

COVERED CALIFORNIA BOARD MINUTES  
Thursday, May 18, 2023  
Covered California  
1601 Exposition Blvd.  
Sacramento, CA 95815

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

The meeting was called to order at 10:00 a.m.

**Board Members Present During Roll Call:**

Mayra Alvarez  
Jarrett Barrios  
Jerry Fleming  
Kate Kendell  
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).

The open session was called to order at 1:02 p.m.

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

**April 20, 2023, Meeting Minutes**

**Board Discussion:** None.

**Motion/Action:** Chairman Ghaly called for a motion to approve the April 20, 2023, meeting minutes. Vice Chair Barrios moved to approve the meeting minutes. The motion was seconded by Mr. Fleming.

**Public Comment:** None.

**Vote:** The motion was approved by Chairman Ghaly, Vice Chair Barrios, and Mr. Fleming. Ms. Kendall and Ms. Alvarez abstained from the vote.

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

**Discussion – Announcement of Closed Session Actions**

Ms. Altman 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 June 15, 2023.

**Covered California Welcomes New Board Member and Chief Medical Officer:** Ms. Altman welcomed and expressed enthusiasm toward working with new Board member Ms. Alvarez and new Chief Medical Officer, Dr. Monica Soni.

**Medi-Cal to Covered California Transition Update:** Ms. Altman began with an update on the Medi-Cal to Covered California transition. She explained that the federal COVID-19 Public Health Emergency (PHE) ended as anticipated on May 11, 2023, and the Medicaid continuous coverage requirement ended on March 31, 2023. Ms. Altman continued that on April 1, 2023, Medi-Cal resumed its normal renewal processes, marking the beginning of the continuous coverage unwind. She stated that due to the aforementioned end dates, Covered California is rapidly looking forward to any transitions that need to occur in the future.

**Medi-Cal to Covered California Enrollment Program Launch:** Ms. Altman shared that Covered California will launch auto-enrollment of the Medi-Cal groups being transitioned under the authority of Senate Bill (SB) 260 at the end of May. Coverage will begin on July 1, 2023. Covered California will refer to the program as the “Medi-Cal to Covered California Enrollment Program” in public communications. Ms. Altman also shared that Covered California will be launching a co-branded marketing campaign and an updated CoveredCA.com homepage on May 15, 2023. This will be coordinated with the Department of Health Care Services (DHCS) and the Medi-Cal program. Additionally, Covered California will share preliminary data from the first group being transitioned in July, and full data after the 60-day special enrollment period has closed.

**Medi-Cal to Covered California Enrollment Program Advertising:** Ms. Altman provided an elaboration of the Medi-Cal to Covered California marketing campaign that is launching on May 15, 2023. The campaign will be in English, Spanish, Cantonese, Mandarin, Korean, and Vietnamese, and is co-branded and coordinated with Medi-Cal. Ms. Altman explained that the campaign will position Covered California to focus on the group of Californian’s transitioning from Medi-Cal, and she visually presented the campaign advertisement. Ms. Altman remarked that Covered California will continue to share information and track progress of the transition from Medi-Cal.

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

Ms. Altman shared that the Governor’s May Revise was released on May 12, 2023. Health related items in the state budget include the proposed renewal of the Managed Care Organization tax effective April 1, 2023, through December 31, 2026, which would result in \$19.4 billion in funding. Additionally, the budget includes \$4.8 billion to fund Universal Medi-Cal coverage regardless of immigration status. There were not any proposed items in the May Revise directly related to Covered California.

Covered California Board Minutes  
May 18, 2023 Meeting

Ms. Altman noted that in the Spring Finance Letter released in April, the Department of Finance requested an augmentation of the California Premium Credit. The augmentation requests \$350,000.00 in the Fiscal Year (FY) 2023-24 and is expected to cover increased enrollment. The request has been heard in both Budget Subcommittees.

Next, Ms. Altman shared federal updates. First, she reported that on April 24, 2023, the U.S. Department of Health and Human Services (HHS) released a proposed rule expanding health coverage to Deferred Action for Childhood Arrivals (DACA) recipients. She explained that the proposed rule amends the definition of “lawfully present” to include DACA recipients which would allow these individuals to become eligible for Medi-Cal, and subsidies made available through Covered California.

Additionally, HHS proposed an effective date of November 1, to ensure DACA recipients are given the opportunity to enroll in coverage. Newly eligible DACA recipients would also qualify for a special enrollment period. Ms. Altman explained that Covered California will continue to analyze the proposed rule for potential impact in California and will prepare comments which are due June 23, 2023.

Lastly, Ms. Altman shared that she, along with other state-based exchanges from around the country, visited Washington D.C. to meet with congressional and federal administration officials to discuss the role of marketplaces in the country. She explained that the efforts that have been made in California were well received by leading officials in Washington.

**Board Comments:** Vice Chair Barrios sought estimates from Ms. Altman on the impact of the DACA proposed rule on Medi-Cal and Covered California. Ms. Altman explained that Covered California is working on collecting information on the 200,000 DACA recipients in California to have a better understanding of income and program eligibility.

**Public Comment:** Alicia Emanuel with the National Health Law Program and Health Consumer Alliance thanked Covered California in relation to the efforts in transitioning individuals from Medi-Cal to Covered California. She expressed an eagerness to see the co-branded advertising materials and urged Covered California to increase the number of translations of the advertising materials. Ms. Emanuel shared appreciation to Covered California for providing data and working with advocates. She also expressed appreciation to Covered California for creating a special enrollment period for immigrant populations.

Diana Douglas with Health Access welcomed Ms. Alvarez and Dr. Soni to Covered California. She expressed appreciation towards Covered California’s implementation of SB 260, as well as providing robust data from the Medi-Cal to Covered California transition. Ms. Douglas also echoed the thoughts and comments of Ms. Emanuel. Lastly, Ms. Douglas shared that Health Access supports the request for the augmentation made to support the California Premium Credit Program, and appreciated the efforts entailed.

Doreena Wong with Asian Resources, Inc. welcomed Ms. Alvarez to the Board, and expressed confidence in Ms. Alvarez's ability to act as an advocate for all communities served in California. Ms. Wong also welcomed Dr. Soni and noted that she looks forward to working with Dr. Soni and Ms. Alvarez. Additionally, Ms. Wong echoed the comments of the previous speakers, specifically the comment to expand the translations for the co-branding campaign. Lastly, Ms. Wong noted that as a Navigator entity, her organization appreciates the efforts of Covered California in coordinating the transition through SB 260.

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

### **Action – Updated 2024 Patient-Centered Standard Benefit Designs**

Jan Falzarano, Deputy Director of the Plan Management Division, presented updates to the 2024 Patient-Centered Standard Benefit Designs. Ms. Falzarano began her presentation by sharing a small discrepancy found in the 2024 Standard Benefit Designs document presented in the April meeting that required a change. First, staff struck out language on the three-visit rules for all mental health services in the Bronze product to reflect that medical deductibles have been removed. She clarified that the changes will not have an impact on the final value of the plan design.

Next, Ms. Falzarano shared that staff also updated Endnote #7 to provide further clarity for the metal tiers and service category. Ms. Falzarano then requested the Board to reapprove the amended benefit plan design.

**Board Comments:** Chairman Ghaly and Ms. Kendall thanked Ms. Falzarano for her efforts and had no further comments.

**Public Comment:** None.

**Motion/Action:** Chairman Ghaly called for a motion to approve the amended 2024 Patient-Centered Standard Benefit Designs. Vice Chair Barrios moved to approve the motion. The motion was seconded by Ms. Kendall.

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

### **Action – Fiscal Year 2023-24 Navigator Grant Program Contract**

Ms. Altman introduced the Navigator Grant Program Contract action item and expressed her gratitude to the Board and commenters regarding the discussion that took place in the April Board meeting. She restated the importance of staying in communication with the Navigators as Covered California seeks a one-year extension with a funding augmentation as well as planning for an upcoming Request for Proposal. Ms. Altman concluded her introduction by thanking Terri Convey, Director of the Outreach and Sales Division for her efforts.

Ms. Convey began her presentation by giving an overview of the Navigator Grant Program and the staff's proposed amendment to the 2023-24 Navigator contract. She sought approval to extend the Navigator Grant Program contract for an additional year as well as to increase the program funding for FY 2023-24 by ten percent.

Covered California Board Minutes  
May 18, 2023 Meeting

Finally, Ms. Convey noted that Covered California will release a new Request for Application in the first quarter of 2024.

**Board Comments:** Ms. Alvarez thanked Ms. Convey for the presentation and reiterated the importance of the partnership with the Navigators especially during the pandemic. Additionally, Ms. Alvarez expressed her understanding of the need for additional resources for the program.

Vice Chair Barrios concurred with Ms. Alvarez and thanked Ms. Convey and Covered California for understanding the importance of the program and stated his support of the efforts being made.

Ms. Kendell also concurred with Ms. Alvarez and Vice Chair Barrios and expressed her support.

Mr. Fleming agreed with what was previously stated by the Board members and expressed his support.

Chairman Ghaly concurred with all the Board members' comments and expressed his readiness to participate in the next steps of the Navigator program in future discussions.

**Public Comment:** Ms. Wong expressed appreciation to Ms. Convey and the Board for recognizing the efforts of the Navigators. She thanked Ms. Convey and her team for collaborating with Asian Resources, Inc. and discussing the issues and need to increase the grant amount.

Additionally, Ms. Wong expressed appreciation and support to increase the grant by ten percent which will address several changes that the Navigator program will need to manage. She shared her appreciation for Ms. Convey and her team for their willingness to inform Ms. Wong and her organization of the transitions and enrollment updates. Finally, Ms. Wong expressed her appreciation for the ongoing discussion with her team about the Navigator program and looks forward to sharing her organization's proposed recommendations to strengthen and contribute to the program.

Ms. Emanuel expressed support of the Board's decision to increase the Navigator funding by ten percent for the 2023-24 FY. She also supported and aligned with the comments of Ms. Alvarez and Ms. Wong. Ms. Emanuel noted that her organization is mindful that the PHE unwinding will cause strain for their Navigators, and it is critical for Covered California to check in with the Navigators to determine if additional financial or administrative resources are needed.

Cary Sanders with California Pan-Ethnic Health Network expressed her support of the ten percent grant increase and aligned her comments with the comments of Ms. Wong and Ms. Alvarez. She explained that her organization has been surveying its members to determine the types of challenges they are seeing in the field due to the PHE unwinding. She continued explaining that over half of their members have identified difficulties with language accessibility and confusion and stated the importance of Navigators for these members. She strongly encouraged an ongoing dialogue to determine if any additional issues may arise in the future.

**Motion/Action:** Chairman Ghaly called for a motion to approve Covered California's Navigator Program Contract Amendment. Ms. Kendell moved to approve the motion. The motion was seconded by Ms. Alvarez.

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

## **Discussion – Covered California's Proposed Fiscal Year 2023-2024 Budget**

Ms. Altman welcomed Jim Watkins, Director of the Financial Management Division to the podium and thanked him and his team for their efforts. She also thanked the Finance Committee members, Mr. Fleming, and Vice Chair Barrios for their support as well. Ms. Altman explained the importance of the proposed budget for Covered California including long-term and ongoing expenditures for future investments, one-time expenditures to ensure Covered California is prepared for Medi-Cal transitions, as well as funding for supportive roles to ensure these efforts are successful.

Mr. Watkins initiated his presentation by sharing a brief agenda. He continued by providing an overview of the budget process, noting that the entire process can take about six months to complete. He also highlighted that because Covered California is an enterprise fund, it must forecast enrollment and revenues. Specifically, the participation fee for the individual market and the small business market funds Covered California's operations. Once expenditures and revenues are aligned, a fund balance can be calculated. Mr. Watkins noted that Covered California has been assigned to the California Health Trust Fund.

Mr. Watkins moved on to discuss the enrollment forecast. He explained that Covered California uses a time series model to estimate the baseline enrollment each year. Furthermore, he explained that the model looks at historical trends in Covered California's data, and then forecasts the data forward. Mr. Watkins stated that policy changes that aren't in the historical data should be considered such as this year with inflow from Medi-Cal, inflow from the "family glitch fix, and disenrollment due to the expiration of enhanced subsidies.

Mr. Watkins summarized that Covered California expects to enroll an estimated 18,000 to 33,000 individuals exiting Medi-Cal over 12 months starting in July; and approximately 62,000 to about 149,000 enrollees phased in from the "family glitch fix," between the 2023-24 FY, the 2024-25 FY, and the 2025-26 FY. Covered California also forecasts between 198,000 to 260,000 enrollees exiting Covered California due to the expiration of the enhanced subsidies which end in December 2025.

Mr. Watkins then explained Covered California's operating revenue forecast. He highlighted the key baseline revenue figures which display the 2023-24 FY at about \$459.6 million, the 2024-25 FY at \$489 million, and the 2025-26 FY at \$471 million. The drop is due to the expiration of the enhanced subsidies. Additionally, he explained that Covered California is about 20-22 million member months through the rest of the forecasts displayed. He then highlighted the premium growth assumptions used to inform the revenue forecasts.

Covered California Board Minutes  
May 18, 2023 Meeting

He also indicated that it is possible to see double-digit increases in the growth of premiums due to inflationary pressures and that Covered California is being conservative with the revenue projections by creating a rolling forecast which is updated every month to reevaluate the projected enrollment and revenue figures. Mr. Watkins further explained that the assumption is being made that the individual market participation fee will remain at 3.25 percent and the small business participation fee will remain at 5.2 percent.

Next, Mr. Watkins reviewed 2023-24 FY baseline expenditures. Mr. Watkins explained that the prior year's budget was \$411.3 million. He explained the baseline budget increases to \$422.9 million mostly relating to personnel expenditure increases. The personnel expenditures increased from \$164 million to \$176 million which was driven by multiple factors such as an assumed vacancy rate, an assumed 2.5 percent general salary increase, benefit increases, employee stipend expenditures, and merit salary adjustments. In addition, the capital expenditures decreased in the baseline budget by \$2.8 million. Overall, the baseline budget increased by \$11.6 million.

Mr. Watkins moved forward in the presentation to discuss proposed budget change requests for the 2023-24 FY. He stated that the proposed budget changes will add \$32.2 million in additional funding to five different categories. The largest category that \$22.2 million of funding would be added to is the assistance of Californians throughout the Medi-Cal continuous coverage unwind. The next category is \$3 million for information management and security related tasks. Next, \$3.3 million for continued space consolidation and facility improvements in both Fresno and Sacramento. Additionally, \$1.1 million to support Covered California for Small Business (CCSB) and operations. Finally, \$2.6 million to fund initiatives tied to specific strategic goals identified during Covered California's recent strategic planning sessions. Mr. Watkins noted that about 74 percent of the investments are one-time investments and will only occur in the 2023-24 FY.

Next, Mr. Watkins presented a graph giving more detail of the budget change requests. He highlighted three bullet points which included targeted marketing for about \$10 million, supplemental surge staffing for \$7.5 million, and additional funding of about \$2 million for postage and stamping. He also highlighted the request for funding for advancing California strategic priorities, data and analytic strategy development, and advertising efficacy. Mr. Watkins noted that CCSB enhancements were also included, as well as the Broker Bonus Program. Finally, Mr. Watkins noted that the Navigator expenditures are also included in the request.

Mr. Watkins continued the presentation and discussed the proposed expenditure budget. He shared that the baseline budget was \$422.9 million, and that the expenditure and capital budget will be \$455.1 million. This includes a \$32.2 million increase. He noted that about 75 percent of the increases are one-time expenditures. Mr. Watkins also stated that staffing is proposed to increase by seven staff members going from 1,468 to 1,475 staff members. Next, Mr. Watkins presented a graph showing the proposed budget by functional area. He explained that the total operating capital expenditures would be \$455 million.

Covered California Board Minutes  
May 18, 2023 Meeting

Mr. Watkins summarized his presentation stating there will be inflows of revenue totaling \$470.3 million, and expenditures totaling \$455.1 million, resulting in an expected fund balance increase of \$15.2 million. He restated the starting budget of \$411.4 million with adjustments to the baseline budget of \$11.6 million and augmentation proposed at \$32.2 million, with a final proposed budget of \$455.1 million.

**Board Comments:** Ms. Altman expressed her appreciation of the efforts that have gone into the task and restated the importance of the stability and sustainability of the proposed budget.

Vice Chair Barrios asked what percentage of the Medi-Cal enrollees would be eligible for subsidies. Ms. Altman and Mr. Watkins commented that most of the individuals transitioning from Medi-Cal will be eligible for the subsidies and will enroll with Covered California. Ms. Altman added that one of the one-time investments includes a survey that will be sent to individuals who did not enroll with Covered California. The survey will gather more data which is intended to help understand where these individuals are going and why they did not enroll with Covered California.

Mr. Fleming commented that in prior budget reviews, he noticed a great deal of uncertainty, but that he was reassured and believed this budget proposal to be prudent and good.

Ms. Kendell expressed her appreciation to Mr. Watkins for the comprehensible presentation.

Ms. Alvarez thanked Mr. Watkins and reiterated that the presentation was comprehensible. She also stated that in one of the presentation slides, Covered California was projected to lose consumers and cautioned to stay involved with the Navigators in the event that additional investments are needed in the future to prevent additional consumer loss.

Chairman Ghaly agreed with Ms. Alvarez and further explained the importance budget forecasting has on employer markets and Medi-Cal. He noted that as the DHCS team commences its redetermination efforts, the Board will be updated on their progress. Chairman Ghaly expressed his appreciation to Mr. Watkins for his efforts in the budget proposal.

**Public Comment:** None.

The meeting adjourned at 2:11 p.m.