

COVERED CALIFORNIA BOARD MINUTES
Thursday, January 20, 2022
Covered California
1601 Exposition Blvd.
Sacramento, CA 95815

Please Note: Covered California hosted its January 20th board meeting remotely. Per Assembly Bill No. 361 (2021-2022 Reg. Sess.), 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

Chairman Mark Ghaly called the meeting to order at 9:30 am.

Board Members Present During Roll Call:

Jarrett Barrios
Jerry Fleming
Dr. Sandra Hernandez
Dr. Mark Ghaly
Art Torres

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).

Vice Chair Hernandez called open session to order at 1:18 p.m. Dr. Ghaly was not present for open session.

Vice Chair Hernandez then provided an update on the search for a new Chief Executive Officer (CEO) of Covered California. The board expects to conclude its search in the coming weeks and for the new CEO to start in early March. She noted that Mr. Lee's last day is February 28.

Agenda Item III: Board Meeting Action Items

October 21, 2021 Meeting Minutes

Discussion: None.

Motion/Action: Vice Chair Hernandez called for a motion and a second to approve the October 21, 2021 meeting minutes. Mr. Torres moved to approve the meeting minutes. The motion was seconded by Mr. Barrios.

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Public Comment: None.

Vote: The motion was approved by a unanimous vote of those present. Chairman Ghaly was not present during the vote.

November 18, 2021 Meeting Minutes

Discussion: None.

Motion/Action: Vice Chair Hernandez called for a motion and a second to approve the November 18, 2021 meeting minutes. Mr. Torres moved to approve the meeting minutes. The motion was seconded by Mr. Barrios.

Public Comment: None.

Vote: The motion was approved by a unanimous vote of those present. Chairman Ghaly was not present during the vote.

December 21, 2021 Meeting Minutes

Discussion: None.

Motion/Action: Vice Chair Hernandez called for a motion and a second to approve the December 21, 2021 meeting minutes. Mr. Torres moved to approve the meeting minutes. The motion was seconded by Mr. Barrios.

Public Comment: None.

Vote: The motion was approved by a unanimous vote of those present. Chairman Ghaly was not present during the vote.

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 undertake issues related to personnel, contracting, and litigation. There were no items to report.

Executive Director's Update

2022 Board Meeting Dates: Mr. Lee presented the Covered California Board meeting dates for 2022, with five meetings scheduled as only a possibility.

Open Enrollment 2022 Campaign Updates: Mr. Lee gave an overview of an event that was held on January 19, 2022. The event featured civil rights icons Dolores Huerta, Dr. David Carlisle of Charles R. Drew University of Medicine and Science, Dr. Sergio Aguilar-Gaxiola of the UC Davis Center for Reducing Health Disparities, and Rhonda Smith of the California Black Health Network. At the event, Covered California announced that 2022 began with a record 1.7 million enrollees and highlighted California's efforts to reduce the uninsured rates among communities of color.

Update on Bringing Care Within Reach

Mr. Lee gave a brief update on the report that Covered California developed in compliance with the 2021-2022 State Budget (AB 128) and Health Omnibus trailer bill (AB 133). Covered California released this report titled *Bringing Care Within Reach: Promoting California Marketplace Affordability and Improving Access to Care in 2023 and Beyond*. The report provides specific options for how California and other states could use state funds or federal funds that are anticipated in the proposed Build Back Better Act to expand cost-sharing support.

Covered California Data and Research

Isaac Menashe, Deputy Director of Evaluation and Research, gave an overview of a personalized telephone outreach that was conducted by the Service Center team at Covered California to increase health insurance take-up for hard-to-reach populations. These outbound calls took place in 2019 and Covered California published the results in an article on *Health Affairs*. The results found that enrollment increased by over 22 percent. The Service Center will be doing more outbound calls in January 2022 to boost overall enrollment.

Board Comments: Mr. Torres thanked Dr. Carlisle and Ms. Huerta for their leadership and efforts.

Vice Chair Hernandez seconded Mr. Torres' comments and asked Mr. Menashe if this outreach effort will be continued beyond the pilot phase.

Mr. Menashe stated that the Service Center has continued to place outbound calls when their capacity allows them to during every open enrollment.

Public Comments: None.

State and Federal Policy/Legislative Update

Mr. Lee highlighted a couple of updates on the federal front. The first update was that the House of Representatives passed the Build Back Better Act on November 19, 2021, and on December 11, 2021, the Senate Committees released updated language for the Build Back Better Act. Also, Mr. Lee stated that on January 5, the Department of Health and Human Services issued the 2023 Notice of Benefit and Payment Parameters. Covered California will be providing substantial comments on standardized benefit design and addressing health equity.

Next, Mr. Lee gave a brief state update. On January 10, Governor Newsom's FY 2022-23 State Budget was released, which includes a \$45.7 billion projected surplus, a \$333 million appropriation for a state health care affordability reserve, and a \$20 million appropriation for the \$1 per member/per month California Premium Subsidy. Other initiatives include a proposal to fund full-scope Medi-Cal to all income-eligible people regardless of their immigration status and establishing an Office of Health Care Affordability.

Board Comments: Vice Chair Hernandez highlighted the establishment of the Office of Health Care Affordability in the Governor's budget and how members of the stakeholder

community are opposed to this effort. Also, Vice Chair Hernandez stated that CalAIM is the most substantial reform to the Medi-Cal program. Lastly, she noted that Governor Newsom expanded coverage for Medi-Cal with state-only dollars for the remainder of the uninsured population in California.

Public Comments: Doreena Wong with Asian Resources, Inc. congratulated Covered California on its record enrollment numbers and commended the Service Center team for their efforts to conduct that additional outreach.

Diana Douglas with Health Access California expressed appreciation for Covered California's efforts in the open enrollment period and for the Service Center team's additional outreach. Ms. Douglas also thanked Covered California for the modeling and background that went into the AB 133 report. Lastly, Ms. Douglas expressed support for the health for all expansion to 26 to 49-year olds, the establishment of the Office of Health Care Affordability, and the continued funding for zero-dollar premiums.

Cary Sanders with the California Pan-Ethnic Health Network (CPEHN) thanked Covered California for its efforts to close the coverage gap and the research conducted on the impact of outbound calls from the Service Center. Ms. Sanders expressed excitement for state efforts towards universal coverage.

Alicia Emanuel with the National Health Law Program and the Health Consumer Alliance echoed previous comments and highlighted that the outbound call research showed that low-income beneficiaries up to 200 percent of the federal poverty level (FPL) saw an enrollment increase of 36 percent. Additionally, Ms. Emanuel expressed gratitude for Covered California's comment on the Notice of Benefit and Payment Parameters.

Jen Flory with Western Center on Law and Poverty echoed her colleagues' comments and looks forward to getting closer to universal coverage.

Agenda Item V: Covered California Policy and Action Items

Action Item: Eligibility and Enrollment Regulations

Bahara Hosseini, Office of Legal Affairs, gave a brief overview of the proposed changes to the regulations that were previously discussed at the November board meeting.

There is a revised definition of "premium payment due date" to specify the initial premium payment due date for Senate Bill 260 enrollees to comply with Gov. Code, Section 100503.4, subdivision (c), and to specify the binder payment due date for those who are not enrolling through Senate Bill 260, as well as the subsequent premium payment due date for all enrollees. Also, there is a revision to the income verification process in sections 6484 and 6486 to specify that the income consistency threshold is 50 percent or \$12,000, whichever is greater, for any benefit year for which the applicable percentages for purposes of calculating the Advanced Premium Tax Credit (APTC) amount are between zero and 8.5 percent. Otherwise, the income threshold shall be 25 percent or \$6,000, whichever is greater.

Additionally, there is a revision to the enrollment regulation in section 6500 to add Senate Bill 260 provisions, including an opt-in requirement for consumers to be auto-enrolled into a qualified health plan (QHP) with zero-dollar monthly net premium and an opt-out option for those enrolling through Senate Bill 260. Furthermore, there are revisions to the special enrollment period regulation in section 6504 to add a new monthly triggering event for APTC-eligible consumers with an expected household income at or below 150 percent of FPL whose applicable percentage for purposes of calculating the APTC amount is set at zero under federal rules. Lastly, there is a new subdivision to specify that eligibility for APTC refers to being eligible in an amount greater than zero dollars per month, and ineligibility for APTC refers to being ineligible or being eligible for a maximum zero dollars APTC per month to comply with federal regulations.

Ms. Hosseini closed by asking the board to formally adopt this regulation package so that it can be filed with the Office of Administrative Law.

Board Comments: Vice Chair Hernandez asked when these regulations would go into effect.

Ms. Hosseini replied that Covered California must provide a 5-day public notice before filing the regulations with the Office of Administrative Law. Once they are filed, the Office of Administrative Law has 10-calendar days to review the regulations.

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 Comments: Jen Flory with Western Center on Law and Poverty commended Ms. Hosseini and her team for allowing stakeholders enough time to review and weigh in on the changes to these regulations.

Alicia Emanuel with the National Health Law Program and the Health Consumer Alliance seconded Ms. Flory's comment and expressed support for the changes to the regulations.

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

Discussion Item: 2023 Qualified Health Plan Contract and Certification Process

Context for Covered California's 2023-2025 Contracting: Building on Nine Years of Making a Market Work for Consumers

Mr. Lee gave a high-level overview of the solicited input, quality improvement modeling, and the expert interviews that were conducted to inform proposal development. He also highlighted California's record decrease in the uninsured rate, healthy risk mix, meaningful plan choices, and standardized patient-centered benefit designs.

Board Comments: Mr. Torres expressed gratitude for the colon cancer screening and the services that California is providing.

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Vice Chair Hernandez expressed appreciation for all of the modeling that was conducted and emphasized the significance of Covered California holding the plans accountable to help improve the quality metrics.

Mr. Fleming congratulated the team on the process and the creativity that they have been using.

Mr. Barrios echoed previous comments and asked how this would roll out in counties that have two or fewer provider options.

Mr. Lee stated that Covered California would only remove a plan where there would be three carriers remaining.

Public Comments: Cary Sanders with the California Pan-Ethnic Health Network (CPEHN) expressed appreciation for Covered California's use of the contracting process to drive improvements in quality and equity.

Diana Douglas with Health Access California echoed Ms. Sanders' comment.

Model Contract Overview

James DeBenedetti, Director of Plan Management, gave an overview of the new contract provisions that have been developed since the draft was posted last November. Comments that were received on the prior draft and changes made in response to those comments are covered in Appendices I and II. Mr. DeBenedetti noted that the use of the term "enrollee" has also been refined throughout the contract to better clarify when it applies to Covered California enrollees versus those in other markets.

Next, Mr. DeBenedetti covered the new quality standards for the exclusion of existing plans effective plan year 2023 and new contract terms concerning enrollment. Additionally, Mr. DeBenedetti highlighted key provisions to Attachment 1 and new monitoring requirements for carriers conducting required improvement.

Lastly, Mr. DeBenedetti explained Covered California's public comment process. Covered California solicited public comments, along with many other informal opportunities for input, on the Model Contract and Attachments 1, 2, and 3 through two rounds of public comments in September and November 2021. Covered California is now soliciting public comments focused on new concepts until January 31, 2022, and will solicit comments on new contract language for these concepts once the contract language is available, until February 11, 2022.

Board Comments: Vice Chair Hernandez asked if the public will be notified if a carrier is underperforming.

Mr. DeBenedetti stated that announcements will be made on what carriers will be put on notice.

Mr. Lee clarified that it would be a public announcement, but individual notices would not be sent out to consumers.

Public Comments: Cary Sanders with the California Pan-Ethnic Health Network (CPEHN) expressed support for making consumers aware if a carrier is underperforming and has been put on notice.

Board Comments: Vice Chair Hernandez emphasized the importance of monitoring the removal of lower-quality providers to prevent limiting the diversity of the provider pools.

Quality Transformation Initiative Update

Dr. Alice Chen, Chief Medical Officer, began by discussing the overarching Quality Transformation Initiative (QTI) strategy. Dr. Chen noted that the goal is not to collect funds, but instead to elevate health plan performance so that Californians receive better quality care. Also, she clarified that the QTI is just one component of a multi-pronged strategy around measurement and the first year of the 2023 contract will start with the maximum potential quality improvement fund payment of 0.8 percent. Additionally, Dr. Chen flagged that disparities-reduction is central to the quality agenda, as well as behavioral health.

Next, Dr. Chen briefly covered the approach to the selection of QTI measures and the recommended core set of four metrics. These four metrics include controlling high blood pressure, hemoglobin control, colorectal cancer screening, and childhood immunization status.

Additionally, Dr. Chen covered the options under consideration for the QTI performance thresholds. The first option consists of potential payments up to the 66th percentile performance with full payment below 25th percentile performance. The second option consists of potential payments up to the 75th percentile performance with full payment below 25th percentile performance.

Lastly, Dr. Chen stated that Covered California is currently proposing using funds to foster quality improvement or improvement in population health that would impact the areas of health care performance being addressed by the initiative. These funds would go into a segregated account and an external entity would oversee the distribution of funds, as directed by Covered California. The funds would also be structured to receive funds from or on behalf of the California Public Employees' Retirement System (CalPERS) or the Department of Health Care Services (DHCS) in the future.

Public Comments: John Newman with Kaiser Permanente expressed support for the QTI but addressed three design concerns with the program. Mr. Newman stated the first concern is carriers paying penalties for performance. The other concerns are the potential difficulty of finding efficient projects to fund using the revenue generated by the program and that the program's funding would require average premiums for the entire population to increase. Finally, Mr. Newman suggested one change that could address all three of those concerns. The change is for Covered California to use the revenue to cover its administrative costs and to reduce the fees that carriers would pay.

Cary Sanders with the California Pan-Ethnic Health Network (CPEHN) expressed appreciation for the staff at Covered California and the selected QTI measures. Ms.

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Sanders also emphasized the importance of allowing consumers to have a say in how the funds for the QTI are spent.

Anete Millers with the California Association of Health Plans (CAHP) addressed concerns for the performance penalties for carriers and recommended alternatives to those financial penalties, such as bonus payments or credits offered in the amount of total premium at risk per measure. Ms. Millers also stated that it would be wise to apply the QTI funds to underlying plan performance.

Diana Douglas with Health Access California expressed support for the QTI and believes that it is a step in the right direction for plan accountability.

Jen Flory with Western Center on Law and Poverty aligned her comments with those of her colleagues and expressed support for the four categories of QTI measures.

Quality Standards for New Entrants

Mr. DeBenedetti returned to give a high-level overview of the standards for new carriers. New carriers must demonstrate that the quality of care provided through its contracted networks and delivery support systems will be above a quality threshold equivalent to the 25th percentile of performance using the Quality Rating System (QRS) standard measures. In addition, effective plan year 2023, Covered California will now consider any potential new entrant for certification during all years by the contract, not just the first year. Finally, Mr. DeBenedetti covered the important deadlines for new carriers.

Vice Chair Hernandez adjourned the meeting at 3:35 p.m.