

COVERED CALIFORNIA BOARD MINUTES  
Thursday, March 9, 2023  
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 10:00 a.m.

**Board Members Present During Roll Call:**

Kate Kendell  
Jarrett Barrios  
Jerry Fleming  
Dr. 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) and 11126(a).

Chairman Ghaly called open session to order at 12:00 p.m.

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

Before moving into the meeting agenda, Chairman Ghaly provided an update on changes to the board. First, he acknowledged Mr. Fleming's reappointment to the board and thanked him for his continued guidance and vision.

Chairman Ghaly then announced Dr. Hernandez's resignation from the board, as well as her appointment to the newly formed Office of Healthcare Affordability Board. He then read a prepared statement on her behalf and thanked her for the positive impact she made over the past four years.

Mr. Barrios commented that Dr. Hernandez is renowned, respected, and will be missed.

Mr. Fleming echoed comments made by Chairman Ghaly and expressed admiration for Dr. Hernandez's ability to ask the right questions to steer the board.

Ms. Kendell remarked that Dr. Hernandez is a remarkable human and will be missed.

**January 19, 2023, Meeting Minutes**

**Discussion:** None.

**Motion/Action:** Chairman Ghaly called for a motion and a second to approve the January 19, meeting minutes. Ms. Kendall moved to approve the meeting minutes. The motion was seconded by Mr. Fleming.

**Public Comment:** Cary Sanders with the California Pan-Ethnic Health Network (CPHEN) commented appreciation for Dr. Hernandez and looks forward to connecting with new members of the board moving forward.

Diana Douglas with Health Access commented sincere appreciation for Dr. Hernandez and the opportunity to work with her during her time on the board. Ms. Douglas also expressed enthusiasm towards the reappointment of Mr. Fleming and noted that Health Access looks forward to the eventual addition of a new board member.

Alicia Emanuel with the National Health Law Program and Health Consumer Alliance commented that health equity was deeply embedded in Dr. Hernandez and all the work she did.

Doreena Wong with Asian Resources, Inc. echoed the appreciation of her colleagues from CPHEN, Health Access, and the National Health Law Program. Ms. Wong thanked Dr. Hernandez for her contributions.

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

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

### **Discussion – Announcement of Closed Session Actions**

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

### **Discussion – Executive Director's Update**

**2023 Board Meeting Dates:** Ms. Altman presented the Covered California Board meeting dates for 2023, with three meetings scheduled as only a possibility. The next board meeting is on April 20.

**Farewell to Dr. Hernandez and Reappointment of Mr. Fleming:** Ms. Altman expressed her deep appreciation for Dr. Hernandez's contributions to Covered California. She then congratulated Mr. Fleming on his reappointment and also thanked him for his contributions.

Ms. Altman noted that March 7 marked her first anniversary at Covered California. She thanked the board, partners, and stakeholders for their insights and guidance. She also thanked the Covered California team.

### **Unwinding of the Public Health Emergency (PHE)**

Yuliya Andreyeva, Chief of the Advertising and Operations Branch in the Marketing division, provided an update on the unwinding of the PHE and highlighted the coordinated engagement, messaging, and campaign efforts between the Covered California Marketing Division and the Department of Health Care Services (DHCS) for reaching Californians to keep them on Medi-Cal and those looking to Covered California.

### **End of Open Enrollment (OE) 2023**

Ms. Altman reported that Covered California ended 2023 with over 1.7 million enrollees. She then shared enrollment trends for age, income, metal-tier and issuer selection, race/ethnicity, language, and enrollment service channel characteristics.

Isaac Menashe, Deputy Director in the Policy, Eligibility, and Research Division, highlighted results from the 2022 California Health Coverage Survey. He began his presentation by providing an overview of the survey's history and objectives, and survey methods. Mr. Menashe then highlighted the study population. Specifically, he noted the survey integrated four different groups of respondents into key populations of interest to Covered California: new enrollees, renewing enrollees, prior year enrollees who have terminated, and those found eligible who either didn't pick a plan or chose a plan but never paid the first month's premium. Key groups identified included the OE Engaged Pool, which consists of consumers who picked a plan or were aware of Covered California but did not complete enrollment; enrollees who picked a plan during OE and paid their first month's premium; and, consumers enrolled in the last six months of the prior plan year, including those who renewed as well as terminated their coverage.

Next, Mr. Menashe reviewed the various survey key performance indicators (KPIs). For the first KPI, ease of applying for coverage, Mr. Menashe shared that 70 percent of the OE Engaged Pool who enrolled in coverage reported it was easy or very easy to fill out or update an application, compared to 63 percent of the OE Engaged Pool who didn't complete enrollment. Within the OE Engaged Pool who did not end up covered, 44 percent who indicated their preferred spoken language was Spanish said the application was easy or very easy, compared to 65 percent among non-Spanish speakers who did not end up enrolling. For the second KPI, ease of using the website, Mr. Menashe shared that 70 percent of the OE Engaged Pool said it was easy to use the website, with those who enrolled reporting it was easy and those who didn't complete enrollment reporting experiencing some difficulty using the website. For the third KPI, global measures of needing and getting help, Mr. Menashe shared that since 2018, there is a consistent pattern of fewer consumers needing additional help or information during OE. For the fourth KPI, shopping and comparing plans among renewing members, Mr. Menashe highlighted a trend showing the number of renewing members shopping to look for other options or to see if they can get a better deal is decreasing since 2018. For the fifth KPI, aspects of plans compared among shoppers, Mr. Menashe reported that consumers are primarily shopping for monthly premium amount, copay amounts or coinsurance, and benefit design characteristics. For the sixth KPI, important factors in enrollment besides monthly premium, Mr. Menashe reported that the needs and priorities of enrollees differ depending on their source of coverage before getting to Covered California. For the seventh KPI, delaying care due to cost concerns, Mr. Menashe reported that consumers generally decreased delaying care as the richness of their plan increased. For the eighth KPI, mental health access while enrolled, Mr. Menashe reported that 61 percent of members, who needed a mental health provider, and reported seeing one, said it was easy to do so, while enrolled in Covered California in 2022. This concluded Mr. Menashe's overview of the survey's top-line results.

Mr. Menashe then reviewed one example of how Covered California utilizes survey results to learn more about its members. He highlighted key results and learnings from

a study that Covered California recently released about churn in the California individual market. Mr. Menashe noted that Covered California leveraged a large oversample of terminating members in the 2020 Member Survey. Most new enrollees reported having a prior source of coverage and nearly a quarter of new enrollees reported being uninsured for the entire year prior to enrolling. The primary sources of coverage reported after leaving the marketplace included employer-sponsored insurance (ESI) or Medi-Cal. A mean of 14 percent reported being uninsured following OE, a substantially smaller share than previously reported in the federal marketplace. In addition, uninsured terminating members were more likely to be Latino and report not having a college degree. Individuals with ESI were more likely to have a Bronze plan with the marketplace. Finally, Mr. Menashe reported that at renewal, the study found only 1.3 percent of the total renewal enrollees went uninsured. In addition, renewal candidates who did not expect to use their care were more likely to go uninsured than those who expected to have at least one visit, and controlling for the other factors, increases in net premium did not increase the likelihood to go uninsured among subsidized enrollees.

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

Ms. Altman highlighted state legislative bills introduced that have impacts on Covered California and stated that the legislative bill introduction deadline was on February 17. Assembly Bill (AB) 4 declares the intent of the Legislature to expand Covered California access to all Californians regardless of immigration status. Senate Bill (SB) 595 would amend SB 644 (Leyva, 2022) by specifically prohibiting the disclosure of consumer information received from the Employment Development Department by Covered California to a certified insurance agent or a certified enrollment counselor without consumer consent. AB 1208 would require Covered California to annually update its proposed program design to maximize the number of low- and middle-income Californians with zero deductibles.

On the federal front, Ms. Altman shared that on January 30, Covered California submitted a comment letter in response to the U.S. Department of Health and Human Services' (HHS) proposed Notice of Benefit and Payment Parameters for plan year (PY) 2024. Ms. Altman then shared that on January 27, the Office of Management and Budget (OMB) published a request for comment (RFC) on initial proposals for revising the federal race and ethnicity standards, which will assist federal agencies and other stakeholders in better understanding existing racial and ethnic disparities in health care. Finally, Ms. Altman highlighted that as the PHE expires on May 11, consumers should confirm cost-sharing benefits with the health plans as access to out-of-network providers may incur charges for COVID-19 treatment, service, and vaccinations.

### **Board Comments:**

Mr. Barrios sought comment on whether the survey examined the ease of applying by different channels and different sources of assistance. He also asked if the survey was administered in other languages other than English. Mr. Menashe responded that the survey was administered in English and Spanish. He also responded that the survey does break down the ease of applying by service channels, but he would have to report back on the key results.

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Ms. Kendell sought comment on potential areas to further examine from the trends shown in the data, in terms of enrolling and the reasons for enrolling. Mr. Menashe responded that the survey results guide how Covered California prioritizes and what types of strategic outreach initiatives it undertakes. In addition, the survey results have informed the PHE unwinding work.

Mr. Fleming sought comment on where people transitioning out of Medi-Cal are going to go for help, given more than half of enrollees are using agents.

Katie Ravel, Director of the Policy, Eligibility, and Research Division responded that most individuals transitioning don't have an agent attached to their case, but to the extent that they do, Covered California will directly communicate with those agents to provide assistance. Covered California's service center and sales teams are working together to model the inbound request for assistance and figure out how to spread that among the service center and sales channels.

Mr. Fleming remarked that the design of advanceable tax credits and other factors that make enrollment a complex process may warrant additional live assistance to help those transitioning.

Chairman Ghaly sought comment from Ms. Andreyeva on how iterative some of the aspects she presented are. He then asked Ms. Altman how much larger from the 1.7 million enrollees could Covered California be if 100 percent of Californians who are eligible for Covered California enrolled. Finally, he sought comment from Mr. Menashe on how much the survey results are shared with QHP issuers.

In response to Chairman Ghaly's question about sharing survey results with QHP issuers, Mr. Menashe noted that there is data for some of the larger QHP issuers, but not enough sample for some of the smaller QHP issuers. This is an area staff is currently looking at and there is not a concrete proposal currently identified.

In response to Chairman Ghaly's question about the number of uninsured, he shared that Covered California is focused on approximately 1.4 million individuals either eligible for subsidies or the individual market without subsidies under current law.

Ms. Andreyeva responded that DHCS' marketing agency, GMMB launched their campaign on February 8, which will inform Covered California's QHP issuers for May and June.

**Public Comment:**

Ms. Sanders expressed appreciation for the coordination between DHCS and Covered California and advertising in additional languages. Next, she expressed support for surveying those transitioning off Medi-Cal who failed to choose Covered California. In response to Mr. Menashe's presentation, and the data point on lack of assistance and language, she expressed interest in understanding what is happening with individuals who speak other languages beyond English and Spanish and inquired whether there will be opportunities for workgroup discussions on solutions to that problem. Next, Ms. Sanders expressed strong support for AB 4 and AB 1208, noting health care costs are growing faster than subsidies, making this an equity issue. She went on to share that

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one of her organization's members shared that recently he was having difficulty and had to delay necessary health care due to the cost. Next, Ms. Sanders thanked Ms. Altman, for mentioning the OMB RFC and urged other purchasers, plans, and providers to weigh in on the importance of the collection of the data.

Ms. Wong echoed comments made by Ms. Sanders and made suggestions on how to ensure limited English-speaking populations transition in the Medi-Cal renewal process. First, she recommended that DHCS and Covered California ensure that notices and packets be sent in the appropriate translated languages. Secondly, she recommended that those who will be auto-enrolled by Covered California be enrolled in either the same plan, if there is a plan like their Medi-Cal plan; or, there should be an attempt to match the enrollee's cultural and linguistic needs with the assigned plan. She noted that many of her organization's clients choose plans with culturally competent providers that can speak the client's language. Next, she agreed with Mr. Fleming's comment that those transitioning from Medi-Cal may need more assistance. Finally, in response to the OMB RFC, she expressed her support for the race and ethnicity combined questions with its suggested disaggregated race and ethnicity categories.

Ms. Douglas expressed support for surveying those transitioning off Medi-Cal who failed to choose Covered California. In response to the OE data, Ms. Douglas expressed content to see the overall trend in plan selection toward the higher middle tiers and away from the Bronze plans. Next, Ms. Douglas expressed shock that a large percentage of Covered California enrollees delayed or skipped doctor visits due to cost and noted this demonstrates that high-cost sharing is not just burdensome, but interrupting care and leading people to make much different decisions at the expense of their health. On the state and federal policy updates, Ms. Douglas noted that as the organizational sponsor of AB 4 to extend Covered California coverage to those regardless of immigration status, she looks forward to working together to explore the best path to make this happen. Finally, Ms. Douglas noted her organization is sponsoring AB 1208, which would include subsidies for deductibles and other cost-sharing including copays.

Ms. Emanuel echoed comments made by previous speakers. She noted her organization still has outstanding questions about the Medi-Cal beneficiaries with procedural denials that will go through the SB 260 process and looks forward to working with Covered California on that. She expressed content with Covered California's plan to conduct a dedicated outreach campaign with household incomes in the \$25,000-\$100,000 range, as well as direct consumer outreach messaging. Because of the vast number of people who will be transitioning between Medi-Cal and Covered California, she highlighted the need to ensure outreach to busy individuals is conducted through multiple pathways. Next, she highlighted that the Medi-Cal income limit for children is much higher than for adults, which may result in some families being captured in Covered California's outreach efforts that really should remain on Medi-Cal. She noted that recent national studies show that children are anticipated to be disproportionately more likely to experience procedural denials from Medicaid than other populations. Next, Ms. Emanuel noted that the statistic from the survey that 46 percent of people still need help getting through the application process shows that people will need even more support, which will be exacerbated by the PHE unwinding process. Finally, Ms.

Emanuel is hopeful that Covered California's outreach and enrollment support for transitioning individuals during the unwinding process will shift based on what the data says, as well as feedback from communities.

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

### **Action – 2024 Qualified Health Plan Issuer Contract and Certification Process**

#### **2024-26 Qualified Dental Plan Issuer Model Contract**

The board decided to carry forward the PY 2024-26 qualified dental plan issuer model contract to the April 2023 board meeting.

#### **2024 Qualified Health Plan Issuer Model Contract**

The board decided to carry forward the PY 2024 qualified health plan issuer model contract to the April 2023 board meeting.

#### **2024 Qualified Health and Dental Plan Certification**

James DeBenedetti, Director of the Plan Management Division shared that there were no changes made to the PY 2024 qualified health and dental certification application process, as presented in the January board meeting. Mr. DeBenedetti requested board approval for the certification selection criteria and requirements.

**Board Comments:** None.

**Public Comment:** None.

**Motion/Action:** Chairman Ghaly called for a motion to approve the PY 2024 qualified health and dental plan certification. Mr. Barrios moved to approve the motion. The motion was seconded by Mr. Fleming.

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

### **Discussion – 2024 Standard Benefit Designs**

Jan Falzarano, Deputy Director of the Plan Management Division, gave an overview of Covered California's proposed PY 2024 standard benefit designs. She began her presentation by highlighting that Covered California works closely with external stakeholders (advocates, health plans, dental plans) to solicit input in the development of patient-centered benefit designs. She then gave an overview of benefit plan design requirements, and factors influencing plan designs; including the PY 2024 annual limitation on cost sharing, and the actuarial value (AV) calculator.

Next, Ms. Falzarano gave an overview of the Mental Health Parity and Equity Act (MHPAEA) test impacts on PY 2023 and outlined the approaches staff explored to minimize the variability encountered by carriers due to MHPAEA.

Ms. Falzarano then highlighted baseline AV increases from PY 2023 to PY 2024, noting that most Covered California plans exceeded the allowable AV de minimis range.

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Next, Ms. Falzarano gave an overview of Covered California's approach to member cost-sharing in its plan designs to promote access to care. Ms. Falzarano then referred to a slide detailing all changes to the 2024 plan designs for individual and family plans. She highlighted some of those changes, as follows:

- Gold and Platinum Plans: Increased and decreased cost share in specific categories to bring the plans within the AV de minimis range.
- Silver Plans:
  - Silver 70 and Silver 73: Increased cost-sharing along with the drug and medical deductible and the maximum out-of-pocket (MOOP).
  - For the very first time, removed tier-one generic drugs from the deductible.
- Bronze Plans:
  - Increased the maximum out-of-pocket (MOOP) significantly by \$900, which resulted in a \$5 decrease in cost-sharing for primary care visits, labs, mental health office visits, occupational and speech therapy
  - Removed the deductible from mental health substance use disorder office visits.
- Revision to PY 2024 Endnotes: To provide clarity on the implementation of podiatry services, the 2024 Endnotes will list podiatry in the "other practitioners" category," to ensure that consumer cost-sharing for podiatry services is consistent across all carriers. As an added benefit, the cost-sharing for this category is the same as primary care visits, instead of a specialist visit, which has a higher copay.

Next, Ms. Falzarano referred to a slide detailing all changes to the PY 2024 plan designs for small group plans. She noted that most of the plans were already within the AV range and therefore did not require major adjustments. Minor adjustments were made to the Silver copay to align the coinsurance across the board at 35 percent for inpatient and outpatient facilities. The medical deductible and maximum MOOP in the high deductible health plan were also increased.

Finally, Ms. Falzarano provided an overview of dental updates for PY 2024. She noted that Covered California's dental benefit design will remain the same as in PY 2023. However, in consultation with an actuarial firm, Covered California conducted a thorough review of the current dental (CDT) codes for completeness, accuracy, and alignment with the DentiCal Pediatric Benchmark Plan. The CDT codes were updated to remove codes that are no longer in the CDT catalog and add codes more reflective of the industry services.

In closing, Ms. Falzarano commented that in the event the final draft of the AV Calculator or the annual Notice of Benefit and Payment Parameters contains significant changes, staff will bring those back to the board for discussion in April.

**Board Comments:**

Ms. Altman asked Ms. Falzarano to re-highlight for the board, the biggest changes from last year.

Ms. Falzarano responded that the staff proposes increasing some of the medical deductibles, the drug deductibles, and the MOOP.



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Mr. Fleming commented that as more utilization data becomes available, it would be nice to see how Covered California's changes to cost-sharing impact consumers with certain acute episodes, as well as those with chronic diseases.

Chairman Ghaly requested more detailed information for the April board meeting on the trade-offs and what other solutions were considered.

In response to Mr. Fleming's request, Ms. Falzarano responded that more data available as a result of AB 929, will allow Covered California to dive deeper into utilization patterns and take a closer look at how those should be aligned with its standard benefit designs. In response to Chairman Ghaly's request, Ms. Falzarano responded that staff modeled multiple benefit designs for stakeholders to consider, each providing very intimate details of increasing cost sharing in one category over another category. She reminded the board of the restraints of the AV calculator. She concluded by saying staff will come back with more information.

**Public Comment:**

Ms. Sanders expressed appreciation for Covered California's robust stakeholder process. She noted that this annual exercise demonstrates the extent to which rising costs are impacting Covered California's ability to get to its aspirational goals. She hopes to continue the conversation this year on how to ensure that costs and coverage remain affordable in out years.

Ms. Douglas commented appreciation for all the work on next year's benefit design. She expressed her dissatisfaction with the need to increase the medical deductible for the Silver plans but appreciates that the deductible did not increase. Finally, she noted that this underscores the need to reduce the cost-sharing burden.

Chairman Ghaly adjourned the meeting at 2:25 p.m.