

COVERED CALIFORNIA BOARD MINUTES  
Thursday, June 16, 2022  
Covered California  
1601 Exposition Blvd.  
Sacramento, CA 95815

**Agenda Item I: Call to Order, Roll Call, and Welcome**

Chairman Mark Ghaly called the meeting to order at 10:10 am.

**Board Members Present During Roll Call:**

Jerry Fleming  
Dr. Mark Ghaly  
Dr. Sandra Hernandez

**Board Members Absent During Roll Call:**

Jarrett Barrios

**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), 11126 (a), and 11126 (e)(1).

Chairman Ghaly called open session to order at 12:15 p.m.

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

**May 19, 2022 Meeting Minutes**

**Discussion:** None.

**Motion/Action:** Chairman Ghaly called for a motion and a second to approve the May 19, 2022 meeting minutes. Vice Chair Hernandez moved to approve the meeting minutes. The motion was seconded by Mr. Fleming.

**Public Comment:** None.

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

**Agenda Item VI: Executive Director's Report**

**Announcement of Closed Session Actions**

Jessica Altman, Executive Director, stated that the board met in closed session to undertake issues related to contracting and personnel. There were no items to report.

## **Executive Director's Update**

**2022 Board Meeting Dates:** Ms. Altman presented the Covered California Board meeting dates for 2022, with two meetings scheduled as only a possibility.

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

Ms. Altman began by giving an update on the federal front. On May 27, 2022, the Department of Health and Human Services (HHS) withdrew their rule titled "Securing Updated and Necessary Statutory Evaluations Timely." This rule required most HHS regulations to automatically expire unless they are reviewed by the agency. Also, on June 6, Covered California submitted a comment letter in support of the Internal Revenue Services' (IRS) proposed rule seeking to fix the "family glitch," which prevents family members from accessing premium tax credits if an employee's self-only coverage is considered to be affordable.

Next, Ms. Altman gave a state budget update. On June 13, 2022, the California Legislature passed the Budget Act of 2022, also known as Senate Bill 154. It appropriates \$304 million for the state subsidy program in 2023 for individuals with projected and actual household incomes at or below 600 percent of Federal Poverty Level (FPL).

**Board Comments:** Vice Chair Hernandez emphasized the importance of Senate Bill 154 and hopes that the bill will be signed. She also asked how the establishment of the Office of Health Care Affordability will impact Covered California.

Ms. Altman stated that Covered California has begun to have discussions on this and the two entities seem to have many shared priorities for the future.

**Public Comment:** Diana Douglas with Health Access California thanked Ms. Altman for the updates on the federal front. Ms. Douglas also expressed support for the contingency planning in Senate Bill 154.

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

### **Action Item: Covered California's Proposed Fiscal Year 2022-2023 Budget**

Jim Watkins, Director of the Financial Management Division, began by giving an overview of the changes to the budget since it was discussed at the May board meeting. The changes include an adjustment to the enrollment and revenue forecast, an adjustment to the operating and capital investment expenditure budget, and adjustments to the projected revenue and expenditure budgetary outlook.

Next, Mr. Watkins asked the board to adopt Board Resolution 2022-32 to approve the operating and capital budget for fiscal year 2022-2023, providing expenditure authority of \$411,365,194, grant the Executive Director the authority to make adjustments to the operating budget, and charge a per-member-per-month assessment fee of 3.25 percent for plan year 2023 on Qualified Health Plans and 5.2 percent of premiums for such plans sold through Covered California for Small Business.

**Board Comments:** Mr. Fleming thanked Mr. Watkins and the team for all of their hard work on the budget.

Vice Chair Hernandez thanked Mr. Watkins and the team for a well-thought-out budget.

**Motion:** Vice Chair Hernandez moved the motion to adopt Board Resolution 2022-32. Mr. Fleming seconded this motion.

**Public Comment:** Cary Sanders with the California Pan-Ethnic Health Network (CPEHN) expressed support for the budget and thanked Covered California and the board for the extension of funds for the navigator program.

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

### **Action Item: Revised 2023 Patient-Centered Benefit Plan Designs**

Jan Falzarano, Deputy Director of the Plan Management Division, gave a summary of the modifications Covered California is seeking to make to the 2023 Patient-Centered Benefit Plan Designs and asked the board to approve the revisions.

**Board Comments:** Vice Chair Hernandez asked for more information on Kaiser's proposed changes to their benefit designs to meet the actuarial value (AV) requirements.

Ms. Falzarano stated that the Plan Management Division worked with Kaiser on how to make changes to their plan designs that would have the least amount of impact on their consumers.

Chairman Ghaly asked if this is the first time that Kaiser or other providers have reached out to Covered California regarding this.

Ms. Falzarano stated that this is a unique situation, but it is worth monitoring and working with health plans in the future to prevent these issues from continuing.

**Motion:** Mr. Fleming moved the motion to approve the revisions to the 2023 Patient Centered Benefit Plan Designs. Vice Chair Hernandez seconded this motion.

**Public Comment:** Cary Sanders with CPEHN stated that the changes made by Kaiser are acceptable, but moving forward, they would like to see systems in place to allow for appropriate cost-sharing for telehealth.

Diana Douglas with Health Access California aligned her comments with those of Ms. Sanders.

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

### **Action Item: 2023 Premium and Cost-sharing Affordability Contingency Planning**

Katie Ravel, Director of the Policy, Eligibility and Research Division, presented program designs for both state premium subsidy and enhanced cost-sharing reduction based on Senate Bill 154. The premium subsidy approval was unchanged from the draft presented to the board at the May board meeting. Ms. Ravel noted that the enhanced

cost-sharing reduction program design was included in the Assembly Bill 133 Report and updated for the May board meeting. Additionally, both program designs have been included in the 2023 Program Design Document, which is required by state statute to specify eligibility and benefits for the financial assistance program.

Lastly, Ms. Ravel asked the board to approve the 2023 Program Design Document contingent upon the terms of the final 2022-23 state budget.

**Motion:** Vice Chair Hernandez moved the motion to approve the 2023 Program Design Document contingent upon the terms of the final 2022-23 state budget. Mr. Fleming seconded this motion.

**Public Comment:** Cary Sanders with CPEHN expressed appreciation for Covered California's modeling and work with stakeholders on contingency planning. Ms. Sanders also asked that Covered California prioritize assisting those with the lowest incomes.

Diana Douglas with Health Access California echoed Ms. Sanders' comments and expressed appreciation for the options provided in the Assembly Bill 133 Report.

Alicia Emanuel with the National Health Law Program (NHELP) expressed appreciation for all of the contingency planning and echoed previous comments.

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

### **Discussion Item: Eligibility and Enrollment Regulations Emergency Readoption**

Bahara Hosseini, from the Office of Legal Affairs, gave an overview of the main proposed changes to the regulations. Covered California is proposing to revise the definition of "dependent" under section 6410 to include, for a plan year beginning on or after January 1, 2023, a parent and stepparent. Also, there are proposed revisions to the cross-referenced citations to the IRS regulations for the definitions of "minimum value" and "qualifying coverage in an eligible employee-sponsored plan" to cohere with the federal family glitch regulations. Additionally, Covered California is proposing to revise the definition of "QHP Issuer" under section 6410. Furthermore, Covered California is proposing to revise the application regulation under section 6470(c)(14) to include the cost of the family coverage as required information to be provided by the consumer to cohere with the family glitch regulations.

In addition, Covered California is proposing to revise the eligibility requirements for Advance Premium Tax Credit (APTC) and Cost-Sharing Reductions (CSR) under section 6474(c)(7), the verification of enrollment in an eligible employee-sponsored plan under section 6490(e), and the eligibility redetermination during a benefit year under section 6496.

Lastly, Covered California is revising the open enrollment periods in section 6502(d)(4) and (f)(3) to add the new open enrollment period dates and coverage effective dates required under state law as of January 1, 2023.

Ms. Hosseini noted that staff will ask the board to formally adopt these regulations at the August board meeting.

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**Public Comment:** Alicia Emanuel with NHELP expressed appreciation and support for the changes to these regulations. Ms. Emanuel noted that she hopes there will be further discussion with Covered California regarding section 6490 to clarify what affordability of employer-based insurance means.

Chairman Ghaly adjourned the meeting at 1:28 p.m.