

COVERED CALIFORNIA BOARD MINUTES

Thursday, July 20, 2023

Covered California
1601 Exposition Blvd.
Sacramento, CA 95815

Alternate Location:

717 W. Temple St.
Los Angeles, CA 90012

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

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

Board Members Present During Roll Call:

Mayra Alvarez
Jarrett Barrios
Jerry Fleming
Kate Kendell
Dr. Mark Ghaly

Agenda Item II: Conflict Disclosure

A conflict disclosure was performed and there were no conflicts from the Board members that needed to be disclosed. The meeting did not have a closed session and was open session only.

Agenda Item III: Covered California Policy and Action Items

Discussion – 2024 State Affordability Subsidy Program Design

Jessica Altman, Executive Director of Covered California, began by thanking Chairman Ghaly and expressed her enthusiasm in seeing Board members and members of the public in-person.

She noted the importance of the discussion taking place in the meeting and explained how California was leading the way in having important dialogue to ensure consumers could afford health insurance coverage and receive the care they need. Ms. Altman thanked Covered California's internal teams for their involvement in the 2024 State Affordability Subsidy Program Design as well as Covered California partners for their patience during the coordination of the project.

Katie Ravel, Director of Policy, Eligibility & Research Division, gave an overview of the discussion topics. She began by presenting Fiscal Year (FY) 2023-2024 state budget items related to Covered California including the Health Care Affordability Reserve Fund (HCARF).

Covered California Board Minutes
July 20, 2023 Meeting

She continued that HCARF will retain \$333.4 million from previous fiscal years and that Individual Mandate Penalty revenues will be shifted to HCARF beginning in FY 2023-2024 and ongoing. The revenue shift for FY 2023-2024 is estimated at \$361 million. Additionally, \$600 million will be loaned from HCARF to the General Fund which will be repaid in FY 2025-2026.

Ms. Ravel explained that the budget also made an appropriation of \$82.5 million from HCARF to Covered California to support a financial assistance program for coverage year 2024 and that there is an agreement to appropriate \$165 million to support the financial assistance program for coverage year 2025 and ongoing. Also, Ms. Ravel noted Covered California was given authority to spend up to \$2 million of the HCARF fund to subsidize health insurance coverage for striking workers pursuant to Assembly Bill 2530 of 2022. Finally, Ms. Ravel explained that the budget package also includes augmentation of \$350,000 annually for the \$1 per member per month (PMPM) California Premium Credit.

Next, Ms. Ravel shared that when the affordability fund was set up in FY 2021-2022, an initial appropriation was made, and Covered California was requested to develop a report with options for cost-sharing reduction (CSR) subsidies that could be delivered with that funding. Covered California consulted with stakeholders and legislative staff to develop options for providing CSR subsidies to reduce cost-sharing for low-income and middle-income Californians. This included options for reducing copays, deductibles, coinsurance, and maximum out-of-pocket costs. Ms. Ravel noted that the report was delivered at the start of 2022.

Ms. Ravel provided an overview of the federal CSR program established under the Affordable Care Act which requires health insurance issuers to reduce out-of-pocket maximums and cost-sharing amounts for consumers at 250 percent of the federal poverty level (FPL) and below who are enrolled in a Silver-tier plan. Next, Ms. Ravel presented the planning considerations in developing the proposed eligibility and benefits for plan year 2024 which included maximizing consumer benefits using the 2024 appropriation and building a foundation for program extension in plan year 2025 while recognizing operational constraints in making changes for the 2024 plan year.

In consideration of the planning factors, Ms. Ravel explained that Covered California proposes to maintain eligibility for CSR benefits at the current levels for individuals with income up to 250 percent of the FPL, eliminate deductibles in all Silver CSR plans, and revert planned cost-sharing increases for generic drugs and maximum out-of-pocket in the Silver 87 CSR plan. Covered California also proposes to increase the value of the Silver 73 CSR plan to approximate the Gold-tier level of coverage by reducing copays for primary and emergency care to Gold-tier levels, reducing the copay for specialist visits, and lowering the maximum out-of-pocket amount. Ms. Ravel presented the benefit design chart showing the 2024 federal variant benefit designs and explained how it was built.

Next, Ms. Ravel shared that her team worked with the Financial Management Division to develop a projected cost of the program using various enrollment scenarios adopted from the Covered California budget.

Covered California Board Minutes
July 20, 2023 Meeting

She stated if Covered California reached the high budget enrollment projection, the program would cost about \$81 million. As proposed, Covered California would pay carriers for this program through a PMPM rate which is still being established and that Covered California would conduct a final reconciliation following the close of the benefit year to establish actual costs. Last, if a carrier's total cost for the program benefits exceeds their total PMPM payment after the reconciliation, Covered California would consider claims for additional payment up to, but not to exceed, the plan year appropriation of \$82.5 million.

Regarding program eligibility, Ms. Ravel stated that any consumer who is currently enrolled in a Silver-tier plan will automatically have their benefits increase to the proposed benefits in plan year 2024, and anyone who shops for the 2024 plan year will see the new benefits. Ms. Ravel shared that the future proposal is to maximize consumer enrollment by moving consumers into a CSR plan if their income is under 250 percent of the FPL so they can take advantage of the new benefits. She noted that Covered California intends to present the draft program regulations for discussion in August and action in September.

Next, Ms. Ravel presented that an estimated 6,400 members from the Gold and Platinum-tier plans would be moved to the Silver 94 plans with an average annual premium savings of \$1,210 and an average annual out-of-pocket savings of \$30-\$180. About 19,500 members would be moved from Gold-tier plans into Silver 87 plans with an average annual premium savings of \$910 and an average annual out-of-pocket savings of \$90. She also mentioned three Bronze-tier plans that would be moved to free Silver-tier plans that would not have any savings in premium, but they would have out-of-pocket savings. In total, approximately 650,000 low- and middle-income enrollees who are currently in the CSR plans would be moved to the enhanced CSR plans and 35,000 would be automatically transitioned from Platinum, Gold, and Bronze-tier plans.

Next, Ms. Ravel provided an overview of the Program Design Document, which specifies key elements for the California enhanced CSR program including establishing the income eligibility for the program, specifies the qualified health plan features of the enhanced benefit designs, establishes PMPM payment rates and payment processes, and defines key terms related to the program. Ms. Ravel concluded with an overview of the milestones for launching the program which included each milestone with the estimated timeframe starting in July 2023 and ending in the Fall of 2023.

Board Comments: Chairman Ghaly expressed his excitement towards the program and thanked Ms. Ravel and her team for their work.

Ms. Kendell expressed her approval and enthusiasm for the program.

Mr. Fleming expressed his enthusiasm and approval of the program and noted his curiosity in how the program would be reflected in the coming years. He also mentioned he would be interested in hearing about how the plans are going to be able to figure out what the actual cost of the program is, and if there are any issues surfacing.

Covered California Board Minutes
July 20, 2023 Meeting

Ms. Alvarez echoed prior comments and thanked Ms. Ravel and her team for their work. She shared her concerns regarding how the benefits of the program will be communicated to the public. She explained that while the program is doing incredible things, it may be confusing to understand for members of the public and she was also concerned that the program would not always be available.

Ms. Altman responded to the comments of Mr. Fleming and Ms. Alvarez and stated that there is intent for the next year's funding to be at \$165 million which is twice the amount for plan year 2024. She noted that it is anticipated that there will be discussions about how that funding will be used in future plan years. She explained that Covered California has taken great strides in simplifying the process for consumers by taking a cost-sharing category and eliminating it, zeroing out deductibles, offering education, making sure notices are consumer tested, and creating a custom health plan choice platform that is easier to navigate.

Vice Chair Barrios requested additional information from Ms. Ravel regarding how consumers who are automatically transitioned will be notified of the upgrade. Additionally, he asked how the consumers will be notified that the transition is temporary and what their status will go back to so that the consumers can better plan for their healthcare financially.

Ms. Ravel responded that member communication included in the renewal packet informs members that they have been moved automatically in order to take advantage of a benefit for the upcoming plan year and that they have two months after renewal to make changes to their enrollment. The communication also informs members about the benefit design they had prior and the benefit design they are moving into. Ms. Ravel continued explaining that Covered California is also working on communications to members that are being moved from a Gold or Platinum-tier plan down to a Silver-tier plan to prevent members thinking they have been downgraded.

Vice Chair Barrios continued and asked if there is any current data from the Medi-Cal redeterminations being enrolled in Covered California validating the CSR enhancement cost estimates Ms. Ravel presented.

Ms. Ravel replied that there is not any current data available at this time due to the timeframe the Medi-Cal to Covered California enrollees have to pay for their plan. She stated that several more weeks would be needed to have any data.

Chairman Ghaly asked Ms. Ravel if she had information regarding the input of the plan management advisory group. Ms. Ravel shared that carriers highlighted the need to expedite the payment process which was underway. She also shared that forums have resumed for onboarding new polices, and that they have displayed strong support of the program. Chairman Ghaly also commented that he was curious as to how Covered California would be able to measure actual health outcomes with the new program benefits allowing better access to healthcare.

Public Comment: A representative with Health Access thanked the Board and staff at Covered California, the administration, and legislation for the reduction in cost-sharing. The representative expressed their appreciation to Covered California for the work gone into the benefit design and making sure lower income groups will be able to benefit. They also expressed their excitement to start conversations on what health in 2025 will look like and how to communicate to consumers on what the benefits are and how they can best be taken advantage of. They mentioned that they believe the simplicity of reducing the deductibles to zero will allow many consumers to use and sign up for coverage. The representative mentioned that they hope to see the data for the health outcomes and are hopeful that in 2025, the benefits will be able to be extended to more consumers.

Rob Spector from Blue Shield of California shared strong support from his organization. He shared his organization's confidence in being able to provide a smooth experience for consumers. He mentioned that the collaboration between Covered California and carriers allows his organization to accelerate the design decisions and expressed his appreciation toward the plan management group, stakeholders, and the Covered California staff.

Faith Borges with California Agents and Health Insurance Professionals thanked staff for their work on the program. She shared that her organization is looking forward to ongoing conversations about the proposed automatic enrollments into the Silver-tier CSR plans to keep track of individual needs and enrollment efforts specifically when a consumer is working with a licensed agent who specializes in health literacy on behalf of consumers. Ms. Borges shared that agents value consumer choice and that her organization looks forward to ongoing conversations about maintaining consumer choice while also advancing improved communication for maximizing costs and benefits. She also reported that her organization would like to know how out-of-pocket savings are calculated and looks forward to any future discussions.

Doreena Wong with Asian Resources, Inc. supported the comments from Health Access, Blue Shield, and California Agents and Health Insurance Professionals. She expressed her organization's appreciation toward Covered California's staff for adopting many of the recommendations of the affordability work group. Ms. Wong highlighted the importance of the elimination of deductibles for the Silver-tier plans and noted moving members automatically will allow them to take advantage of better benefits. Ms. Wong noted that while the changes are beneficial, they may also be confusing for consumers, especially those have low health literacy or language barriers and will require assistance from external organizations. She advised Covered California to make sure that Navigators, assisters, and agents fully understand the changes to better help consumers. Ms. Wong also echoed Chairman Ghaly's comments on evaluating for health outcomes in order to reduce healthcare costs overall. She noted that her organization looks forward to working with Covered California.

Action – Revised 2024 Patient-Centered Benefit Designs

Ms. Ravel requested that the Board call for a motion to adopt a modification to the patient-centered benefit designs to include the CSR benefit designs for the California enhanced CSR program contingent upon the adoption of the 2024 California program design which would be brought to the Board in August.

Motion/Action: Chairman Ghaly called for a motion and a second to approve this action item. Ms. Alvarez moved to approve the motion. The motion was seconded by Ms. Kendell.

Board Comments: None.

Public Comment: None.

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

The meeting adjourned at 2:03 p.m.