



COVERED CALIFORNIA POLICY AND ACTION ITEMS

April 18, 2024 Board Meeting


2025 CALIFORNIA ENHANCED COST-SHARING REDUCTION PROGRAM DESIGN

Katie Ravel, Director
Policy, Eligibility, and Research Division

PLANNING FOR 2025 CALIFORNIA ENHANCED COST-SHARING REDUCTION PROGRAM

- ❑ The California Enhanced Cost-Sharing Reduction (CSR) Program began in Plan Year 2024 with a budget of \$82.5 million.
- ❑ Governor's FY 24-25 budget includes an appropriation of \$165 million for the Plan Year 2025 affordability program.
- ❑ In 2024, state funding allowed Covered California to eliminate deductibles for lower income enrollees up to 250% of the federal poverty level (FPL), simplify benefit designs, and reduce out-of-pocket costs.
- ❑ The draft 2025 California Enhanced CSR Program will continue support for those eligible for the program today and expand eligibility above the current 250% FPL threshold.

EXAMPLE OF 2024 PLAN SHOPPING FROM THE CONSUMER'S PERSPECTIVE



LA Care Silver 73 HMO Compare

Primary care visits: \$50.00 Copay


Generic prescription drugs: \$19.00 Copay

Your preferred providers: *You have not added any providers. To add providers, go to Preferences.*

[+ Add providers](#)

Yearly deductible ⓘ: \$5,400 /year (Hospital) | \$150 /year (Drug)

Estimated total cost: \$1,270.17 /year
Based on your health care needs



SILVER CSR


You pay **\$91.02 /mo**

Extra Savings ⓘ

[Choose Plan](#)

2024 lowest cost Silver plan for an individual at 250% of the federal poverty level (\$36,450) in Los Angeles *without* the California Enhanced CSR Program

2024 lowest cost Silver plan for an individual at 250% of the federal poverty level (\$36,450) in Los Angeles *with* the California Enhanced CSR Program



LA Care Silver 73 HMO Compare

Primary care visits: \$35.00 Copay


Generic prescription drugs: \$15.00 Copay

Your preferred providers: *You have not added any providers. To add providers, go to Preferences.*

[+ Add providers](#)

Yearly deductible ⓘ: \$0 /year

Estimated total cost: \$1,255.05 /year
Based on your health care needs



SILVER CSR

You pay **\$91.02 /mo**

Extra Savings ⓘ

[Choose Plan](#)

[Plan Details >](#)

TRENDS FOR 2024 NEW SIGN-UPS – TIER CHOICE AMONG COST SHARING REDUCTION ELIGIBLE

- Among consumers with incomes under 250% FPL, there was an increase in the share of new consumers taking up enhanced Silver plans to 82% in 2024, compared to 70% in 2023.
- Enrollment in Gold plans dropped by more than half, a significant reduction in “choice errors” for most CSR eligible consumers.

| TIER (CSR ELIGIBLE) | 2022 | | 2023 | | 2024 | | 2024 v. 2023 | |
|---------------------|----------------|-------------|----------------|-------------|----------------|-------------|---------------|------------|
| | Enrollees | Column % | Enrollees | Column % | Enrollees | Column % | Difference | % Change |
| Minimum Coverage | 40 | 0% | 1,350 | 1% | 410 | 0% | -940 | -70% |
| Bronze | 21,450 | 16% | 23,130 | 18% | 21,570 | 13% | -1,560 | -7% |
| Silver | 92,690 | 71% | 91,180 | 70% | 135,420 | 82% | 44,240 | 49% |
| Gold | 9,820 | 8% | 10,360 | 8% | 4,400 | 3% | -5,960 | -58% |
| Platinum | 5,240 | 4% | 4,740 | 4% | 3,350 | 2% | -1,390 | -29% |
| Grand Total | 130,740 | 100% | 130,760 | 100% | 165,150 | 100% | 34,390 | 26% |

All cells rounded to the nearest 10 and may sum to more than the total.

2025 CALIFORNIA ENHANCED COST-SHARING REDUCTION PROGRAM ELIGIBILITY EXPANSION

- ❑ Program eligibility will be expanded for 2025. All enrollees on a subsidized application with income above 200% FPL will be eligible for a California Enhanced Silver 73 plan – with lower cost-sharing, no deductible and a Gold AV.
- ❑ American Indian/Alaska Native members with income above 300% will have the California Enhanced Silver 73 plan.

| Household Income Eligibility by Percentage of FPL | 2025 California Enhanced CSR Program Plan |
|---------------------------------------------------|-------------------------------------------|
| 100% up to 150% | Silver 94 |
| Above 150% up to 200% | Silver 87 |
| Above 200% up to 250% | Silver 73 |
| Above 250% | Silver 73 |
| American Indian/Alaska Native Above 300% | Silver 73 |

CALIFORNIA ENHANCED COST-SHARING REDUCTION PROGRAM BENEFITS

| Benefit | Individual-only Silver | | Silver 73 | | CA Enhanced CSR Silver 73 | | Silver 87 | | CA Enhanced CSR Silver 87 | | Silver 94 | | CA Enhanced CSR Silver 94 | |
|-----------------------------------------------|------------------------|---------|-----------|---------|---------------------------|---------|-----------|---------|---------------------------|---------|-----------|---------|---------------------------|---------|
| | Ded | Amount | Ded | Amount | Ded | Amount | Ded | Amount | Ded | Amount | Ded | Amount | Ded | Amount |
| Deductible | | | | | | | | | | | | | | |
| Medical Deductible | | \$5,400 | | \$5,400 | | \$0 | | \$1,400 | | \$0 | | \$0 | | \$0 |
| Drug Deductible | | \$50 | | \$350 | | \$0 | | \$350 | | \$0 | | \$0 | | \$0 |
| Coinsurance (Member) | | 30% | | 30% | | 30% | | 20% | | 20% | | 10% | | 10% |
| MOOP | | \$8,700 | | \$7,350 | | \$6,100 | | \$3,050 | | \$3,000 | | \$1,300 | | \$1,150 |
| ED Facility Fee | | \$400 | | \$350 | | \$350 | | \$150 | | \$150 | | \$50 | | \$50 |
| Inpatient Facility Fee | X | 30% | X | 30% | | 30% | X | 20% | | 20% | X | 10% | | 10% |
| Inpatient Physician Fee | | 30% | | 30% | | 30% | | 20% | | 20% | | 10% | | 10% |
| Primary Care Visit | | \$50 | | \$35 | | \$35 | | \$15 | | \$15 | | \$5 | | \$5 |
| Specialist Visit | | \$90 | | \$85 | | \$85 | | \$25 | | \$25 | | \$8 | | \$8 |
| MH/SU Outpatient Services | | \$50 | | \$35 | | \$35 | | \$15 | | \$15 | | \$5 | | \$5 |
| Imaging (CT/PET Scans, MRIs) | | \$325 | | \$325 | | \$325 | | \$100 | | \$100 | | \$50 | | \$50 |
| Speech Therapy | | \$50 | | \$35 | | \$35 | | \$15 | | \$15 | | \$5 | | \$5 |
| Occupational and Physical Therapy | | \$50 | | \$35 | | \$35 | | \$15 | | \$15 | | \$5 | | \$5 |
| Laboratory Services | | \$50 | | \$50 | | \$50 | | \$20 | | \$20 | | \$8 | | \$8 |
| X-rays and Diagnostic Imaging | | \$95 | | \$95 | | \$95 | | \$40 | | \$40 | | \$8 | | \$8 |
| Skilled Nursing Facility | X | 30% | X | 30% | | 30% | X | 20% | | 20% | X | 10% | | 10% |
| Outpatient Facility Fee | | 30% | | 30% | | 30% | | 20% | | 20% | | 10% | | 10% |
| Outpatient Physician Fee | | 30% | | 30% | | 30% | | 20% | | 20% | | 10% | | 10% |
| Tier 1 (Generics) | | \$18 | | \$20 | | \$15 | | \$8 | | \$5 | | \$3 | | \$3 |
| Tier 2 (Preferred Brand) | X | \$60 | X | \$55 | | \$55 | X | \$25 | | \$25 | | \$10 | | \$10 |
| Tier 3 (Nonpreferred Brand) | X | \$90 | X | \$85 | | \$85 | X | \$45 | | \$45 | | \$15 | | \$15 |
| Tier 4 (Specialty) | X | 20% | X | 20% | | 20% | X | 15% | | 15% | | 10% | | 10% |
| Tier 4 Maximum Coinsurance | | \$250 | | \$250 | | \$250 | | \$150 | | \$150 | | \$150 | | \$150 |
| Maximum Days for charging IP copay | | | | | | | | | | | | | | |
| Begin Specialist deductible after # of copays | | | | | | | | | | | | | | |
| Actuarial Value | | | | | | | | | | | | | | |
| 2025 AV (Final AVC) | | 71.59† | | 73.93† | | 79.22 | | 87.97† | | 88.86 | | 94.74 | | 95.07 |

| KEY | Symbol | Description |
|-----|-------------|--------------------------------------|
| | X | Subject to deductible |
| | * | Drug cap applies to all drug tiers |
| | † | Additive adjustment (included in AV) |
| | Orange | Increased member cost from 2024 |
| | Green | Decreased member cost from 2024 |
| | Blue | Enhanced member cost |
| | Red | Does not meet AV |
| | Yellow | Within .5 of upper de minimis |
| | Light Green | Securely within AV |

CHANGE IN SILVER PLAN DEDUCTIBLES OVER TIME

| Silver Plan Variant by Income as a Percent of FPL | 2021 | 2022 | 2023 | 2024 Proposed | Reduced member cost with California Enhanced CSR Program | |
|------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|------------------------------------|------------------------------------|-------------------------------------|----------------------------------------------------------|---------------|
| | | | | | 2024 Adopted | 2025 Proposed |
| Silver 94 for enrollees up to 150% FPL <i>about \$22,590 for a single person and \$46,800 for a family of four</i> | \$75 inpatient \$0 pharmacy | \$75 inpatient \$0 pharmacy | \$75 inpatient \$0 pharmacy | \$75 inpatient \$0 pharmacy | \$0 | \$0 |
| Silver 87 for enrollees up to 200% FPL <i>about \$30,120 for a single person and \$62,400 for a family of four</i> | \$1,400 inpatient \$100 pharmacy | \$800 inpatient \$0 pharmacy | \$800 inpatient \$25 pharmacy | \$800 inpatient \$50 pharmacy | \$0 | \$0 |
| Silver 73 for enrollees up to 250% FPL <i>about \$37,650 for a single person and \$78,000 for a family of four</i> | \$3,700 inpatient \$275 pharmacy | \$3,700 inpatient \$10 pharmacy | \$4,750 inpatient \$30 pharmacy | \$5,400 inpatient \$150 pharmacy | \$0 | \$0 |
| Silver 70 for enrollees above 250% FPL <i>starting at about \$37,650 for a single person and \$78,000 for a family of four</i> | \$4,000 inpatient \$300 pharmacy | \$3,700 inpatient \$10 pharmacy | \$4,750 inpatient \$85 pharmacy | \$5,400 inpatient \$150 pharmacy | \$5,400 inpatient \$150 pharmacy | \$0 |

CHANGE IN SILVER PLAN COPAYS FOR PRIMARY CARE/URGENT CARE/OUTPATIENT MENTAL HEALTH OVER TIME

| Silver Plan Variant by Income as a Percent of FPL | 2021 | 2022 | 2023 | 2024 Proposed | Reduced member cost with California Enhanced CSR Program | |
|-----------------------------------------------------------------------------------------------------------------------------------|------|------|------|---------------|----------------------------------------------------------|---------------|
| | | | | | 2024 | 2025 Proposed |
| Silver 94 for enrollees up to 150% FPL <i>about \$22,590 for a single person and \$46,800 for a family of four</i> | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |
| Silver 87 for enrollees up to 200% FPL <i>about \$30,120 for a single person and \$62,400 for a family of four</i> | \$15 | \$15 | \$15 | \$15 | \$15 | \$15 |
| Silver 73 for enrollees up to 250% FPL <i>about \$37,650 for a single person and \$78,000 for a family of four</i> | \$35 | \$35 | \$45 | \$50 | \$35 | \$35 |
| Silver 70 for enrollees above 250% FPL <i>starting at about \$37,650 for a single person and \$78,000 for a family of four</i> | \$40 | \$35 | \$45 | \$50 | \$50 | \$35 |

CHANGE IN SILVER PLAN COPAYS FOR GENERIC PRESCRIPTIONS OVER TIME

| Silver Plan Variant by Income as a Percent of FPL | 2021 | 2022 | 2023 | 2024 Proposed | Reduced member cost with California Enhanced CSR Program | |
|-----------------------------------------------------------------------------------------------------------------------------------|------------------------|-----------------------|-----------------------|------------------------|----------------------------------------------------------|---------------|
| | | | | | 2024 | 2025 Proposed |
| Silver 94 for enrollees up to 150% FPL <i>about \$22,590 for a single person and \$46,800 for a family of four</i> | \$3 | \$3 | \$3 | \$3 | \$3 | \$3 |
| Silver 87 for enrollees up to 200% FPL <i>about \$30,120 for a single person and \$62,400 for a family of four</i> | \$5 (\$100 Rx Ded) | \$5 (No Rx Ded) | \$5 (\$25 Rx Ded) | \$6 (\$50 Rx Ded) | \$5 | \$5 |
| Silver 73 for enrollees up to 250% FPL <i>about \$37,650 for a single person and \$78,000 for a family of four</i> | \$16 (\$275 Rx Ded) | \$15 \$10 Rx Ded) | \$16 (\$30 Rx Ded) | \$19 (\$150 Rx Ded) | \$15 | \$15 |
| Silver 70 for enrollees above 250% FPL <i>starting at about \$37,650 for a single person and \$78,000 for a family of four</i> | \$16 (\$300 Rx Ded) | \$15 (\$10 Rx Ded) | \$16 (\$85 Rx Ded) | \$19 (\$150 Rx Ded) | \$19 (\$150 Rx Ded) | \$15 |

PROGRAM PAYMENT PARAMETERS

- Payment parameters for the 2025 California Enhanced CSR program will be consistent with 2024:
 - Covered California will make a per member per month (PMPM) payment to compensate carriers for the difference between the federal cost-sharing reduction benefit and the state benefit.
 - An interim payment of 60 percent of the PMPM rate will be made regularly throughout the year.
 - Carriers will reconcile the interim payments and the actual utilization of medical services following the end of the plan year.
 - 2025 PMPM values appear below and will be adopted through the Program Design Document.

| Household Income Eligibility by Percentage of FPL | 2025 California Enhanced CSR Plan | 2025 Average Statewide Marginal PMPM Payment | 2025 Average Statewide Interim PMPM Payment (60%) |
|---------------------------------------------------|-----------------------------------|----------------------------------------------|---------------------------------------------------|
| 100% up to 150% | Silver 94 | \$0.34 | \$0.20 |
| Above 150% up to 200% | Silver 87 | \$4.13 | \$2.48 |
| Above 200% up to 250% | Silver 73 | \$14.13 | \$8.48 |
| Above 250% | Silver 73 | \$23.06 | \$13.84 |
| American Indian/Alaska Native Above 300% | Silver 73 | \$23.06 | \$13.84 |

PROGRAM BUDGETING

- ❑ Consistent with 2024 budgeting approach, Covered California is ensuring a fiscally-prudent program design in recognition of the fixed \$165 million appropriation by developing a program budget using our “high” enrollment forecast adjusted for several potential drivers of additional enrollment that may materialize due to the generosity of the 2025 program:
 - Switching of existing membership from non-Silver to Silver plans;
 - Enhanced take-up by individuals transitioning from Medi-Cal;
 - Individuals switching from off-exchange coverage to Covered California to take advantage of the new cost-sharing reduction benefits.
- ❑ Using this enrollment forecasting approach, program benefits for 2025 are estimated to cost \$164 million and support approximately 1.3 million enrollees in Silver plans.

Note: under the standard “high” and other forecast scenarios, Covered California could have remaining funds that would stay within the Health Care Affordability Reserve Fund.

OVERVIEW OF THE PROGRAM DESIGN PROVISIONS FOR CALIFORNIA ENHANCED COST-SHARING REDUCTION PROGRAM

- ❑ The 2025 California Enhanced CSR Program Design Document specifies the following elements for the proposed program:
 1. Establishes income eligibility for the California Enhanced CSR program.
 2. Specifies the qualified health plan (QHP) features of the California Enhanced CSR variants.
 3. Establishes per member per month payment rates, payable to the QHP issuers, for each plan design that will be offered through the California Enhanced CSR program and a QHP issuer payment reconciliation process.
 4. Defines key terms related to the California Enhanced CSR program.
- ❑ Covered California staff will finalize payment methodology needed for Program Design Document and request approval at the August Board meeting.

KEY DATES FOR PROGRAM DISCUSSION & APPROVAL

| Date | Activity |
|----------|------------------------------------------------------------------------------------------------------|
| April 11 | 2025 Program Design presented to Plan Management Advisory Group |
| April 18 | Board Meeting: (1) action on 2025 Standard Benefit Designs and (2) discussion of 2025 Program Design |
| May 16 | Board Meeting: action on 2025 Program Design contingent on state budget approval |

2025 PROGRAM DESIGN APPROVAL STEPS

- ❑ Covered California Board adopts 2025 California Enhanced CSR Program Design Document contingent upon state budget approval
- ❑ Covered California provides notification of the Program Design to the Joint Legislative Budget Committee (JLBC)
- ❑ Program is effective 10 days after notification to JLBC

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.

2025 STANDARD BENEFIT DESIGNS INCLUDING 2025 CALIFORNIA ENHANCED COST-SHARING REDUCTION BENEFIT DESIGNS

Melanie Droboniku, Interim Deputy Director
Plan Management Division

2025 PATIENT CENTERED BENEFIT DESIGNS

- ❑ Covered California proposes to hold Enhanced Benefit Designs in the Individual and Family Market steady from PY2024
 - Reverting to the PY2024 designs allowed us to extend the Enhanced Silver 73 plan to all Silver enrollees above 250% FPL, and to all American Indian/Alaskan Native Silver enrollees above 300% FPL

- ❑ Covered California proposes to remove a Current Dental Terminology Code that was included in the draft designs:
 - D1301: Immunization
 - This code was new for this plan year, and it is not clear it is in alignment with the dental benchmark plan

REQUESTED ACTION: 2025 PATIENT CENTERED BENEFIT DESIGNS

- ❑ There are no additional changes to the Patient Centered Benefit Designs
- ❑ Staff request the Board to formally adopt the revised Patient Centered Benefit Designs for Plan Year 2025

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ELIGIBILITY AND ENROLLMENT PERMANENT REGULATIONS

Bahara Hosseini, Senior Attorney
Office of Legal Affairs

BACKGROUND

- ❑ Covered California previously promulgated emergency regulations for the individual eligibility and enrollment processes through several rulemaking packages between 2019 and 2023.
- ❑ Each was developed through collaboration and consultation with the California Departments of Social Services, Managed Health Care, and Insurance, alongside consumer advocates, qualified health plan issuers, and other stakeholders.
- ❑ To ensure they stay in effect, staff seek to make these regulations permanent before their expiration in October 2024.
- ❑ No changes have been made since the Board originally discussed and adopted each emergency rulemaking package pursuant to Government Code section 100504(a)(6).
- ❑ Permanently adopting these regulations demonstrates Covered California's ongoing efforts to adapt and respond to consumer needs and state and federal guidelines.

GENERAL PROVISIONS

- ❑ Clarified abbreviations and definitions to align with state and federal rules and reflect more inclusive language.
- ❑ Updated accessibility and readability standards to conform to state and federal nondiscrimination requirements.
- ❑ Added cross-references to appeal rights in consumer notices to ensure they are comprehensive and informative.

ELIGIBILITY AND ENROLLMENT PROCESS PROVISIONS

- ❑ Revised income verification requirements for clarity and alignment with federal rules, including establishing a higher income inconsistency threshold.
- ❑ Updated eligibility redetermination process to refine the auto-enrollment hierarchy, expand the affordability cross-walk procedure, and clarify how often periodic data matching must be conducted for certain eligibility criteria.
- ❑ Revised special enrollment period requirements to include new triggering events and clarify coverage effective dates.
- ❑ Revised eligibility appeals requirements to include the right to appeal the eligibility determination for hardship or religious exemption and a new federal administrative review process.

NEXT STEPS

- ❑ Staff initiated a 45-day public comment period from December 15, 2023, to January 30, 2024, during which no comments were received.
- ❑ Staff now request the Board to formally adopt this permanent regulation package so it can be filed with the Office of Administrative Law.

PUBLIC COMMENT

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PARTICIPANT CODE: 6981308

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