



COVERED CALIFORNIA POLICY AND ACTION ITEMS

May 19, 2022 Board Meeting

COVERED CALIFORNIA'S PROPOSED FISCAL YEAR 2022-2023 BUDGET

Jim Watkins, CPA, Chief Financial Officer
Financial Management Division

PROPOSED BUDGET FOR FISCAL YEAR 2022-23

Overview for Board of Directors

Financial Management Division

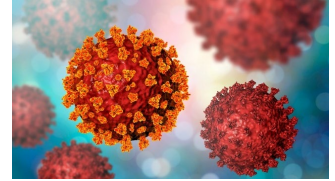
May 19, 2022



REVIEW OF PAST THREE YEARS - BUDGET UNCERTAINTY THEN

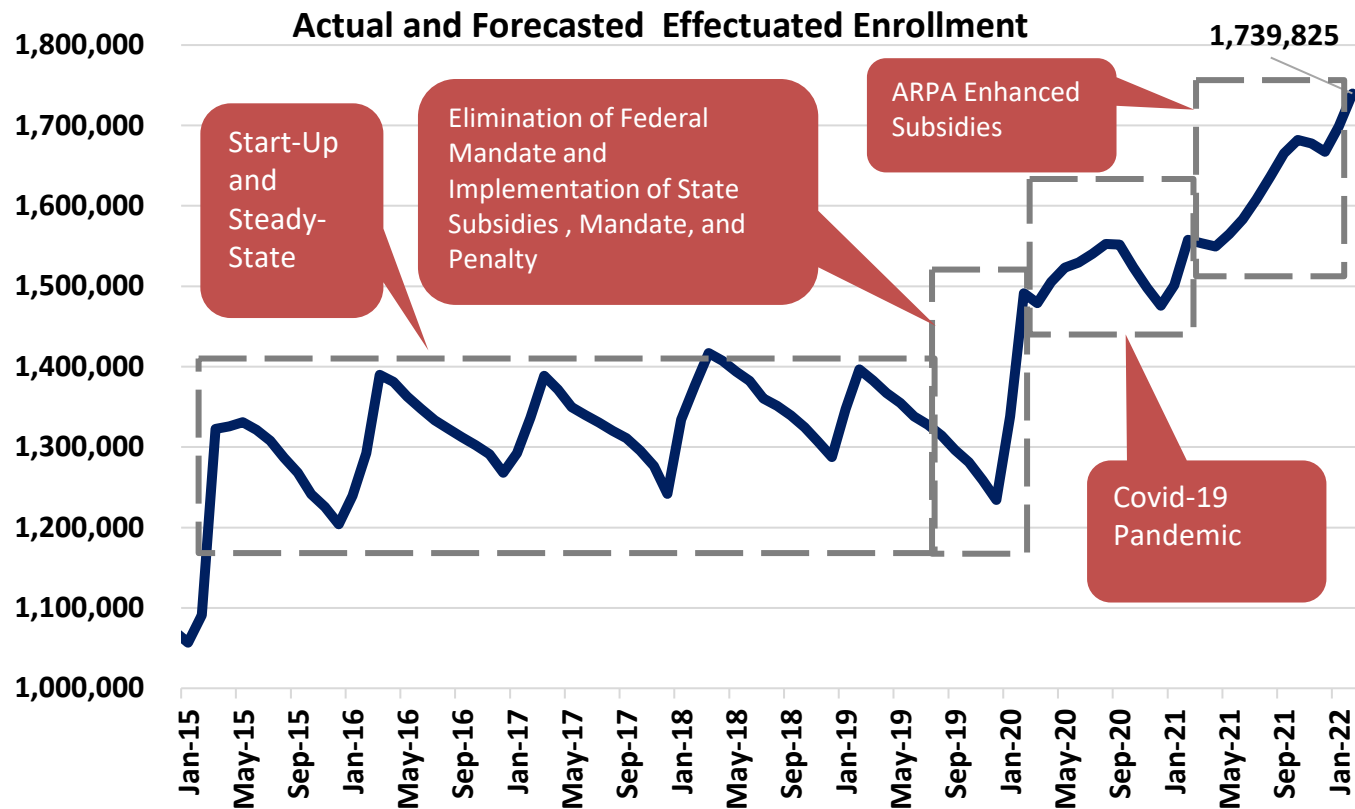
The past three fiscal years presented a number of challenges and opportunities for Covered California. The primary budget uncertainty concerned how many would enroll.

- ❑ Federal mandate and penalty eliminated
- ❑ State mandate, subsidies and penalty implemented
- ❑ COVID-19 Pandemic
- ❑ Public Health Emergency Declared
- ❑ Recession- High Unemployment
- ❑ American Rescue Plan Act – Enhanced Subsidies
- ❑ Covered California Enrollment grows to record levels – Nearly 1.8 million
- ❑ Medi-Cal enrollment grows by 2.6 million (Approaching 14.9 million)



Source: *Budget Book*, Page 6-7

FOUR DISTINCT PERIODS OF ENROLLMENT



Source: Budget Book, Page 16, Figure 2

There have been four distinct enrollment periods. These include:

- The start-up and steady state period,
- Elimination of federal mandate penalty, the implementation of the State Subsidy, Mandate, and Penalty,
- The Covid-19 pandemic and resulting economic shock, and
- The implementation of ARPA's enhanced subsidies.

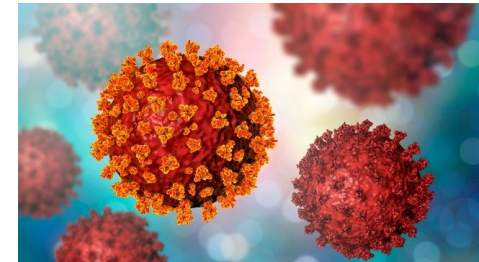
Any major or significant changes in effectuated enrollment have been the result of specific policy changes or public health emergencies. These include :

- The elimination of the Federal mandate,
- The implementation of state subsidies and mandate,
- The Covid-19 pandemic,
- The Federal response to the Covid-19 pandemic through ARPA.

FACTORS CONTRIBUTING TO BUDGET UNCERTAINTY NOW

While FY 2021-22 opened on an exuberant note, with rising enrollment in response to ARPA's enhanced subsidies, the beginning of FY 2022-23 presents continued uncertainty. The budget uncertainty centers on how many may disenroll.

- ☐ Renewal of ARPA's Enhanced Subsidies.
- ☐ Loss of Enrollment Associated with the Expiration of ARPAs Enhanced Subsidies and Resulting Changes in Enrollment Mix.
- ☐ Willingness to Pay Assumptions (price elasticity).
- ☐ Inflation's Impact on Lower Income Groups and Enrollment.
- ☐ Renewal of State Subsidies.
- ☐ Public Health Emergency Unwinding.
- ☐ COVID-19 Resurgence.
- ☐ Collective Bargaining Agreement Negotiations (Personnel Expenditures).
- ☐ Cost of Goods and Services (Other Operating Expenditures).



Source: Budget Book, Pages 15-20

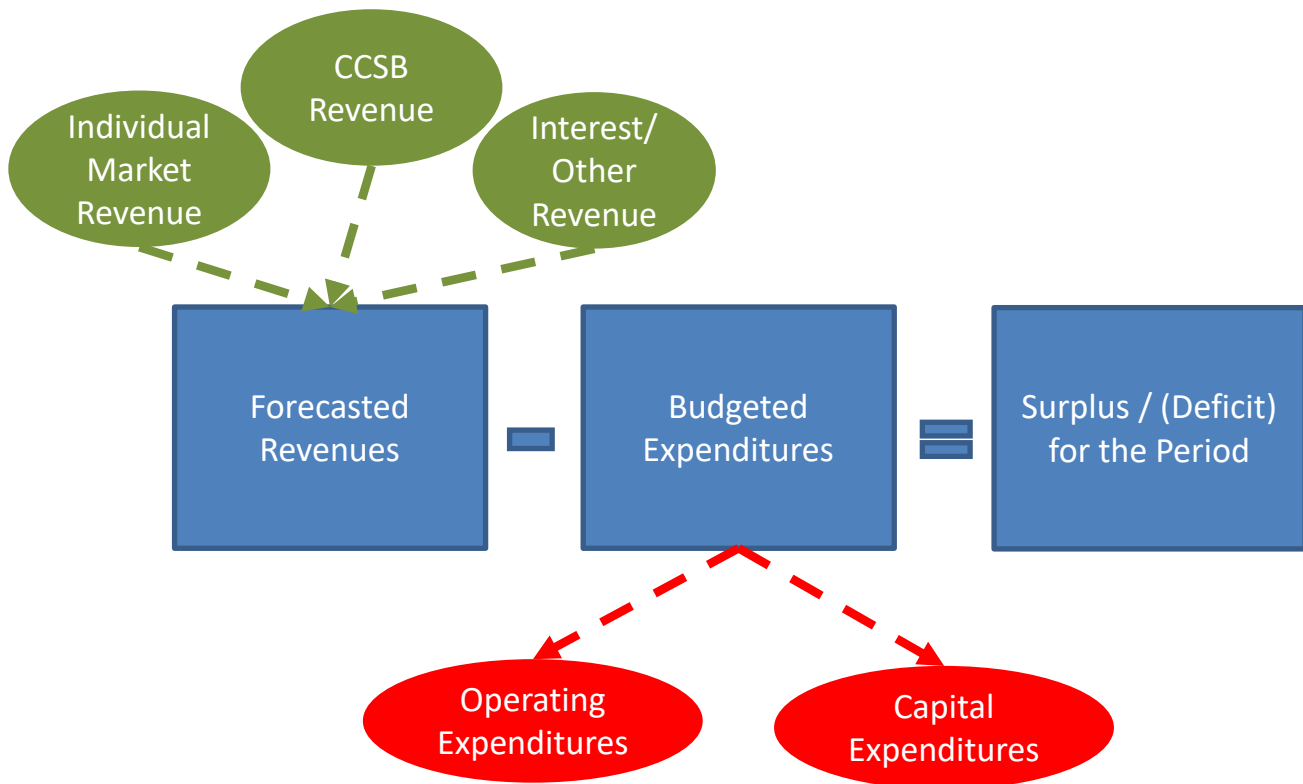
Fund Type & Budget Method

Enterprise Fund

Incremental Budgeting



COVERED CALIFORNIA – AN ENTERPRISE FUND



Covered California is organized as an enterprise fund.

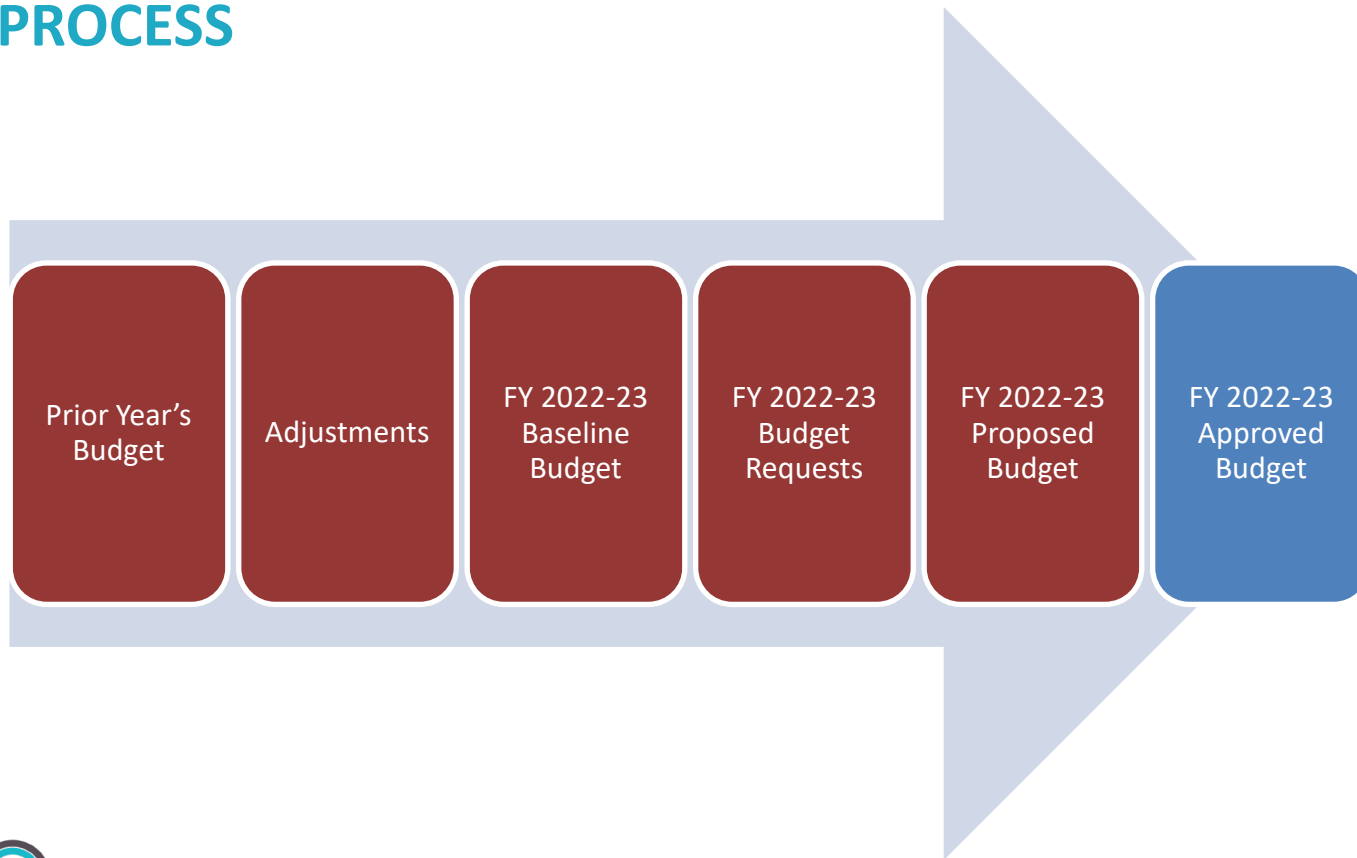
This means that Covered California must generate revenues to cover its operating and capital expenditures.

Covered California generates revenues from its assessment fee that is applicable to both the individual and small business markets.

The individual market assessment fee is 3.25 percent of gross premiums, while the Covered California for Small Business (CCSB) assessment fee is 5.2 percent of gross premiums.

It is recommended that no change in the assessment fee occur in 2023. The individual market remains at 3.25% and the CCSB fee remains at 5.2%.

COVERED CALIFORNIA'S INCREMENTAL BUDGET PROCESS



Covered California utilizes an incremental budgeting method. This means that we start with a base budget, or the “baseline” and then add or subtract to the base.

The baseline budget represents the prior year's approved budget, adjusted for inflation, the removal of one-time expenditures from the prior year, and adjustments for labor agreement changes.

Once the baseline budget is established, we look to Covered California programs. Each program submits budget proposals that reflect their recommendations for changing their baseline budget. These proposals generally identify new program implementation resource needs, workload issues, or resource requests prompted by newly enacted mandates.

Enrollment & Revenue Forecast

FY 2022-23 Proposed Budget

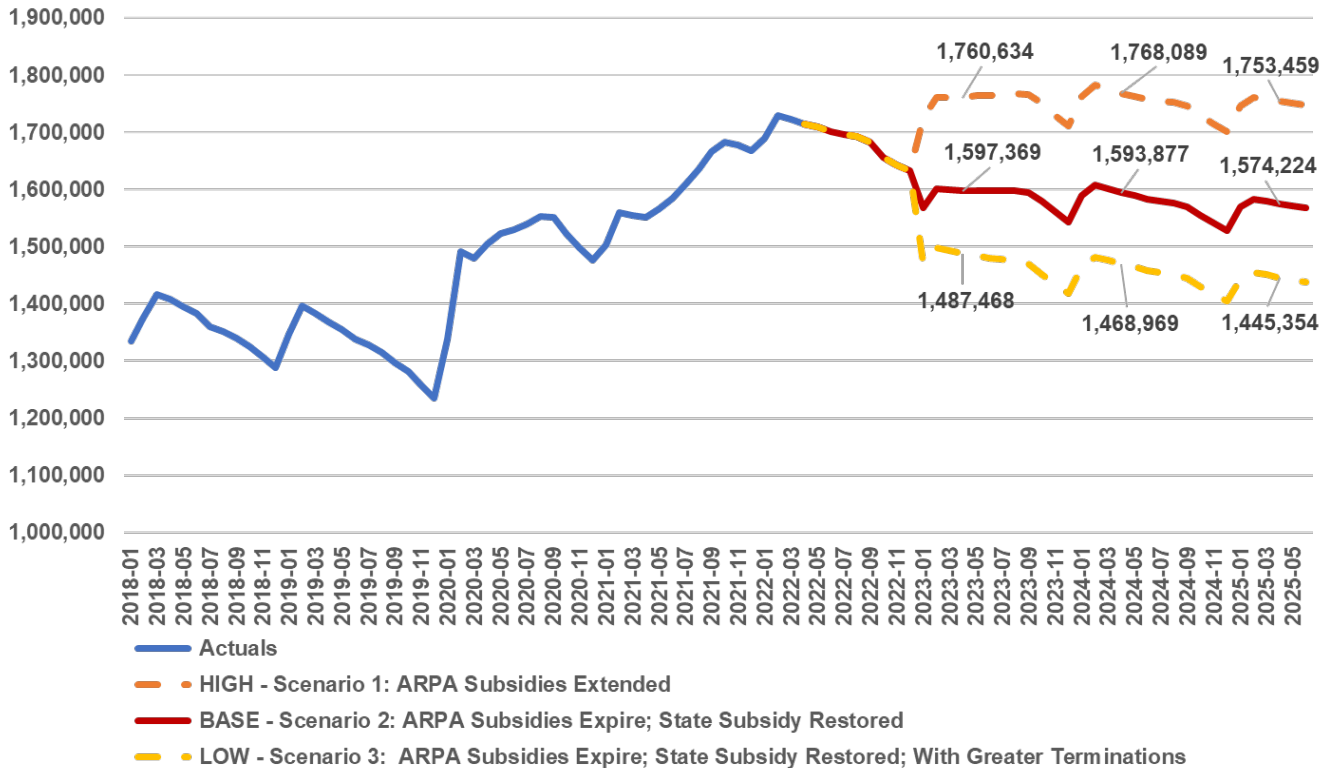
Wide Range of Possible Outcomes

Budget Assumptions

Enrollment Trend



COVERED CALIFORNIA HISTORIC ENROLLMENT FORECAST AND BUDGET FORECASTS



To account for uncertainty regarding the possible extension or expiration of ARPA, as well as future Macroeconomic outcomes, Covered California developed enrollment forecasts based on three possible scenarios.

High- Scenario 1 assumes that ARPA is extended by Congress beyond 2022.

Base - Scenario 2 assumes that ARPA is not extended by Congress beyond 2022, and California's Legislature appropriates funds and restores the state subsidy program in 2023 and 2024.

Low- Scenario 3 assumes that ARPA is not extended by Congress beyond 2022, and California's Legislature appropriates funds and restores the state subsidy. It also assumes higher and more persistent inflation leading to greater disenrollment and lower take-up among lower income groups.

THREE ENROLLMENT SCENARIOS

Factor	(High) Scenario 1	(Base) Scenario 2	(Low) Scenario 3
ARPA Enhanced Subsidies (12/31/22)	Extended	Not Extended	Not Extended
State Subsidies	No. Legislature may consider funding for other affordability programs.	Yes	Yes
Enrollment Loss	Continued Trend	150,000	250,000 (ASPE Adjusted Estimate)
Macroeconomic Environment	Labor market stabilizes	Labor market stabilizes	Harsher macroeconomic environment, persistent high inflation, and greater levels of financial stress for lower-income Californians.
Medi-Cal Flows / Public Health Emergency (PHE)	Public health emergency lifted in July 2022 Medi-Cal redeterminations will resume in October 2022.	Public health emergency lifted in July 2022 Medi-Cal redeterminations will resume in October 2022.	Public health emergency lifted in July 2022 Medi-Cal redeterminations will resume in October 2022.
Premium Growth Y-O-Y (Effective Rate)	(2023- 3%, 2024-4%, and 2025-5%)	(2023- 5%, 2024-6%, and 2025-7%) Case mix unfavorably impacted by exits resulting in higher Y-O-Y growth rates compared to scenario 1	(2023- 5%, 2024-7%, and 2025-10%) Case mix unfavorably impacted by exits resulting in higher Y-O-Y growth rates compared to scenario 2 and changes in willingness-to-pay assumptions in the face steeply rising individual contributions.
Inflation	Inflation is managed through Federal Reserve actions (Temporary)	Inflation is managed through Federal Reserve Action (Temporary)	High persistent inflation creating financial stress for lower income Californians (Willingness to Pay Assumptions)

Source: Budget Book, Pages 94, 95, Table 95

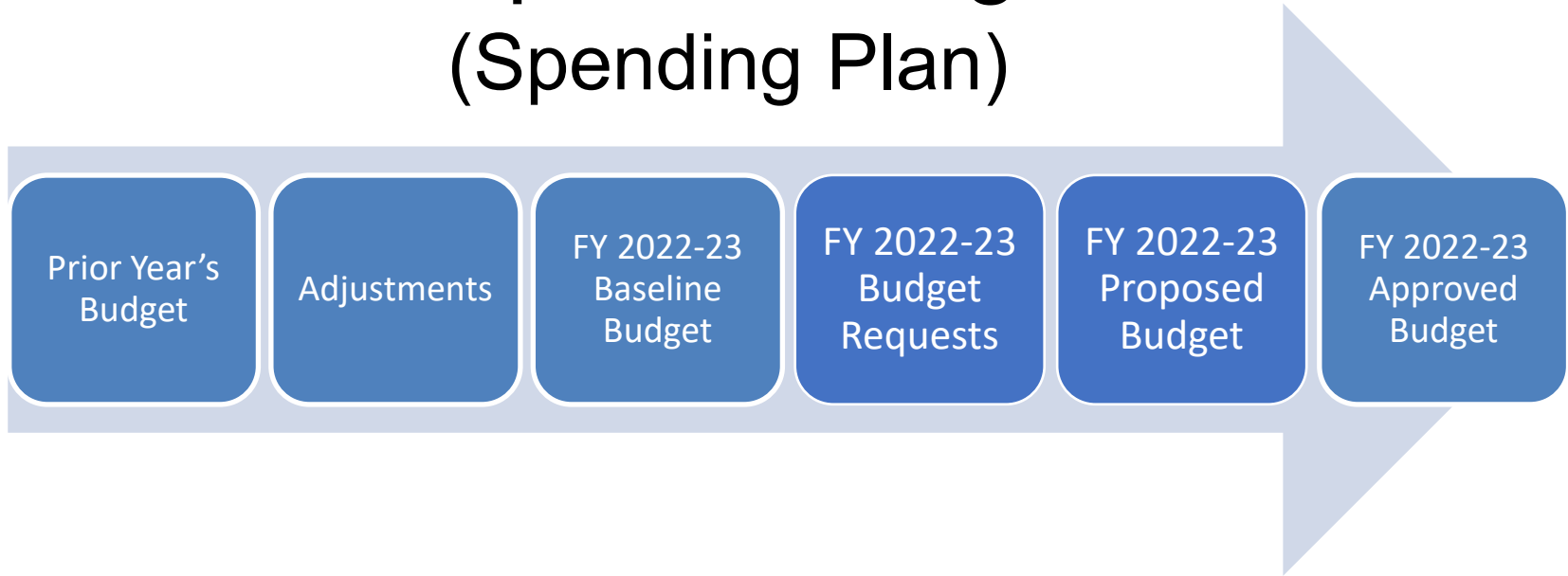
COVERED CALIFORNIA'S BASE BUDGET FORECAST ASSUMPTIONS

Element	Assumption
Assessment Fee	Remains at 3.25 percent for individual market, and 5.2 percent for Covered California for Small Business.
Federal Policy	The American Rescue Plan Act's enhanced subsidies expire at the end of 2022.
State Policy	The California legislature provides funding to restore the State Subsidy.
Enrollment Impact	Covered California's enrollment will decrease by roughly 150,000 by fiscal year 2023-24.
Case-Mix	Disenrollments will be slanted towards younger, healthier enrollees, resulting in a somewhat older, more expensive remaining enrolled population. Consequently, carrier rates may increase relative to a scenario where ARPA is extended. Premium growth assumptions: 5% - 2023, 6% - 2024, and 7%- 2025.
Inflows from Medi-Cal	The Public Health Emergency (PHE) will end in July 2022, and Medi-Cal eligibility redeterminations will resume in October 2022.
Inflows from Employer Sponsored Insurance (ESI)	Inflows from ESI to Covered California have returned to pre-pandemic levels. California's unemployment rate is 4.9% and 90% of the jobs lost in April and May of 2020 have been recovered.
Macroeconomic	Prices for medical commodities and services are expected to increase from historically low levels of past several years. Inflation is managed over time by the Federal Reserve.

COVERED CALIFORNIA TOTAL OPERATING REVENUE FORECAST UNDER THE THREE SCENARIOS

Scenario	FY 2022-23	FY 2023-24	FY 2024-25
Scenario 1-High: ARPA subsidies Extended, PHE Lifted Premium Growth: 2023-3%, 2024-4%, 2025-5%	\$420,682,710	\$449,066,380	\$468,313,649
Scenario 2-Base: ARPA Subsidies Not Extended, State Subsidy Restored, PHE Lifted Premium Growth: 2023-5%, 2024-6%, 2025-7%	\$404,183,941	\$416,809,828	\$439,497,667
Scenario 3-Low: ARPA Subsidies Not Extended, State Subsidy Restored with Greater Terminations, PHE Lifted. Premium Growth: 2023-5%, 2024-7%, 2025-10%	\$389,730,371	\$384,750,142	\$410,826,554

FY 2022-23 Proposed Budget (Spending Plan)



FISCAL YEAR 2022-23 STRATEGIC PRIORITIES

1. Improving the Consumer Experience and Facilitating the Seamless Transition to Covered California Enrollment
2. Promoting Diversity, Equity, and Inclusion Throughout Covered California
3. Quality Transformation Initiative / Product and Pricing Improvement
4. Investments in Information Technology Security, Service Improvement, and Systems Management
5. Transition to Hybrid Office Model / More Efficient Use of Physical Space



Source: Budget Book, Pages 10-11 ,

COVERED CALIFORNIA'S FY 2022-23 PROPOSED BUDGET

	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2022-23	Difference
	Approved Budget	Baseline Budget	Proposed Budget	Between Baseline and Proposed FY 2022-23 Budget
Positions	1440	1441	1467	26
Personnel Expenditures	162,074,821	161,049,943	164,193,714	3,143,771
Other Operating Expenditures	223,176,824	194,530,382	197,009,299	2,478,917
Subtotal	\$ 385,251,645	\$ 355,580,325	\$ 361,203,013	5,622,688
Allocated Expenditures				
Prorata/Supp. Pension/Other	18,069,532	19,419,224	19,419,224	-
Total Operating Expenditures	\$ 403,321,177	\$ 374,999,549	\$ 380,622,237	\$ 5,622,688
Capital Investments				
CalHEERS	\$ 16,266,027	\$ 24,773,115	\$ 24,773,115	
Other	\$ 8,000,000	\$ 5,226,296	\$ 5,226,296	
Total - Capital Project Expenditures	\$ 24,266,027	\$ 29,999,411	\$ 29,999,411	\$ -
Total Budgeted Expenditures	\$ 427,587,204	\$ 404,998,960	\$ 410,621,648	\$ 5,622,688

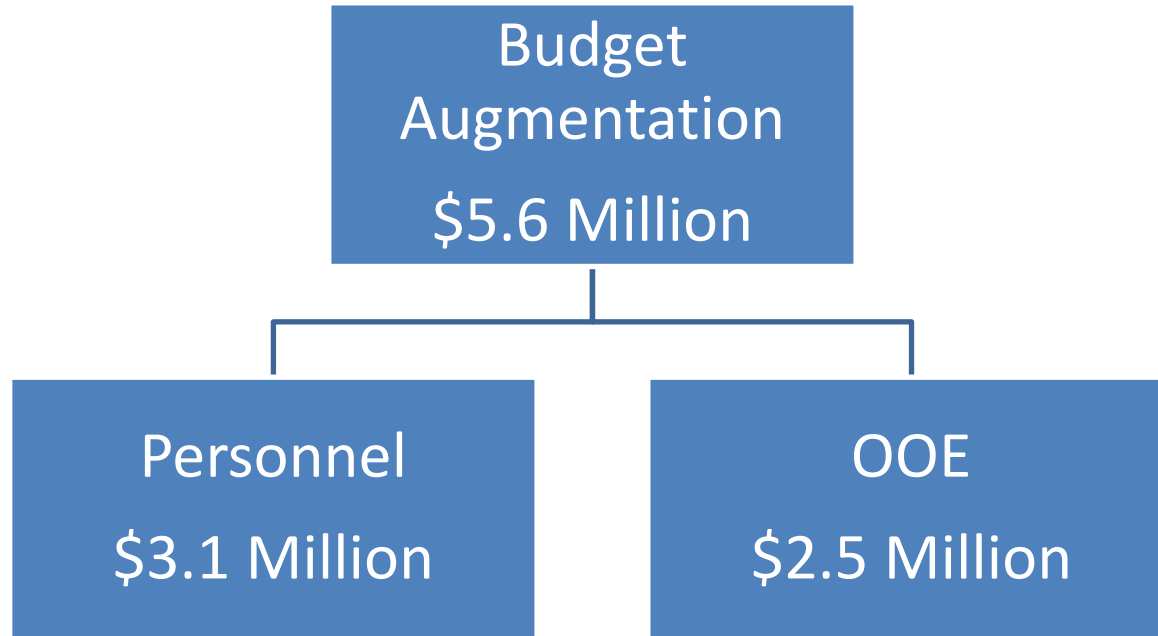
The fiscal year 2022-23 proposed budget for personnel expenses of \$164.3 million represents a \$3.1 million increase over the baseline budget. The increase in personnel expenses results from adding 26 additional positions. The fiscal year 2022-23 proposed budget eliminated 15 vacant positions from the baseline and added 41 new positions, resulting in a net increase in staffing totaling 26.

The proposed fiscal year 2022-23 budget for OOE totals \$197.0 million. The fiscal year 2022-23 proposed OOE are \$2.5 million more than the baseline expenditures.

OOE represents all day-to-day operating expenditures. OOE includes all contract and operational expenses, such as paid media, CalHEERS, IT enterprise services, the Service Center surge vendor, Navigators, Covered California for Small Business administration, sales and administrative support, IT contractors, etc.

Source: Budget Book, Pages 24&25, Tables 4 and 5

FY 2022-23 REQUESTED BUDGET AUGMENTATIONS



The fiscal year 2022-23 budget requests \$5.6 million in budget augmentations, including \$3.1 million in added personnel expenditures and \$2.5 million in additional Other Operating Expenditures (OOE).

Source: Budget Book, Page 24, Table 4

FY 2022-23 REQUESTED BUDGET AUGMENTATIONS

PERSONNEL

Strategic Priority	Budget Unit(s)	Total Staff Requested <u>Net of Vacant Staff Eliminations</u>	Net Dollar Augmentation
Improving Consumer Experience and Facilitating the Seamless Transition to Covered California Enrollment	<ul style="list-style-type: none"> • Policy, Eligibility & Research – 3 • Marketing – 6 • Communications & External Affairs—1 • Sales and Outreach—6 • Service Center—6 • Vacant Pos. Eliminated—(11) 	11	\$1,480,541
Quality Transformation/Produce and Pricing Improvement	<ul style="list-style-type: none"> • Plan Management—3 • Health Equity, Quality Transformation—3 	6	\$570,942
Diversity, Equity, and Inclusion	<ul style="list-style-type: none"> • Executive—2 	2	\$172,874
Information Technology Security, Service Improvement, and Systems Management	<ul style="list-style-type: none"> • Information Technology—9 • Human Resources—2 • Vacant Pos. Eliminated (4) 	7	\$919,414
Total		<u>26</u>	<u>\$3,143,771</u>

Covered California requested 41 positions and eliminated 15 vacant positions. The net change in positions totals 26.

Total personnel expenditures will increase by \$3.1 million over the baseline budget.

Source: Budget Book, Page 26, Table 5



FY 2022-23 PROPOSED BUDGET ADDITIONS - OTHER OPERATING EXPENDITURES

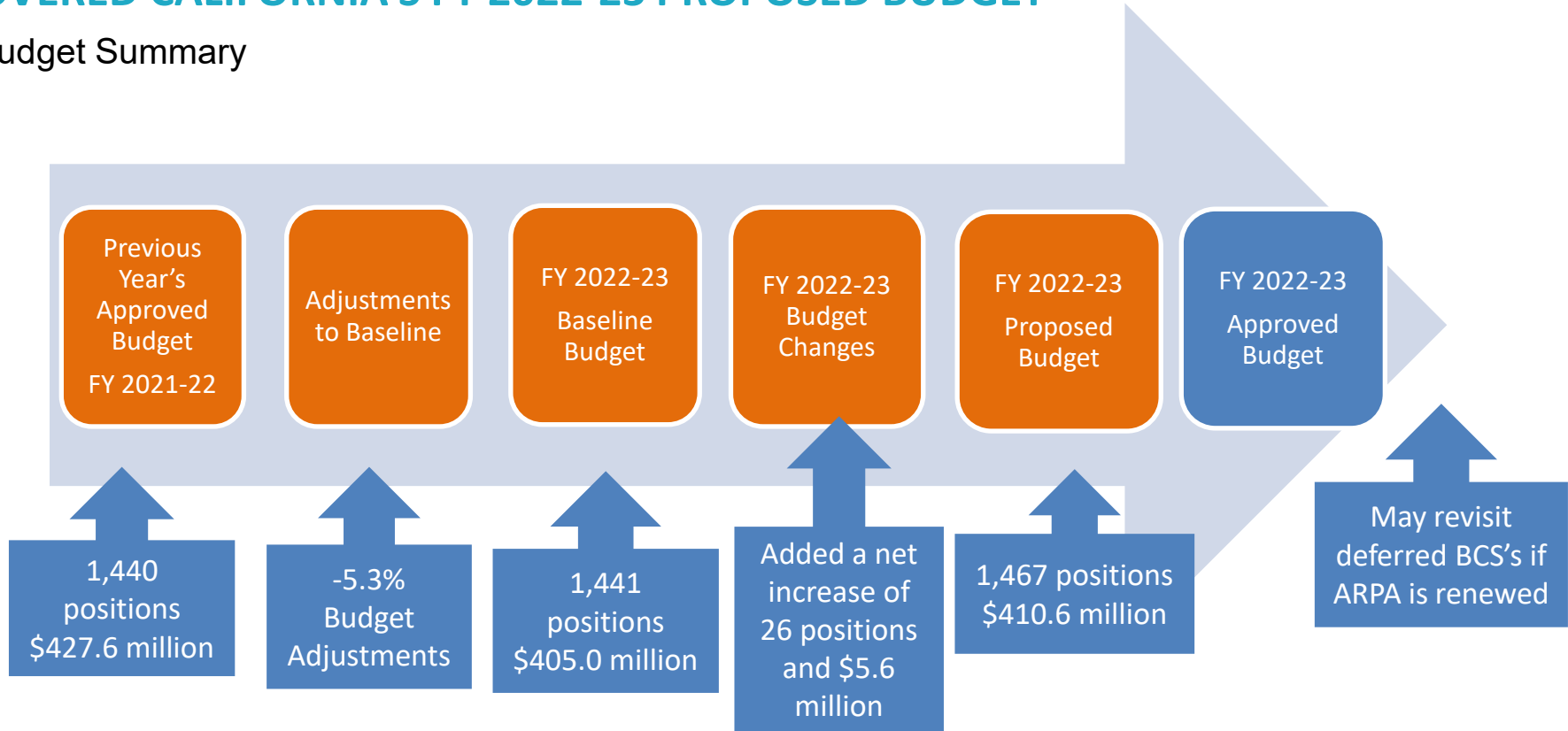
Strategic Priority	Budget Priorities	Dollar Value
Improving the Consumer Experience and Facilitating the Seamless Transition to Covered California Enrollment	Consumer Experience Investment	\$500,000
	Plan Choice and Assister Portal (PCAP) Contracting Services	\$1,200,000
Diversity, Equity, and Inclusion	Diversity, Equity, and Inclusion Roadmap	\$190,000
	Training Software	\$14,280
Information Technology Security, Service Improvement, and Systems Management	Enterprise-Wide Managing of IT Services	\$711,226
	Information Security Data Discovery	\$560,000
	IT Access Management Automation	\$360,000
Other	Audit Software	\$250,000
	Equipment for New Staff	\$82,000
	Transfer from Baseline Funding	\$(1,388,589)
Total		\$2,478,917

The FY 2022-23 budget requests for the Other Operating Expenditures totals a net \$2.5 million.

The FY 2022-23 proposed budget includes requests for new equipment associated with staffing augmentations, consulting contracts for services, and software.

COVERED CALIFORNIA'S FY 2022-23 PROPOSED BUDGET

Budget Summary



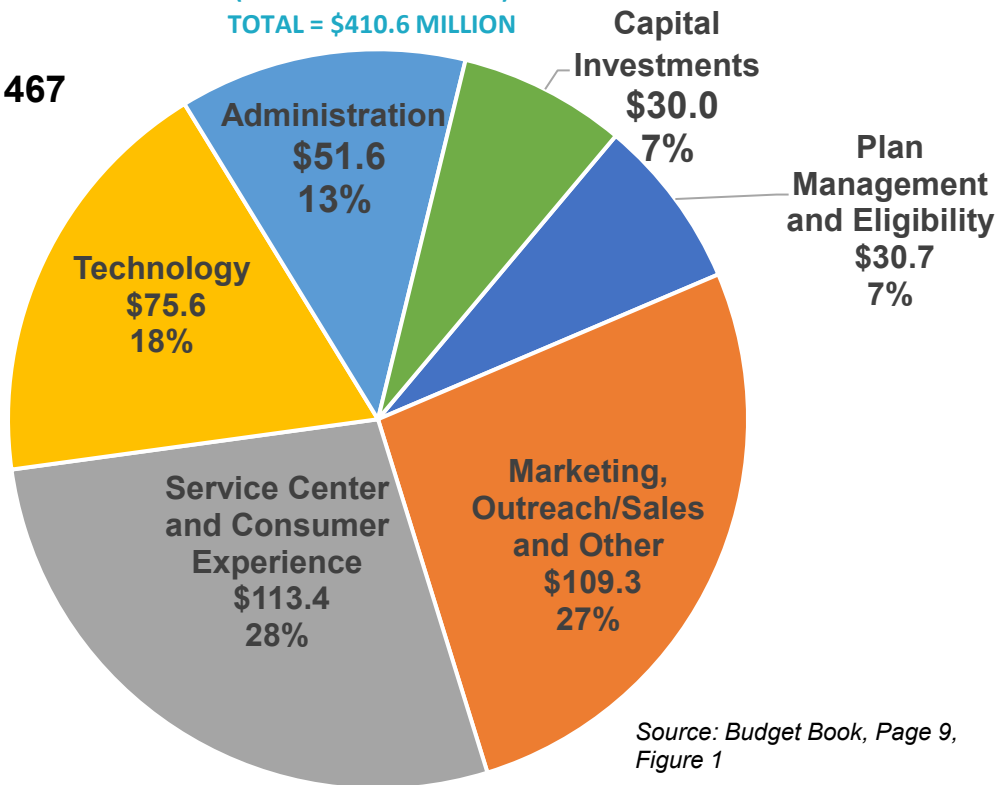
COVERED CALIFORNIA'S FY 2022-23 PROPOSED OPERATING BUDGET DISTRIBUTION

BY MAJOR FUNCTIONAL AREA

(DOLLARS IN MILLIONS)

TOTAL = \$410.6 MILLION

Total Staff = 1467



Source: Budget Book, Page 9,
Figure 1

Covered California's proposed operating and capital budget for fiscal year 2022-23 is \$410.7 million, which represents a decrease of \$16.8 million compared to the fiscal year 2021-22 approved budget.

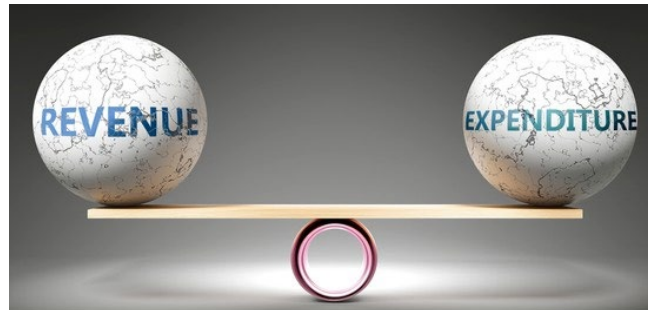
The decrease primarily relates to technical adjustments made to align the budget more closely with projected actual spending

The proposed budget provides 1,467 authorized positions, 26 authorized permanent positions more than the fiscal year 2021-22 approved budget.

The FY 2021-22 approved budget included 1,440 positions. One mid-year addition occurred during FY 2021-22, which increased staffing to 1,441. Therefore, total staffing increased by 26.

FY 2022-23

Bringing Revenues and Expenditures Together Base Forecast Outcomes



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COVERED CALIFORNIA PROJECTED BUDGETARY FINANCIAL OUTCOMES- APRA EXPIRES (BASE- SCENARIO 2)

Dollars in Millions

	<u>FY 2022-23</u>	<u>FY 2023-24</u>	<u>FY 2024-25</u>
Individual Market Revenues	\$379.5	\$390.1	\$410.1
CCSB Revenues	\$24.7	\$26.8	\$29.4
Other Revenues	<u>\$1.5</u>	<u>\$1.5</u>	<u>\$1.5</u>
Total Revenues	\$ 405.7	\$ 418.4	\$ 441.0
Operating Expenditures & Capital Investments	<u>\$410.6</u>	<u>\$422.3</u>	<u>\$434.2</u>
Change In Net Position	<u>(\$ 4.9)</u>	<u>(\$ 3.9)</u>	<u>\$ 6.8</u>

The projection assumes a baseline budget equating to FY 2022-23. No changes in the number of staff or service contracts are assumed other than inflation or the elimination of known one-time expenditures.

For fiscal year 2022-23, Covered California projects \$405.7 million in revenue, including \$379.5 million from the individual market, \$24.7 million from the Covered California for Small Business market, and \$1.5 million in other income. The proposed operating expenditures total \$410.6 million. This results in a decrease in budgetary net position of \$4.9 million. This necessitates using \$4.9 million of our working capital to fund the expected expenditures.

Assuming natural growth in operating and capital expenditures, net position will decline by \$3.9 million in fiscal year 2023-24, and by fiscal year 2024-25 net position will increase by \$6.8 million. Over the projection period, the improving budgetary position results from the expected growth in premiums, combined with a slightly slower growth rate in operating and capital expenditures relative to revenue.

While Covered California projects net position to decline by \$4.9 million in FY 2022-23, this represents just 1.1% of the projected ending working capital of \$436.8 million.

Source: Budget Book, Page 15, Table 2 & Page 119, Table 21

COVERED CALIFORNIA FORECASTED WORKING CAPITAL- APRA EXPIRES (BASE- SCENARIO 2)

Dollars in Millions

	FY 2022-23	FY 2023-24	FY 2024-25
Beg. Working Capital	\$441.7	\$436.8	\$432.8
Change in Working Capital	<u>\$(4.9)</u>	<u>\$(3.9)</u>	<u>\$6.8</u>
Ending Working Capital	<u>\$436.8</u>	<u>\$432.8</u>	<u>\$439.6</u>

Working capital constitutes a liquidity measure. It measures how well the entity can pay current obligations as they become due. Covered California's working capital is sufficient to fund roughly 12 months of budgeted operations and is projected to rise throughout the projection period.

The [Government Finance Officers Association \(GFOA\)](#) establishes "best practices" for governmental entities. GFOA recommends that governments use working capital as the measure of available margin or buffer in enterprise funds. It is recommended that enterprise funds maintain working capital of at least 45 business days of expenditures. GFOA recommends that enterprise funds adopt a target amount of working capital to maintain, with targets formally described in a financial policy and/or financial plan. Of course, there is no one standard that all enterprise funds should meet. Each enterprise fund operates in a unique environment and must tailor its working capital level to its unique circumstances.

Source: Budget Book, Page 121, Table 22

COVERED CALIFORNIA PROJECTED BUDGETARY FINANCIAL OUTCOMES- APRA EXPIRES (BASE- SCENARIO 2)

	FY 2022-23 PHE Ends in July 2022 (Proposed Budget)	FY 2022-23 PHE Ends in October 2022	FY 2022-23 PHE Does Not End in FY 2022- 23
Operating Revenues	\$ 404,183,941	\$ 400,174,652	\$ 397,912,178
Operating Expenditures	\$ 380,622,237	\$ 380,622,237	\$ 380,622,237
Capital Expenditures	\$ 29,999,411	\$ 29,999,411	\$ 29,999,411
Total Operating & Capital Expenditures	\$ 410,621,648	\$ 410,621,648	\$ 410,621,648
Income/(Loss) From Operations	\$ (6,437,707)	\$ (10,446,996)	\$ (12,709,470)
Non-Operating Income	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
Change In Net Position	\$ (4,937,707)	\$ (8,946,996)	\$ (11,209,470)

It appears that the public health emergency (PHE) will be extended beyond July 15, 2022.

Therefore, we have developed alternative financial projections assuming it ends in October 2022 and does not end throughout FY 2022-23.

Based on our analysis, the decrease in net position will increase from \$4.9 million to \$8.9 million if the PHE ends in October 2022.

If the PHE is extended throughout FY 2022-23, the net position declines by \$11.2 million.

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.
- ❑ 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.

AVERAGE STATEWIDE MONTHLY PREMIUM PERMANENT REGULATIONS

Katie Ravel, Director
Policy, Eligibility, and Research Division

OVERVIEW

- ❑ Proposition 22 requires app-based network companies (Uber, Lyft, etc.) to provide a healthcare stipend to qualifying app-based drivers, on a quarterly basis, based on certain criteria.
- ❑ The stipend amount is tied to the average statewide monthly premium for an individual Covered California bronze health insurance plan.
- ❑ Covered California must post the average statewide monthly premium for a bronze plan annually.

AVERAGE STATEWIDE MONTHLY BRONZE PREMIUM AND CALCULATION METHODOLOGY

- ❑ On or before **September 1 annually**, Covered California must publish the average statewide monthly premium for an individual for the following calendar year for a Covered California bronze health insurance plan.
- ❑ The stipend is tied to the “average ACA contribution” of the posted premium, defined as 82% of the premium.
- ❑ The average statewide monthly bronze premium is based on the average bronze premium for a 21-year old published by Covered California for the individual mandate penalty, adjusted by the average age of Covered California enrollees.

REQUESTED ACTION: AVERAGE STATEWIDE MONTHLY PREMIUM

- ❑ Covered California adopted emergency regulations in March 2021 to specify the methodology for calculating the average statewide monthly bronze premium.
 - The average statewide bronze premium calculated when determining California's Individual Shared Responsibility Penalty pursuant to section 61015, subdivision (a)(2) of the Revenue and Taxation Code multiplied by the average age rating factor for individuals enrolled in Covered California in the prior calendar year.
- ❑ Staff are beginning the process to make the emergency regulations permanent.

PUBLIC COMMENT

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PARTICIPANT CODE: 6981308

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2023 PREMIUM AND COST-SHARING AFFORDABILITY CONTINGENCY PLANNING

Katie Ravel, Director
Policy, Eligibility, and Research Division

2023 AFFORDABILITY CONTINGENCY PLANNING

- ❑ Covered California has consolidated our contingency planning scenarios:
 - American Rescue Plan premium (ARP) subsidies expire
 - American Rescue Plan (ARP) premium subsidies are extended with federal or state support for enhanced cost-sharing
- ❑ Today's presentation will focus on contingency plan for enhanced cost-sharing support

CONTINGENCY SCENARIO 1

MAY REVISION PREMIUM SUBSIDY PROPOSAL

- ❑ The Governor's May Revision was released on May 13, 2022. If federal action is not taken to extend American Rescue Plan Act premium subsidies for 2023 and beyond, the May Revision proposes to reinstitute California's state premium subsidy program that was in effect in 2020 and 2021, modified to provide additional support to individuals with incomes between 400 and 600 percent FPL to cap the required contribution for a benchmark at 16 percent.
- ❑ Proposed funding in the May Revision is \$304 million from the Healthcare Affordability Reserve Fund. Future year funding for the state subsidy program will come from the state General Fund.

CALIFORNIA PREMIUM SUBSIDY PROGRAM: THE INITIAL POLICY AND APPROPRIATION

- The California Premium Subsidy Program was established in the 2019 state budget as a three-year program to run from plan year 2020 through 2022.
- Funding was appropriated to Covered California with a directive to design a premium subsidy program that would (1) allocate 80% of funding to individuals between 400 and 600% FPL; (2) provide a 0% required contribution to individuals below 138% FPL; and (3) spend the remainder of funding to reduce the required contribution for individuals between 200 and 400% FPL.
- The 2019 Budget Act established a process by which: (1) Covered California's Board would approve a program design to meet the budget conditions; (2) the program design would be submitted to the Director of the Department of Finance for approval; and (3) the approved program design would be transmitted to the Joint Legislative Budget Committee (JLBC).

Point-in-Time	Fiscal Year	Covered CA Advanced Premium Subsidies				FTB Reconciliation (Subsidies + Cap) PIT Revenue Loss	Total Program Cost
		0-138% FPL	200-400% FPL	400-600%FPL	Total		
2019 Budget Act Appropriation	Fiscal Year 2019-20 (Pgm Yr 2020)	\$5,400,000	\$84,500,000	\$331,200,000	\$428,629,000	-	\$428,629,000
	Fiscal Year 2020-21 (Pgm Yr 2021)	\$5,200,000	\$97,220,000	\$377,300,000	\$479,762,000	-	\$479,762,000
	Fiscal Year 2021-22 (Pgm Yr 2022)	\$5,200,000	\$116,200,000	\$430,300,000	\$547,195,000	-	\$547,195,000
	Total 3-year				\$1,455,586,000	-	\$1,455,586,000

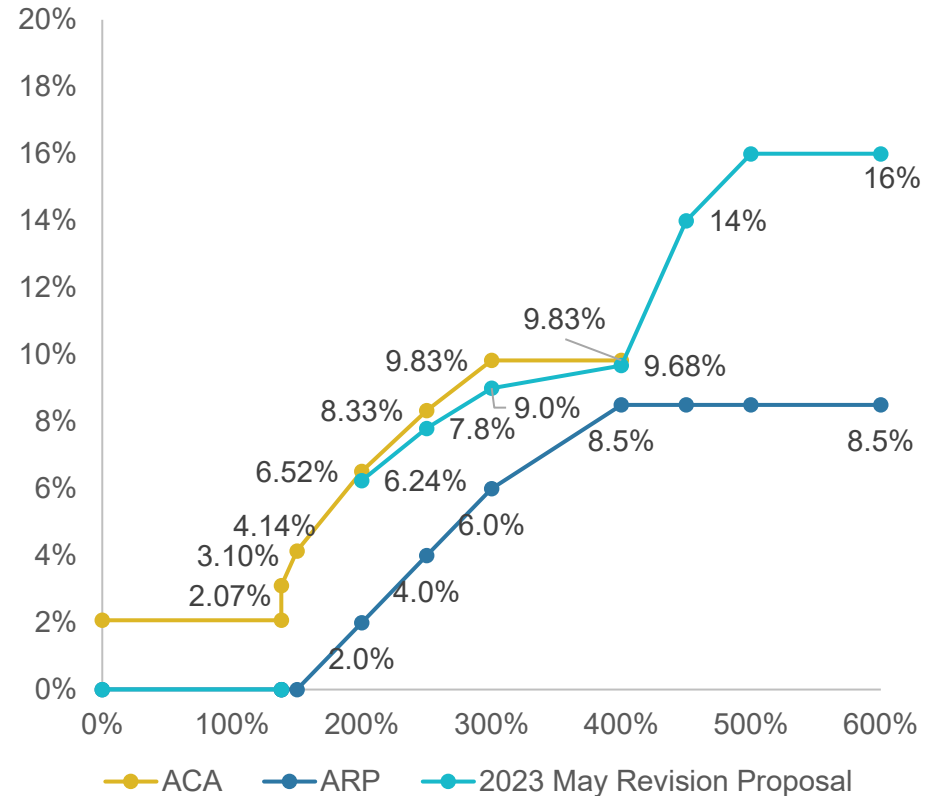
CALIFORNIA PREMIUM SUBSIDY PROGRAM: ACTUAL ENROLLMENT AND EXPENDITURES PRIOR TO IMPLEMENTATION OF THE AMERICAN RESCUE PLAN PREMIUM SUBSIDIES

- Number of individuals between 400 and 600% FPL receiving CAPS did not reach initial projections. May 2021 actuals were approximately 40,000 compared to initial projections of over 100,000.
- Program costs were lower than initially projected and 80/20 funding split for above and below 400% FPL was not achieved in practice.

		Covered CA Advanced Premium Subsidies				FTB Reconciliation (Subsidies + Cap) PIT Revenue Loss	Total Program Cost
Point-in-Time	Fiscal Year	0-138% FPL	200-400% FPL	400-600%FPL	Total		
2021 May Revise	Fiscal Year 2019-20 (Pgm Yr 2020)	\$6,201,252	\$124,977,138	\$117,631,539	\$248,809,929	\$34,833,390	\$283,643,319
	Fiscal Year 2020-21 (Pgm Yr 2021)	\$6,104,019	\$114,849,457	\$131,420,440	\$252,373,916	\$35,332,348	\$287,706,264
	Fiscal Year 2021-22 (Pgm Yr 2022)	\$7,202,072	\$119,049,449	\$200,702,030	\$326,953,551	\$45,773,497	\$372,727,048
	Total 3-year	\$0	\$0	\$0	\$828,137,396	\$115,939,235	\$944,076,631

PROPOSED 2023 CALIFORNIA PREMIUM SUBSIDY PROGRAM DESIGN BASED ON MAY REVISION

- ❑ Eliminates the ACA “cliff” for enrollees with income between 400 and 600% FPL. Reduces the required contribution to 16% for enrollees with incomes between 500% to 600% of FPL compared to the 2021 program design.
- ❑ Provides state support to individuals with income between 200% and 400% FPL. Increases the required contribution percentage at 300% FPL from 8.9% to 9.0% compared to the 2021 program design.
- ❑ Lowers the required contribution to 0% for enrollees under 138% FPL consistent with the 2021 program design.



OVERVIEW OF THE DRAFT PROGRAM DESIGN DOCUMENT

- ❑ The draft 2023 program design document is based on the previously adopted 2021 program design document with five main components:
 1. Establishes the required contribution amounts for the state premium subsidy for 2023 based on the 2021 design and consistent with the parameters included in the May Revision proposal, namely a \$304 M budget target and a required contribution cap of 16% of income.
 2. Establishes the calculation of the advanced payment of the state premium subsidy which mirrors the calculation of the federal premium tax credit with the exception that the advanced payment of the state premium subsidy amount is reduced by any federal advance payment of the premium tax credit. Establishes eligibility requirements for state premium assistance that mirror the requirements for the federal premium tax credit with the exception of the federal income limits.
 3. Defines key terms related to the calculation of the state premium assistance.
 4. Establishes reconciliation caps for 2023 consistent with the latest federal reconciliation caps.

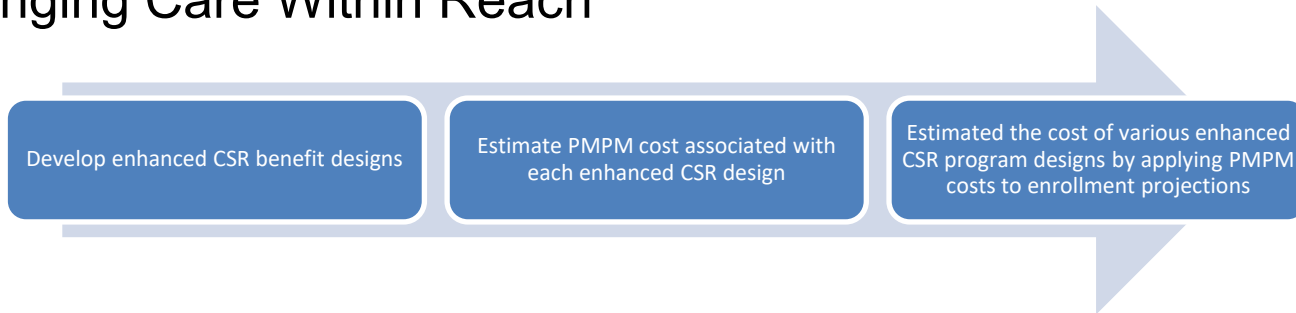
KEY MILESTONES FOR 2023 PLAN YEAR

Milestone	Estimated Timeframe
Discuss Draft 2023 Program Design Document – May Board Meeting	May 19, 2022
Adopt 2023 Program Design Document – June Board Meeting	June 16, 2022
System Testing for the 2023 Plan Year	July – August 2022
CalHEERS Release for the 2023 Plan Year	September 2022
2023 Renewals Begin	October 2022

CONTINGENCY SCENARIO 2

ENHANCED COST-SHARING REDUCTION (CSR) MODELING UPDATED

- ❑ To inform ongoing discussions about enhanced CSR support for the 2023 plan year, Covered California updated key tables included in Bringing Care Within Reach (AB 133 report) including:
 - Enhanced CSR Benefit Designs
 - Marginal per member per month (PMPM) payment rates
 - Annual costs for seven enhanced CSR program designs included in Bringing Care Within Reach



SUMMARY OF KEY COMPONENTS OF 2023 STANDARD BENEFIT DESIGNS AND ILLUSTRATIVE ENHANCED CSR BENEFIT DESIGNS

Plan Description	Existing or Illustrative	DEDUCTIBLE			COPAYS				Actuarial Value
		Inpatient*	Outpatient	Drug	MOOP	PCP	X-Ray	Drugs [§]	
Individual Silver 70	Existing	\$4,750	\$0	\$85	\$8,750	\$45	\$95	\$16/60/90/20%	71.57%
73 Silver	Existing	\$4,750	\$0	\$30	\$7,250	\$45	\$90	\$16/55/85/20%	73.86%
73 Silver without deductible	Illustrative [†]	\$0	\$0	\$0	\$7,250	\$45	\$90	\$16/55/85/20%	75.75%
80 Silver	Illustrative	\$0	\$0	\$0	\$4,900	\$30	\$80	\$10/40/70/20%	80.98%
85 Silver	Illustrative	\$0	\$0	\$0	\$4,900	\$15	\$40	\$5/25/45/15%	85.97%
87 Silver	Existing	\$800	\$0	\$25	\$3,000	\$15	\$40	\$5/25/45/15%	87.86%
87 Silver without deductible	Illustrative [†]	\$0	\$0	\$0	\$3,000	\$15	\$40	\$5/25/45/15%	88.62%
90 Silver	Illustrative	\$0	\$0	\$0	\$2,100	\$5	\$40	\$4/20/40/15%	90.96%
94 Silver	Existing	\$75	\$0	\$0	\$900	\$5	\$8	\$3/10/15/10%	94.88%
94 Silver without deductible	Illustrative [†]	\$0	\$0	\$0	\$900	\$5	\$8	\$3/10/15/10%	95.14%
95 Silver	Illustrative	\$0	\$0	\$0	\$700	\$3	\$5	\$3/10/15/10%	95.97%

Source: Updated from Table 5 in Bringing Care Within Reach. Illustrative enhanced designs are based on 2023 Standard Benefit Designs and 2023 AV calculator.

[†] Illustrative enhanced designs titled “with deductibles removed” are modified versions of existing plans (i.e., the inpatient and drug deductibles are removed from the 2023 Silver and CSR plans). For simplicity, we use the parallel naming convention for these illustrative plans, however the AVs are different due to the changes made. For example, 73 Silver with deductibles removed (Illustrative) has an AV that is higher than 73 percent.

* The inpatient deductible applies to both inpatient facility and skilled nursing facilities.

[§] Cost sharing for drugs is shown as Tier 1/Tier 2/Tier 3/Tier 4. Tier 1 is most generic drugs and low-cost preferred brands. Tier 2 is non-preferred generics and preferred brand drugs. Tier 3 is non-preferred brand drugs. Tier 4 is specialty drugs and biologics.


ESTIMATED 2023 STATEWIDE MARGINAL PMPM PAYMENT RATES BY INCOME BAND FOR ENHANCED CSR BENEFIT DESIGNS

Plan Design	Per Member Per Month (PMPM) Cost Differential with Baseline Plan			
	Incomes up to 150% FPL	Incomes up to 150%-200% FPL	Incomes up to 200%-250% FPL	Incomes up to 250%-600% FPL
Individual Silver				Baseline Plan
Silver 73			Baseline Plan	\$11.55
Silver 73 without Deductible			\$4.65	\$16.20
Silver 80			\$29.25	\$40.80
Silver 85			\$63.80	\$75.35
Silver 87		Baseline Plan	\$70.75	\$82.30
Silver 87 without Deductible		\$4.30	\$75.05	\$86.60
Silver 90		\$28.10	\$98.85	\$110.40
Silver 94	Baseline Plan	\$53.00	\$123.75	\$135.30
Silver 94 without Deductible	\$0.25	\$53.25	\$124.00	\$135.55
Silver 95	\$6.60	\$59.55	\$130.35	\$141.90

Notes: Marginal PMPM costs are broken out by income band. Each income band currently has access to a different Silver CSR variant as its baseline plan. For each column, the baseline plan is shown in the row that corresponds to the 'Baseline Plan' label. For example, in the 'Up to 150% FPL' column, the baseline plan is 94 Silver. PMPMs presented in this chart are at the statewide level. Regional PMPMs are under development.

UPDATED 2023 COSTS FOR ENHANCED CSR PROGRAM DESIGNS

✓ = benefit or eligibility enhancement
■ = richer CSR support



✓ = benefit or eligibility enhancement

= richer CSR support

			Up to 150% FPL	150-200% FPL	200-250% FPL	250-300% FPL	300-400% FPL	400-600% FPL	Estimated 2023 Cost	
Option	Summary	Description	CSR Upgrade No Deductible	CSR Upgrade No Deductible	CSR Upgrade No Deductible	New CSR Eligibility No Deductible	New CSR Eligibility No Deductible	New CSR Eligibility No Deductible		
	Current CSR Eligibility		CSR Eligible			CSR Ineligible				
	AV of ACA Silver Products		94	87	73	70	70	70		
Options for Federally-funded Program	1	AV 95/90/85/80 with no deductibles	New eligibility for CSR up to 600% FPL. New products (min AV 80) under 600% FPL. No deductibles at any income below 600% FPL	95	95	90	90	85	80	\$748 million
				✓	✓	✓	✓	✓	✓	
	2	AV 95/90/85 with no deductibles	New eligibility for CSR up to 400% FPL. New products (min AV 85) under 400% FPL. No deductibles at any income below 400% FPL	95	95	90	90	85	70	\$721 million
				✓	✓	✓	✓	✓		
	3	ACA CSR plan upgrade with no deductibles and Gold AV for 300-400% FPL	New eligibility for CSR up to 400% FPL. New CSR products (min AV 80) up to 400% FPL.	94	94	87	87	80	70	\$552 million
				✓	✓	✓	✓	✓		
Options for State-funded Program	4	ACA CSR plan upgrade with no deductibles and Gold AV for 250-400% FPL	New eligibility for CSR up to 400% FPL. New CSR products (min AV 80) up to 400% FPL.	94	94	87	80	80	70	\$490 million
				✓	✓	✓	✓	✓		
	5	ACA CSR plan upgrade for 150-250% FPL	Richer CSR below 250% FPL, moving Silver 87 to Silver 94 and Silver 73 to Silver 87. Note: this option uses existing ACA CSR plans that include deductibles .	94	94	87	70	70	70	\$372 million
				✓	✓					
	6	ACA CSR plans with no Deductibles and Gold AV for 200-400% FPL	New CSR product (AV 80) for 200% FPL. No deductibles at any income below 400% FPL.	94	87	80	80	80	70	\$183 million
				✓	✓	✓	✓	✓		
	7	ACA CSR plans with no Deductibles	Existing CSR products across the income spectrum. No deductibles at any income below 600% FPL.	94	87	73	73	73	70	\$72 million
				✓	✓	✓	✓	✓		

Source: Updated from Table 6 in Bringing Care Within Reach.

Notes: ACA = Affordable Care Act, AV = actuarial value, CSR = cost-sharing reduction, FPL = federal poverty level. Green shading indicates richer CSR plan provided in the option compared to the Affordable Care Act. For simplicity, ACA CSR plans with deductibles removed are displayed with their original actuarial values (i.e., 94, 87 and 73), even though their computed actuarial value would be higher due to the removal of the deductible. Estimated 2023 costs are based on initial projections of 2023 Silver tier enrollment if American Rescue Plan premium subsidies are extended beyond 2022.

POTENTIAL 2023 ENHANCED BENEFIT DESIGNS SIDE-BY-SIDE VIEW

Enhanced Benefit Design	Enhanced Silver 95		Enhanced Silver 94 No Deductible		Enhanced Silver 90		Enhanced Silver 87 No Deductible		Enhanced Silver 85		Enhanced Silver 80		Enhanced Silver 73 No Deductible	
2023 ACA plan used to create enhanced design	ACA Silver 94		ACA Silver 94		ACA Silver 87		ACA Silver 87		ACA Silver 87		ACA Silver 73		ACA Silver 73	
	Ded	Amount	Ded	Amount	Ded	Amount	Ded	Amount	Ded	Amount	Ded	Amount	Ded	Amount
Deductible														
Medical Deductible		\$0		\$0		\$0		\$0		\$0		\$0		\$0
Drug Deductible		\$0		\$0		\$0		\$0		\$0		\$0		\$0
Coinsurance (Member)		10%		10%		15%		15%		15%		20%		20%
MOOP		\$700		\$900		\$2,100		\$3,000		\$4,900		\$4,900		\$7,250
ED Facility Fee		\$50		\$50		\$150		\$150		\$150		\$400		\$400
Inpatient Facility Fee		10%		10%		15%		25%		25%		30%		30%
Inpatient Physician Fee		10%		10%		15%		25%		25%		30%		30%
Primary Care Visit		\$3		\$5		\$5		\$15		\$15		\$30		\$45
Specialist Visit		\$5		\$8		\$15		\$25		\$25		\$70		\$85
MH/SU Outpatient Services		\$3		\$5		\$5		\$15		\$15		\$30		\$45
Imaging (CT/PET Scans, MRIs)		\$50		\$50		\$100		\$100		\$100		\$325		\$325
Speech Therapy		\$3		\$5		\$5		\$15		\$15		\$30		\$45
Occupational and Physical Therapy		\$3		\$5		\$5		\$15		\$15		\$30		\$45
Laboratory Services		\$5		\$8		\$20		\$20		\$20		\$40		\$50
X-rays and Diagnostic Imaging		\$5		\$8		\$40		\$40		\$40		\$80		\$90
Skilled Nursing Facility		10%		10%		15%		25%		25%		30%		30%
Outpatient Facility Fee		10%		10%		15%		15%		15%		20%		20%
Outpatient Physician Fee		10%		10%		15%		15%		15%		20%		20%
Tier 1 (Generics)		\$3		\$3		\$4		\$5		\$5		\$10		\$16
Tier 2 (Preferred Brand)		\$10		\$10		\$20		\$25		\$25		\$40		\$55
Tier 3 (Nonpreferred Brand)		\$15		\$15		\$40		\$45		\$45		\$70		\$85
Tier 4 (Specialty)		10%		10%		15%		15%		15%		20%		20%
Tier 4 Maximum Coinsurance		\$150		\$150		\$150		\$150		\$150		\$250		\$250
Maximum Days for charging IP copay														
Begin PCP deductible after # of copays														
Actuarial Value														
2023 AV (Draft 2023 AVC)		95.97		95.14		90.96		88.62		85.97		80.98		75.75
2023 SBD AV (2023 AVC)		94.88		94.88		87.86†		87.86†		87.86†		73.86†		73.86†

Updated 5/17

OPERATIONAL MILESTONES FOR 2023 PLAN YEAR

Milestone	Estimated Timeframe
Discuss Enhanced Cost-Sharing Reduction Options – May Board Meeting	May 19, 2022
Potential Action on Enhanced Cost-Sharing Reduction Options – June Board Meeting	June 16, 2022
Qualified Health Plan Negotiations	June 2022
Public Posting of Proposed Rates	July 2022
Enhanced CSR Program Design Loaded in CalHEERS	Mid-July 2022
Carrier Integration Testing for the 2023 Plan Year	July – August 2022
CalHEERS Release for the 2023 Plan Year	September 2022
Public Posting of Final Rates	September – October 2022

APPENDIX I: 2023 ACA BENEFIT DESIGN DETAILS

2023 ACA PLAN DESIGNS SIDE-BY-SIDE VIEW

INDIVIDUAL & FAMILY PLAN

Benefit	Individual-only Platinum Coinsurance		Individual-only Platinum Copay		Individual-only Gold Coinsurance		Individual-only Gold Copay		Individual-only Silver		Silver 73		Silver 87		Silver 94		Bronze		Bronze HDHP	
	Ded	Amount	Ded	Amount	Ded	Amount	Ded	Amount	Ded	Amount	Ded	Amount	Ded	Amount	Ded	Amount	Ded	Amount	Ded	Amount
Deductible																				
Medical Deductible										\$4,750		\$4,750		\$800		\$75		\$6,300		\$7,000
Drug Deductible										\$85		\$30		\$25		\$0		\$500		
Coinsurance (Member)		10%		10%		20%		20%		20%		20%		15%		10%		40%		0%
MOOP		\$4,500		\$4,500		\$8,550		\$8,550		\$8,750		\$7,250		\$3,000		\$900		\$8,200		\$7,000
ED Facility Fee		\$150		\$150		\$350		\$350		\$400		\$400		\$150		\$50	X	40%	X	0%
Inpatient Facility Fee		10%		\$250		30%	X	30%	X	30%	X	30%	X	25%	X	10%	X	40%	X	0%
Inpatient Physician Fee		10%		---		30%		---		30%		30%		25%		10%	X	40%	X	0%
Primary Care Visit		\$15		\$15		\$35		\$35		\$45		\$45		\$15		\$5	X	\$65	X	0%
Specialist Visit		\$30		\$30		\$65		\$65		\$85		\$85		\$25		\$8	X	\$95	X	0%
MH/SU Outpatient Services		\$15		\$15		\$35		\$35		\$45		\$45		\$15		\$5	X	\$65	X	0%
Imaging (CT/PET Scans, MRIs)		10%		\$75		25%		\$75		\$325		\$325		\$100		\$50	X	40%	X	0%
Speech Therapy		\$15		\$15		\$35		\$35		\$45		\$45		\$15		\$5		\$65	X	0%
Occupational and Physical Therapy		\$15		\$15		\$35		\$35		\$45		\$45		\$15		\$5		\$65	X	0%
Laboratory Services		\$15		\$15		\$40		\$40		\$50		\$50		\$20		\$8		\$40	X	0%
X-rays and Diagnostic Imaging		\$30		\$30		\$75		\$75		\$95		\$90		\$40		\$8	X	40%	X	0%
Skilled Nursing Facility		10%		\$150		30%		\$150	X	30%	X	30%	X	25%	X	10%	X	40%	X	0%
Outpatient Facility Fee		10%		\$100		20%		\$150		20%		20%		15%		10%	X	40%	X	0%
Outpatient Physician Fee		10%		\$25		20%		\$40		20%		20%		15%		10%	X	40%	X	0%
Tier 1 (Generics)		\$5		\$5		\$15		\$15	X	\$16	X	\$16	X	\$5		\$3	X	\$18	X	0%
Tier 2 (Preferred Brand)		\$15		\$15		\$60		\$60	X	\$60	X	\$55	X	\$25		\$10	X	40%	X	0%
Tier 3 (Nonpreferred Brand)		\$25		\$25		\$85		\$85	X	\$90	X	\$85	X	\$45		\$15	X	40%	X	0%
Tier 4 (Specialty)		10%		10%		20%		20%	X	20%	X	20%	X	15%		10%	X	40%	X	0%
Tier 4 Maximum Coinsurance		\$250		\$250		\$250		\$250		\$250		\$250		\$150		\$150		\$500*		
Maximum Days for charging IP copay				5				5												
Begin PCP deductible after # of copays																		3 visits		
Actuarial Value																				
2023 AV (Draft 2023 AVC)		91.76		89.75		81.92		80.11		71.57†		73.86†		87.86†		94.88		64.54†		64.17
2022 AV (Final 2022 AVC)		91.59		89.25		81.90		78.01		71.07†		73.42†		87.75†		94.66		64.78†		64.60
Enrollment as of June 2021			61,090				151,430			227,540		124,900		328,850		205,510		352,860		108,220
Percent of Total enrollment			4%				10%			15%		8%		21%		13%		23%		7%
Enrollment as of June 2021		17,373		43,717		84,815		66,615												
Percent of Total enrollment		28%		72%		56%		44%												

KEY:	X	Subject to deductible
	*	Drug cap applies to all drug tiers
	†	Additive adjustment (included in AV)
		Increased member cost from 2022
		Decreased member cost from 2022
		Does not meet AV
		Within .5 of upper de minimis
		Securely within AV

APPENDIX II: SUMMARY INFORMATION AND ORIGINAL TABLES FROM BRINGING CARE WITHIN REACH

BRINING CARE WITHIN REACH

- ❑ Covered California released “[Bringing Care within Reach: Promoting California Marketplace Affordability and Improving Access to Care in 2023 and Beyond](#).”
- ❑ This report provides specific options for how California – or other states – could use state funds or federal funds that are anticipated in concept in the proposed Build Back Better Act to expand cost-sharing support.
- ❑ Accompanying the report is an [Issue Brief](#) and a companion detailed analysis produced by our actuaries at [Milliman](#).
- ❑ Options were developed with input and engagement from our stakeholder working group.
- ❑ Report was developed in compliance with the 2021-2022 State Budget (AB 128) and Health Omnibus trailer bill (AB 133).

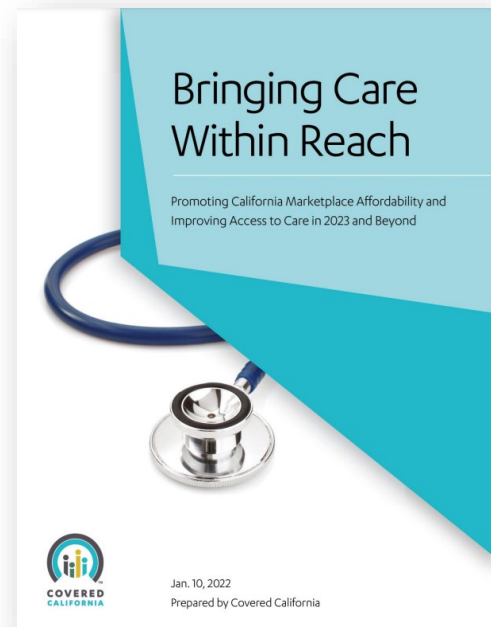


Table 5: Summary of Key Components of Existing 2022 Covered California Plan Designs and Illustrative Plan Designs Used for Modeling Program Costs

Plan Description	Existing or Illustrative	DEDUCTIBLE			COPAYS				Federal Actuarial Value
		Inpatient*	Outpatient	Drug	MOOP	PCP	X-Ray	Drugs [§]	
Individual Silver 70	Existing	\$3,700	\$0	\$10	\$8,200	\$35	\$85	\$15/55/85/20%	71.5%
Individual Silver 70 with deductibles removed	Illustrative†	\$0	\$0	\$0	\$8,200	\$35	\$85	\$15/55/85/20%	74.3%
73 Silver	Existing	\$3,700	\$0	\$10	\$6,300	\$35	\$85	\$15/55/85/20%	73.9%
73 Silver with deductibles removed	Illustrative†	\$0	\$0	\$0	\$6,300	\$35	\$85	\$15/55/85/20%	76.3%
80 Silver	Illustrative	\$0	\$0	\$0	\$8,200	\$35	\$75	\$15/55/85/20%	79.8%
85 Silver	Illustrative	\$0	\$0	\$0	\$5,200	\$15	\$40	\$5/25/45/15%	85.0%
87 Silver	Existing	\$800	\$0	\$0	\$2,850	\$15	\$40	\$5/25/45/15%	87.9%
87 Silver with deductibles removed	Illustrative†	\$0	\$0	\$0	\$2,850	\$15	\$40	\$5/25/45/15%	88.3%
90 Silver	Illustrative	\$0	\$0	\$0	\$4,500	\$15	\$30	\$5/15/25/10%	89.3%
94 Silver	Existing	\$75	\$0	\$0	\$800	\$5	\$8	\$3/10/15/10%	94.7%
94 Silver with deductibles removed†	Illustrative†	\$0	\$0	\$0	\$800	\$5	\$8	\$3/10/15/10%	94.9%
99 Silver	Illustrative	\$0	\$0	\$0	\$250	\$0	\$0	\$0/10/10/10	99.7%

Source: This table was reproduced from Table 1 in the companion Milliman report.

† Illustrative plans titled “with deductibles removed” are modified versions of existing plans (i.e., the inpatient and drug deductibles are removed from existing 2022 Silver and CSR plans). For simplicity, we used the parallel naming convention for these illustrative plans, however the AVs are different due to the changes made. For example, 73 Silver with deductibles removed (Illustrative) has an AV that is higher than 73 percent. Note that these plans are provided for illustrative purposes only. Actual 2023 plan designs will likely differ.

* The inpatient deductible applies to both inpatient facility and skilled nursing facilities.

† The plan 94 Silver with deductibles removed is also referred to as 95 Silver in this report.

§ Cost sharing for drugs is shown as Tier 1/Tier 2/Tier 3/Tier 4. Tier 1 is most generic drugs and low-cost preferred brands. Tier 2 is non-preferred generics and preferred brand drugs. Tier 3 is non-preferred brand drugs. Tier 4 is specialty drugs and biologics.

Table 2: Estimated 2023 Marginal PMPM Cost for Enhanced Benefits by Income Band, All California

Plan Design	Per Member Per Month (PMPM) Cost Differential with Baseline Plan				
	Incomes up to 150% FPL	150%-200% FPL	200%-250% FPL	250%-300% FPL	300%-400% FPL
Individual Silver				Baseline Plan	Baseline Plan
Individual Silver without Deductible				\$7.30	\$7.30
73 Silver			Baseline Plan	\$10.70	\$10.70
73 Silver without Deductible			\$3.10	\$13.90	\$13.90
80 Silver			\$28.60	\$39.60	\$39.60
85 Silver			\$54.00	\$64.90	\$64.90
87 Silver		Baseline Plan	\$62.50	\$73.50	\$73.50
87 Silver without Deductible		\$1.00	\$63.60	\$74.60	\$74.60
90 Silver		\$20.40	\$83.30	\$94.40	\$94.40
94 Silver	Baseline Plan	\$47.50	\$110.60	\$121.80	\$121.80
94 Silver without Deductible (aka 95)	\$0.20	\$47.70	\$110.80	\$122.00	\$122.00
99 Silver	\$47.60	\$96.20	\$159.80	\$171.20	\$171.20

Note that the marginal PMPM costs are broken out by income band. Each income band currently has access to a different Silver CSR variant as its baseline plan. For each column, the baseline plan is shown in the row that corresponds to the 'Baseline Plan' label. For example, in the 'Up to 150% FPL' column, the baseline plan is 94 Silver.

Table 6. Summary of Key Elements of Selected Cost-Sharing Reduction Options Modeled

✓ = benefit or eligibility enhancement
 ■ = richer CSR support

✓ = benefit or eligibility enhancement ■ = richer CSR support			Up to 150% FPL	150-200% FPL	200-250% FPL	250-300% FPL	300-400% FPL	400-600% FPL	Annual Cost by Tier Switching Scenarios 1, 2, and 3 (millions)				
Option	Summary	Description	CSR Upgrade No Deductible	CSR Upgrade No Deductible	New CSR Eligibility CSR Upgrade	New CSR Eligibility No Deductible	New CSR Eligibility No Deductible	New CSR Eligibility No Deductible	New CSR Eligibility No Deductible	Current	Some Tier Switching	More Tier Switching	
	Current CSR Eligibility		CSR Eligible				CSR Ineligible						
	AV of ACA Silver Products		94	87	73	70	70	70					
Options for Federally-funded Program	1	AV 95/90/85/80 with no deductibles	New eligibility for CSR up to 600% FPL. New products (min AV 80) under 600% FPL. No deductibles at any income below 600% FPL	95	95	90	90	85	80	\$475	\$542	\$626	
	2	AV 95/90/85 with no deductibles	New eligibility for CSR up to 400% FPL. New products (min AV 85) under 400% FPL. No deductibles at any income below 400% FPL		✓	✓	✓	✓	✓	✓	\$463	\$526	\$604
				95	95	90	90	85	70				
	3	ACA CSR plan upgrade with no deductibles and Gold AV for 300-400% FPL	New eligibility for CSR up to 400% FPL. New CSR products (min AV 80) up to 400% FPL.	94	94	87	87	80	70	\$386	\$433	\$489	
					✓	✓	✓	✓	✓				
	Options for State-funded Program	4	ACA CSR plan upgrade with no deductibles and Gold AV for 250-400% FPL	New eligibility for CSR up to 400% FPL. New CSR products (min AV 80) up to 400% FPL.	94	94	87	80	80	70	\$362	\$403	\$452
					✓	✓	✓	✓	✓				
5		ACA CSR plan upgrade for 150-250% FPL	Richer CSR below 250% FPL, moving Silver 87 to Silver 94 and Silver 73 to Silver 87.	94	94	87	70	70	70	\$278	\$299	\$322	
					✓	✓							
6		ACA CSR plans with no Deductibles and Gold AV for 200-400% FPL	New CSR product (AV 80) for 200% FPL. No deductibles at any income below 400% FPL.	94	87	80	80	80	70	\$128	\$154	\$189	
					✓	✓	✓	✓	✓				
7		ACA CSR plans with no Deductibles	Existing CSR products across the income spectrum. No deductibles at any income below 400% FPL.	94	87	73	73	73	70	\$37	\$45	\$55	
					✓	✓	✓	✓	✓				

Source: Adapted from Table 5 in the companion Milliman report. Table 5 in the Milliman report also includes modeling of cost-sharing reduction programs in Colorado, Massachusetts and Vermont (Options 8-11).

Notes: ACA = Affordable Care Act, AV = actuarial value, CSR = cost-sharing reduction, FPL = federal poverty level. Green shading indicates richer CSR plan provided in the option compared to the Affordable Care Act. For simplicity, ACA CSR plans with deductibles removed are displayed with their original actuarial values (i.e., 94, 87 and 73), even though their computed actuarial value would be higher due to the removal of the deductible as shown in Table 5.

PUBLIC COMMENT

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NOTE: Written comments may be submitted to BoardComments@covered.ca.gov.