

COVERED CALIFORNIA BOARD MINUTES
Thursday, November 18, 2021
Covered California
1601 Exposition Blvd.
Sacramento, CA 95815

Please Note: Covered California hosted its November 18th 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

Vice Chair Hernandez called the meeting to order at 9:00 am.

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).

Chairman Ghaly called open session to order at 2:37 p.m.

Agenda Item III: Board Meeting Action Items

September 16, 2021 Meeting Minutes

Discussion: None.

Motion/Action: Chairman Ghaly called for a motion and a second to approve the September 16, 2021 meeting minutes. Mr. Barrios 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. Vice Chair Hernandez was not present during the vote.

Agenda Item IV: Executive Director's Report

Announcement of Closed Session Actions

Peter V. Lee, Executive Director, gave an overview of the closed session action items. The board met in closed session to undertake issues related to personnel, contracting, and litigation. In particular, the board discussed the personnel issue of searching for a new Chief Executive Officer of Covered California. The board has engaged WittKieffer to conduct the search and has been aggressively recruiting candidates in the last few weeks. January 2022 is the anticipated time frame for the board to review all the candidates and begin conducting interviews. Also, the board discussed contracting issues regarding the 2023 Qualified Health Plans (QHPs).

Executive Director's Update

Mr. Lee stated that there are three policy and action items up for discussion at this meeting. All these items have received substantial engagement from stakeholders, advocates, and health plans. Mr. Lee noted that Covered California will continue to seek engagement in the weeks to come before these items go back to the board for action.

2021 Board Meeting Dates: Mr. Lee presented the last Covered California board meeting date for 2021, which will take place on December 21 and be a closed session meeting only. Mr. Lee then presented 2022 board meeting dates, with four meetings scheduled as only a possibility. He clarified that there will be a board meeting in February.

Agent Compensation Boost: Next, Mr. Lee highlighted a news release reporting that three of Covered California's biggest health insurance carriers will increase their compensation, by an estimated \$22 million annually, for agents who help people sign up for coverage in the individual market. This move will bolster independent agents across the state, who provide support to consumers free of charge, as open enrollment is underway. In addition, Mr. Lee emphasized that Covered California has more than 500 certified insurance agent storefront locations with most agents being multi-lingual.

Open Enrollment 2022 Campaign Updates:

Mr. Lee gave an overview of the national Open Enrollment 2022 kickoff. This kickoff featured United States Secretary of Health and Human Services Xavier Becerra and California Secretary of Health and Human Services Dr. Mark Ghaly. This Open Enrollment 2022 campaign will focus on affordability, access to care, and the impact on consumers. Covered California will spend an estimated \$17.8 million in marketing on this campaign from November 1, 2021, to January 31, 2022. This campaign will target multi-segment, LGBTQ, Hispanic, Asian, and African American communities statewide through digital, social, print, outdoor, and direct mail media channels.

Covered California Data and Research

Mr. Lee gave a brief data report regarding the special enrollment period and the American Rescue Plan. He emphasized that sign-ups during the American Rescue Plan period are 2.6 times higher than the same time in 2019 and almost 50 percent higher than the previous record high of 2020. Additionally, year-to-date sign-ups for the entire special enrollment period are more than 2.2 times higher than 2019 and nearly 30 percent higher than 2020.

State and Federal Policy/Legislative Update

Mr. Lee gave an update on the federal front. The Build Back Better Act, which would extend the American Rescue Plan premium tax credits through 2025 and enhanced subsidies for recipients of unemployment compensation through 2022, is currently under review in the House of Representatives.

Board Comments: Mr. Torres expressed how proud he was of Secretary Xavier Becerra and his wife Dr. Carolina Becerra.

Public Comments: Faith Borges with the California Association of Health Underwriters expressed gratitude for Covered California's efforts to ensure agents receive additional resources to assist with enrollment and renewals for millions of Californians. Ms. Borges also expressed appreciation for all the agents and carriers who have been hard at work. Lastly, she showed support for the increased compensation for agents.

Diana Douglas with Health Access California thanked Mr. Lee and the staff at Covered California for their hard work to implement the American Rescue Plan subsidies and expressed excitement for the Build Better Act.

Alicia Emanuel with the National Health Law Program and the Health Consumer Alliance thanked the executives and board of Covered California for their hard work on searching for a new Chief Executive Officer that is reflective of the diversity of the California population. Ms. Emanuel also expressed excitement for the passage of the Build Back Better Act.

Agenda Item V: Covered California Policy and Action Items

Discussion Item: Eligibility and Enrollment Regulations

Katie Ravel, Director of Policy, Eligibility, and Research provided some background on the proposed changes to the eligibility and enrollment regulations. These changes will implement the auto-enrollment for individuals transitioning from Medi-Cal to Covered California and include provisions for consumers to opt-in and opt-out of coverage, as well as provisions for premium payment dates. Also, the changes will create an alignment with the recent federal regulation and procedure changes. There will be a new option for year-round enrollment for individuals with income below 150 percent of the Federal Poverty Level (FPL), new income verification procedures, and eligibility refinements related to the American Rescue Plan.

Bahara Hosseini, Office of Legal Affairs, presented a detailed overview of the main proposed changes to the regulations. 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 the Senate Bill 260 provisions, including an opt-in requirement for consumers to be auto-enrolled into a 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 the 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 the federal regulation.

Ms. Hosseini closed by stating that staff will request that the board formally adopt these regulations at the January board meeting and any additional proposed changes will be communicated to stakeholders for review and comment before then.

Board Comments: Chairman Ghaly thanked the team for their quick turnaround and work with the Department of Health Care Services on the transitioning of consumers between the exchanges and Medicaid.

Public Comments: None.

Discussion Item: 2023 Qualified Health Plan Issuer Model Contracts

James DeBenedetti, Director of Plan Management Division, gave a quick summary of the 2023-2025 model contract. The 2023-2025 Attachment 1, formally Attachment 7, strengthens, enhances, and simplifies the quality and equity requirements. In addition, the 2023-2025 Attachments 2 and 3, formerly Attachment 14, reformats the attachment and further clarify the changes made in 2022 by splitting performance standards into expectation only vs. with required financial contribution based on poor performance.

Mr. DeBenedetti noted that Covered California is also considering options that aim to spur dramatic improvements in quality and equity. The first option is to increase contractual expectations for quality improvement. This would include the introduction of the Quality Transformation Initiative, which encourages the delivery of higher quality and equitable care by assessing a required financial contribution based on poor quality performance on lower-quality plans at an amount starting at one percent and increasing to four percent of premium. The second option involves formalizing plan selection and

exclusion criteria. In particular, the determination of how many plans should be offered in each area and what additional criteria should be used to evaluate the addition of new health plans and the removal of existing plans based on the value they provide to consumers.

Next, Mr. DeBenedetti gave a quick overview of Attachments 1, 2, and 3. Attachment 1 focuses on data and outcomes over narrative reporting, alignment with other public purchasers, and the implementation of the Quality Transformation Initiative. For Attachment 2, Covered California is proposing 0.2 percent of premium at risk for performance and 0.8 percent of premium at risk for the Quality Transformation Initiative. Also, Covered California is proposing to remove some 2022 performance standards, add several new standards, and redistribute the percent at risk for each standard. For Attachment 3, issuer performance will be posted publicly on Covered California's website.

Mr. DeBenedetti noted that all 2023 certification and contract documents will be presented in January 2022 for board discussion, with final approval anticipated in February or March 2022.

Public Comments: Alicia Emanuel with the National Health Law Program and the Health Consumer Alliance expressed support for the changes to the eligibility and enrollment regulations. Ms. Emanuel also thanked the team at Covered California for working with advocates to decide on an income verification policy. Lastly, she expressed support for the Quality Transformation Initiative and looks forward to the continued collaboration with Covered California to ensure the design aligns with the desired intent.

Diana Douglas with Health Access California expressed excitement for the changes to the eligibility and enrollment regulations and expressed support for the Quality Transformation Initiative as well. Also, Ms. Douglas stated that she looks forward to working with Covered California as the new contracts are finalized and implemented.

Cary Sanders with the California Pan-Ethnic Health Network (CPEHN) echoed previous comments and thanked the staff at Covered California for their hard work on the regulations and the model contract.

Discussion Item: Update on Assembly Bill 133 Health Care Affordability Reserve Fund Report

Ms. Ravel returned to present the different options that Covered California has modeled that could be considered to help enhance cost-sharing support. Given the current uncertainty around the extension of the American Rescue Plan premium subsidies, Covered California also modeled the cost to backfill those subsidies in whole or in part.

Covered California commissioned Milliman to model a variety of cost-sharing reduction options based on prior affordability work, other state programs, federal proposals, and suggestions from working group members. Ms. Ravel noted that the modeling assumes that state cost-sharing reductions will only be available in Silver plans like the federal program.

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Ms. Ravel then gave a brief summary of how Covered California could enhance its current Silver plans with new generosity, marginal per member per month cost for the enhanced benefits by income band, Silver plan enrollment projections by income band, and estimated total cost for various combinations of options chosen by Covered California. The highest cost options range from \$463 million to \$540 million and would increase the value of cost-sharing reductions for those eligible today and significantly expand cost-sharing support to enrollees above 200 percent FPL to roughly the Platinum level of coverage. The medium cost options range from \$128 million to \$163 million and would increase the value of cost-sharing reductions for those eligible today and significantly expand cost-sharing support to enrollees above 200 percent FPL to roughly the Gold level of coverage. Finally, the lowest cost options range from \$37 million to \$48 million and would either provide funding to eliminate deductibles in Silver plans for all individuals under 400 percent FPL or provide modest expansion of eligibility for cost-sharing support above the current federal cost-sharing cliff at 250 percent FPL.

In closing, Ms. Ravel gave a quick breakdown of the cost to replace the American Rescue Plan subsidies for Covered California enrollees. In 2022, the estimated annual cost difference between the Affordable Care Act and American Rescue Plan subsidies for Covered California's enrollment is \$1.6 billion. Also, Ms. Ravel stated that the Covered California staff will share the draft report with the stakeholder working group for feedback in December and will submit the final report by January 1, 2022.

Board Comments: Chairman Ghaly thanked Mr. Lee and the team for their tremendous work on this report and emphasized the importance of the continuance of these benefits for Californians.

Public Comments: Diana Douglas with Health Access California thanked the staff at Covered California and Milliman for the modeling of the different options and expressed excitement to see the full report. Ms. Douglas also emphasized the importance of continuing to work to lower costs for enrollees.

Chairman Ghaly adjourned the meeting at 4:02 p.m.