zero-dollar premiums.

Jen Flory with Western Center on Law and Poverty aligned her comments with those of Ms. Douglas and commended Covered California for the quick implementation of the unemployment benefits. Ms. Flory expressed excitement for the zero-dollar premiums as well.

Alicia Emanuel with the National Health Law Program and the Health Consumer Alliance echoed previous comments and noted that the National Health Law Program also commented on the 2022 Notice of Benefit and Payment Parameters with a shared interest in expanding the federal open enrollment program.

Cary Sanders with the California Pan-Ethnic Health Network (CPEHN) aligned her comments with those of her colleagues and hopes to continue to see these subsidies moving forward.

Doreena Wong with Asian Resources, Inc. expressed appreciation for the extension of access and coverage to all consumers. Ms. Wong also expressed appreciation for the staff and board at Covered California.

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

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

Linda Anderson, Chief of Operations of Covered California for Small Business (CCSB), gave an overview of the major changes in these regulations.

Ms. Anderson noted that this emergency regulation was presented to the board for discussion on June 17, 2021. The proposed changes clarify regulatory language and update requirements related to eligibility and enrollment due to an enrollment system enhancement, which benefits small business consumers.

Ms. Anderson closed by requesting the board to formally adopt the regulation package.

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

**Public Comment:** None

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

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

Katie Ravel, Director of Policy, Eligibility, and Research gave an overview of one of the proposed policies that were presented to the board in June.

**Proposal to Automatically Move Certain Enrollees from Bronze to Silver Plans – Emergency Regulations:** Covered California is proposing to automatically move Bronze enrollees into Silver during the upcoming renewal if their income is under 150% FPL and if they can get a \$0 per member per month Silver plan with the same carrier in the same product.

Ms. Ravel noted that Covered California has engaged state and federal partners, issuers, and consumer advocates in program development. Lastly, Ms. Ravel shared draft emergency regulations that would revise the passive renewal hierarchy under existing regulations to reflect the proposal to automatically move certain enrollees from Bronze to Silver Plans. Ms. Ravel stated that this proposal will be brought before the board for action at the September board meeting.

**Board Comments:** Vice Chair Hernandez thanked the team for their hard work and expressed support for the proposal to move to an opt-out scenario to get consumers enrolled in a Silver plan. Also, she asked what the team has learned from their research regarding consumer behavior.

Ms. Ravel stated that consumers made decisions earlier this year based on premium and were looking for the lowest cost. Therefore, Covered California will be providing comparison information of the copayments and the deductibles of both plans in their custom communication. Also, Ms. Ravel explained that Covered California will be following up with qualitative and quantitative surveying of consumers.

Mr. Lee added that the team needs to also investigate how premium is displayed to the consumers and how to eliminate the confusion regarding the different variants of the Silver tier.

Mr. Barrios asked what will happen to the timeline if the ARP'S subsidies are not made permanent.

Mr. Lee emphasized that this will still move forward and that the plan is for consumers who will be renewing their coverage in 2022. He noted that if the subsidies are not made permanent, there will be outreach and education sent out to those consumers to notify them that their premiums have gone up.

**Planning for Automatic Enrollment of Individuals Losing Medi-Cal Coverage:**

Ms. Ravel returned to give an overview of California Senate Bill 260, which 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, and enrollment is to occur before the Medi-Cal termination date. Also, the first premium binder payment due date will be no sooner than the last day of the first month of enrollment.

Ms. Ravel noted that SB 260 originally called for implementation no later than July 1, 2021, but implementation was delayed due to COVID-19. Covered California is considering a pilot phase prior to June 2022 to coincide with the anticipated end of the public health emergency.

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**Board Comments:** Vice Chair Hernandez asked why Covered California wouldn't automatically know what plans consumers are in prior to them coming over.

Ms. Ravel replied that Medi-Cal plan selection doesn't happen in CalHEERS, so that is not an element that transitions over. She noted that the team will be working on gathering that information.

Mr. Barrios had a question regarding mixed-status families. He asked what the communication would be like for families who have some members on Medi-Cal and others who are not.

Ms. Ravel stated that if there are mixed program families where a member is transitioning from Medi-Cal to join their family at Covered California, the whole family would be grouped as they transition.

Mr. Lee added that most mixed families are going to be parents on Medi-Cal who will no longer be eligible, but their children will still be eligible. He noted that this is something that the team will need to work on in order to coordinate this issue.

Mr. Barrios followed up by asking whether the Medicaid or non-Medicaid parents will be auto enrolled into Covered California.

Mr. Lee clarified that only 25-30% of people that are no longer eligible for Medi-Cal will be eligible for auto enrollment. Some will not be eligible because they left to receive job-based coverage, while others may not be eligible for Covered California because they are undocumented. These individuals will not undergo auto enrollment.

**Public Comments:** Jen Flory with Western Center on Law and Poverty provided some clarity by stating that it's already state law that when someone is found ineligible for one program, the county worker would find them ineligible for all other available programs. Furthermore, this determination would be made before any information is sent over to Covered California on whether the person qualifies or not. Ms. Flory also expressed appreciation for the team's work on implementing SB 260 and support for the proposal to move consumers from Bronze to Silver.

Anete Millers with California Association of Health Plans expressed support for the proposal to move members from Bronze to Silver as well. Ms. Millers noted that this proposal would give consumers the opportunity to access better coverage while saving on premium costs.

Alicia Emanuel with the National Health Law Program and the Health Consumer Alliance echoed previous comments. Ms. Emanuel also expressed excitement for SB 260 and for Covered California's potential pilot to capture consumers who might be falling off Medi-Cal.

Diana Douglas with Health Access California expressed support for the proposal and SB 260. Ms. Douglas thanked the team for all their hard work as well.

Doreena Wong with Asian Resources, Inc. echoed previous comments and thanked Covered California for working to implement these changes.

## **Discussion Item: 2022 Qualified Health Plan and Qualified Dental Plan Certification Summary**

James DeBenedetti, Director of Plan Management, gave a summary of the negotiation meetings with Qualified Health Plan (QHP) issuers and what to look forward to in 2023.

Mr. DeBenedetti stated that all eleven QHP issuers and one new QHP issuer will be in Covered California's offering in plan year 2022. He noted that Covered California met with twelve QHP issuers and six Qualified Dental Plan (QDP) issuers from late June through mid-July for annual rate negotiation discussions.

**Covered California 2022 QHP Offerings:** Mr. DeBenedetti explained that three of the eleven existing issuers are expanding coverage of existing products, and all Californians can now choose between two issuers, 94% from three or more, and 81% from four or more.

**Covered California 2022 QHP Issuer Rates:** The individual market average rate change is 1.8%, with a three-year average of 1.1% between 2020-2022. Mr. DeBenedetti noted that this rate change reflects what unsubsidized consumers would pay both on and off-exchange. Also, these rates are provisional and subject to regulator review.

Next, Mr. DeBenedetti gave an overview of the factors contributing to the 1.8% average rate increase. These factors include Covered California's strong enrollment due to the ARP's subsidies, the continued improvement of the consumer risk mix, and the premiums that have been kept lower than the medical cost trend of 5–7%.

**2022 Dental Plan Offerings and Rates:** The statewide weighted average rate change for individual and family dental plans decreased by 1.04%. Additionally, six QDP issuers are returning for 2022, and two QDP issuers are withdrawing from the individual and family dental marketplace. Those issuers are Access DHMO and Guardian DPPO.

**Board Comments:** None.

## **Discussion Item: Qualified Health Plan Issuer Contract Refresh and Path Forward**

Mr. DeBenedetti returned to present Covered California's plans for refreshing contracts from 2023 and beyond.

**Consumer-Centric Policy Considerations:** When evaluating the addition or removal of carriers for plan year 2023, Covered California is taking the following policies under consideration: continuity, quality and equity, unique offerings, regional participation, product mix, single risk pool requirement, and pricing stability.

**Quality Transformation Initiative (QTI) and Attachment 7 Priority Areas:** Mr. DeBenedetti stated that during QHP issuer meetings, Covered California confirmed its commitment and implementation goals for QTI and Attachment 7 priority areas for the new 2023-2025 contract. For QTI, Covered California is developing a penalty program for quality and equity performance, with 2022 as a pilot year, to catalyze improvement in

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health plan equality. For Attachment 7, Covered California is refreshing the health equity, quality, and delivery system transformation requirements, building on the substantial changes made in the 2022 amendment.

**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. Also, Covered California and QHP issuers are securing a vendor who will help identify long-term strategies to improve marketing and retention efforts.

Vice Chair Hernandez adjourned the meeting at 2:10 p.m.