

COVERED CALIFORNIA BOARD MINUTES
Thursday, June 15, 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
Jerry Fleming
Kate Kendell
Jarrett Barrios

Board Members Absent During Roll Call:

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 12:00 p.m.

Agenda Item III: Board Meeting Action Items

May 18, 2023, Meeting Minutes

Board Discussion: None.

Motion/Action: Vice Chair Barrios called for a motion to approve the May 18, 2023, meeting minutes. Mr. Fleming moved to approve the meeting minutes. The motion was seconded by Ms. Kendell.

Public Comment: None.

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. She specifically noted that the July Board meeting would likely not be held, and the next Board meeting would be on August 17, 2023. Ms. Altman noted that the August 17, 2023, meeting will be following the expiration of the special rules governing open meetings in California, and it is anticipated that the Board members will be attending in-person or at a pre-disclosed location.

Public Health Emergency Unwind and Medi-Cal to Covered California Program Update: Ms. Altman explained that with the end of the Public Health Emergency and the Medi-Cal continuous coverage requirement, the annual renewal process for Medi-Cal consumers has resumed meaning that Californians will transition from Medi-Cal to Covered California. This will be coupled with the implementation of Senate Bill (SB) 260 which authorizes Covered California to automatically enroll subsidy-eligible consumers transitioning from Medi-Cal to Covered California into the lowest-cost Silver plan available. To support consumers as they transition from Medi-Cal to Covered California, Covered California in partnership with the Department of Health Care Services (DHCS) has launched the Medi-Cal to Covered California Enrollment Program which will include customized notices, dedicated dot com landing pages for consumers, and specialized phone support.

Tentative Medi-Cal to Covered California Reporting Timeline: Ms. Altman highlighted the importance of reporting data for the Medi-Cal to Covered California Enrollment Program. She explained that the data will help track progress and successes as well as potential gaps and areas that may need improvement. Ms. Altman shared that the first monthly administrative data report on plan selections, effectuations, and demographics is expected to be available in the late summer or early fall after the end of the full 60-day special enrollment period. In addition, there will be a monthly survey given to Medi-Cal to Covered California consumers that will help provide Covered California with a better understanding of the consumers' experience with the program and inform staff of any changes that may be needed to improve the process in the program.

Ms. Altman noted that the first month of the monthly survey will begin in September. Furthermore, it is anticipated that the result of the survey data for the first Medi-Cal to Covered California cohort will be released in early winter. Ms. Altman confirmed that it is expected that the monthly administrative and enrollment dashboards, as well as the survey data, will continue over the next 12 months.

Discussion – State and Federal Policy/Legislative Update

Ms. Altman began by noting the ongoing deliberations of the state budget. She shared that the Senate and Assembly amended the budget bills to include provisions that have been agreed upon by the two houses. The budget bill language contains provisions related to Covered California including retaining \$304 million from the 2022-2023 budget in the Health Care Affordability Reserve Fund of which \$166.7 million would be available to Covered California for a mid-fiscal year financial assistance program subject to Board approval. Additionally, authorization of the augmentation of the \$350,000 for the \$1 per-member-per-month California premium credit would be included in the provisions. Ms. Altman explained that the provisions included in the budget bills are subject to negotiation with the Governor's administration, and the Governor will have until June 30, 2023, to take action on the budget bills. She noted that any changes resulting from negotiations between the legislature and administration may be reflected in amendments to these bills, and potentially the introduction of additional bills.

Board Comments: Ms. Alvarez thanked Ms. Altman and had no further comments.

Ms. Kendell expressed her approval to Ms. Altman regarding the overview and had no further comments.

Mr. Fleming sought comment from Ms. Altman on whether there was any indication of a backlog pertaining to the Medi-Cal to Covered California Enrollment Program. Ms. Altman responded that due to the lack of available data and the infancy of the program, it is not yet clear if there is a backlog. Ms. Altman noted that Covered California is regularly meeting with colleagues at the DHCS and County Welfare Directors Association of California, and that the DHCS will be posting data on a monthly basis which Covered California will be monitoring.

Vice Chair Barrios sought comment from Ms. Altman on whether there was any data regarding the percentages of consumers that were expected to lose their Medi-Cal insurance and therefore enrolling in Covered California. Ms. Altman responded that due to the infancy of the program, there was not any available data yet. Ms. Altman mentioned that the DHCS data will be available earlier than the Covered California data and will include data on Medi-Cal redeterminations. Ms. Altman noted that Katie Ravel, Director of Policy, Eligibility, and Research had joined the meeting and asked if she had any comments. Ms. Ravel did not have any comments.

Mr. Fleming expressed concern with the lack of available data and encouraged Ms. Altman to find avenues of gathering imperfect data to signal any potential warning signs that may occur with the Medi-Cal to Covered California Enrollment Program. Ms. Altman expressed appreciation to Mr. Fleming for his comment and confirmed that the concern would be addressed.

Ms. Alvarez commented that there is still confusion and lack of awareness regarding the Medi-Cal to Covered California Enrollment Program, and in order to gather data, external organizations will hold monthly discussions that can potentially be distributed back to the Navigator program.

Public Comment: Diana Douglas with Health Access expressed appreciation towards Covered California's implementation of SB 260 and thanked Covered California for the implementation and design decisions. Ms. Douglas also expressed appreciation towards Covered California's data-driven approach. Lastly, Ms. Douglas shared that Health Access remains hopeful that the work Covered California began in 2021 on the AB 133 work group on cost-sharing assistance will come to fruition in the form of subsidies for the 2024 plan year.

Alicia Emanuel with the National Health Law Program (NHELP) and the Health Consumer Alliance (HCA) thanked Covered California for the work regarding the Medi-Cal to Covered California Enrollment Program. She expressed appreciation to Covered California for developing a notice targeted to households with Medi-Cal procedural terminations. Ms. Emanuel shared the importance of releasing data regarding call center hold times and drop-off rates as well as procedural terminations resulting in consumers transitioning from Medi-Cal to Covered California earlier than expected.

Cary Sanders with the California Pan-Ethnic Health Network (CPEHN) echoed the comments on the Medi-Cal to Covered California Enrollment Program. She expressed appreciation to Covered California for the implementation of SB 260 as well as the reporting timeline. Ms. Sanders echoed the comments of Mr. Fleming and Ms. Alvarez and expressed an interest in gathering data from the Navigators and other parties who are interacting with potential Covered California members transitioning between programs. She noted that she hopes Covered California will be monitoring any potential issues with Limited English Proficiency consumers. Finally, Ms. Sanders expressed her excitement about the legislature's decision to retain appropriate funds for additional financial systems in Covered California and was eager to see it approved in the final budget.

Agenda Item V: Covered California Policy and Action Items

Action – Covered California's Proposed Fiscal Year 2023-2024 Budget

Jim Watkins, Director of the Financial Management Division, gave an overview of the proposed budget as presented in the May Board meeting.

Mr. Watkins began with the enrollment and revenue forecast and explained that there would be three important policy changes this year. First, Mr. Watkins explained that the Medi-Cal to Covered California Enrollment Program is forecasting about 17,000 to 33,000 individuals transitioning to Covered California per month starting in July 2023 and over the next 12 months. Next, Mr. Watkins shared that the family glitch will increase inflows over the three-year forecasting period. He explained that the figures were forecasted to be between 62,000 and 149,000 individuals enrolling which will be phased in throughout the 2023-2024 and 2025-2026 period. Lastly, Mr. Watkins shared that disenrollments due to the expiration of enhanced credits was modeled to occur after December 2025 and could result in 198,000 to 260,000 individuals exiting from Covered California.

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Mr. Watkins continued the presentation by summarizing the high, base, and low forecasts. He explained that the high, base, and low forecasts include the inflows from the Medi-Cal to Covered California Enrollment Program, the return to the seasonal enrollment pattern and family glitch, and the expiration of the enhanced subsidies. Next, Mr. Watkins provided the anticipated effects to the Covered California revenue. He explained that the individual market participation is predicted to be at a rate of 3.25 percent, and the Covered California for Small Business (CCSB) participation rate is predicted to be 5.2 percent throughout the forecasting period. He reported that the baseline forecast for the 2023-2024 budget would be \$459.6 million with an increase to \$489 million in 2024-2025 and then back down to \$471 million in 2025-2026. He noted that the decrease in 2025-2026 would be due to the disenrollments caused by the expiration of the enhanced subsidies. Mr. Watkins reported that the predicted premium growths for baseline forecast would be 7 percent in 2024, 5 percent in 2025, and 4 percent in 2026. He noted that it is anticipated that the figures will be higher than predicted and that any updated figures would be aligned with the rolling monthly forecasts as the year starts.

Next, Mr. Watkins reported the figures of the baseline member months forecast. For 2023-2024, it is predicted to be about \$20.9 million which would rise to \$21.1 million in 2024-2025, and then back down to \$19.4 million in 2025-2026 due to the expiration of the enhanced subsidies causing disenrollments. Next, Mr. Watkins referred to a prior report regarding the rolling forecast. He explained that in last years' budget, it was predicted that about 150,000 individuals would exit Covered California due to the expiration of the enhanced subsidies. However, since the enhanced subsidies were extended, that prediction did not occur. He shared that Covered California plans to use the same process in the rolling forecast for this year and will enhance the process for the Medi-Cal inflows into the program. He explained that this will ensure that there is an early warning that trends are changing in terms of enrollment and revenue.

Mr. Watkins reported the five budget augmentations requested for this year. He noted the total amount requested is \$32.2 million and that 74 percent of the requests are one-time funding requests. The first request is for \$22.2 million related to the Medi-Cal to Covered California Enrollment Program. Second, \$3 million for Information Management and Security. Third, \$3.3 million for space consolidation and facility improvements at the Fresno and Sacramento facilities. Fourth, \$1.1 million for enhancements to the CCSB program. Finally, \$2.6 million to fund activities related to strategic goals for the recent Covered California strategic plan.

Mr. Watkins presented the proposed expenditure budget for the 2023-2024 period. He noted that the budget summary starts with the prior year's budget of \$411.4 million. Adjustments made to the baseline budget totaled \$11.6 million related to personnel salaries, wages, benefits, and contractual matters. This resulted in a baseline budget of \$422.9 million. In conclusion, the budget augmentation requests of \$32.2 million would result in having a total budget of \$455.1 million.

Next, Mr. Watkins gave an overview of expenditures by category. He explained that Covered California will be budgeting 1,475 staff members which is increased from the baseline of 1,468 staff members.

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Personnel expenditures are predicted to be \$177 million with other operating expenditures predicated to be \$228 million. State shared expenses, which are noncontrollable costs, are projected to be \$19.1 million. Capital projects expenditures are projected to be \$30 million with \$24 million of that being related to the California Healthcare Eligibility, Enrollment, and Retention System and \$5.6 million primarily related to lease improvement costs.

In summary, Mr. Watkins shared that this year Covered California is projecting \$470.3 million in revenue in which \$460 million would come from operations from the individual market and the CCSB market, and \$10 million would come from interest income related to short-term investments. He also shared that Covered California expenditures are projected at \$455.1 million. As a result, the California Health Trust Fund would increase by \$15.2 million, and the projected revenue would cover the projected expenditures for the 2023-2024 year.

Mr. Watkins concluded the presentation by requesting Board approval of three action items: First, Mr. Watkins requested Board approval of the operating and capital budget for Fiscal Year 2023-2024 providing expenditure authority of \$455,121,672.00. Second, he requested Board approval to grant the Executive Director authority to make adjustments to the operating budget, provided that FY 2023-24 expenditures remain at or below the level of expenditure authority approved by the Board. Finally, he requested Board approval to charge a per-member-per-month participation fee of 3.25 percent for plan year 2024 on Qualified Health Plans including dental plans sold through the individual exchange, and a fee of 5.2 percent of premiums for such plans sold through CCSB.

Motion/Action: Vice Chair Barrios called for a motion and a second to approve this action item. Ms. Alvarez moved to approve the motion. The motion was seconded by Mr. Fleming.

Board Comments: Vice Chair Barrios noted that Ms. Kendell had dropped off the call but anticipated she would return.

Ms. Alvarez requested additional context of the resolution surrounding the Executive Director authorities.

Ms. Altman responded that the Executive Director authorities ensure that there is flexibility to move within budget line items that are not the exact expenditures predicted. She gave an example explaining when Covered California augmented the funding for the Navigator program, she did not ask the Board to increase the overall spending due to higher-than-expected vacancy rates. Due to this change, Covered California was not expending the budget anticipated on salary and benefits, and this provided Ms. Altman with the flexibility to make necessary budget changes without returning to the Board.

Mr. Fleming commented that he did not have any questions. He noted that he believed Covered California was positioning itself well in terms of any risks and uncertainties that may occur, and he expressed his support of the budget.

Vice Chair Barrios expressed appreciation towards Mr. Watkins for his thoroughness in the budget proposal.

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Ms. Altman highlighted the one-time expenditures in the proposed budget and explained how they reflect a significant investment from Covered California in the Medi-Cal to Covered California Enrollment Program. She expressed her appreciation towards the Board members.

Public Comment: Alicia Emanuel with NHELP and the HCA expressed appreciation towards Covered California for the ongoing funding to the HCA in the Covered California budget. She shared the importance of the HCA partnership with Covered California and expressed appreciation of the ongoing partnership.

Cary Sanders with CPEHN expressed appreciation towards Covered California for the budget augmentation including the continued funds for the HCA and Covered California Navigators. She highlighted the importance of the support for the enrollment assistance services in a transitional year. Ms. Sanders expressed appreciation to Ms. Alvarez' question regarding additional expenditure authority and believed the additional authority to be helpful. She noted that CPEHN looks forward to any future discussions should any changes be needed.

Doreena Wong with Asian Resources, Inc. noted that as a Navigator entity, her organization is aware that many of the Medi-Cal beneficiaries and community members are still unaware of the renewal process. She noted the importance of outreach and education in order to increase awareness for the community. She expressed her excitement regarding NHELP and The Children's Partnership in creating a feedback loop to report any issues that may arise. Ms. Wong expressed her appreciation towards Covered California for increasing the Navigator grant and shared her organization's hopefulness for additional funding should it be needed in the future. She also expressed her appreciation towards Covered California for supporting the HCA and noted her organization's interest in working with Covered California in negotiating next year's Navigator grant program.

Board Comments: Vice Chair Barrios announced that Ms. Kendell had rejoined the call.

Ms. Kendell asked if there would be any opportunity or process for supplementary changes to the budget in relation to the Navigator program as mentioned by Ms. Wong. Ms. Altman responded that since Covered California is an enterprise fund, there is flexibility in making budgetary adjustments under the Executive Director authorities as previously discussed. Ms. Altman also explained that there are also opportunities to meet with the Board if there are any unforeseen circumstances such as with the pandemic. Ms. Altman highlighted the importance of communication in order to make any necessary adjustments and noted that Covered California would not hesitate to request additional meetings with the Board if necessary. Ms. Kendell responded that she appreciated the issue being raised by Ms. Wong and had no further comments.

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

The meeting adjourned at 1:22 p.m.