

COVERED CALIFORNIA BOARD MINUTES
Thursday, May 16, 2024
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:

Kate Kendell
Jerry Fleming
Mayra Alvarez

Board Members Absent During Roll Call:

Dr. Mark Ghaly
Jarrett Barrios

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, and personnel matters pursuant to Government Code Section 100500(j) and 11126(a).

At this time, Vice Chair Barrios was present.

The open session was called to order at 1:00 p.m.

Agenda Item III: Board Meeting Action Items

April 18, 2024 Meeting Minutes

Board Discussion: None.

Public Comment: Alondra Mendoza, representing Mixteco/Indigena Community Organizing Project, requested that Covered California collaborate with Health4All advocates to address health care solutions for undocumented immigrants.

Carlos Alarcon, representing California Immigrant Policy Center, expressed his disappointment that the issue of Assembly Bill (AB) 4 was not discussed in the previous meeting.

Motion/Action: Vice Chair Barrios called for a motion to approve the April 18, 2024, meeting minutes. Mr. Fleming moved to approve the meeting minutes. The motion was seconded by Ms. Alvarez.

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

Agenda Item IV: Executive Director's Report

Discussion – Executive Director's Update

Doug McKeever, Chief Deputy Executive Director, Program, shared that the next Board meeting would be on June 20, 2024. He provided a brief overview of the agenda and expressed his appreciation to Dr. S. Monica Soni, Chief Medical Officer and Chief Deputy Executive Director of the Health Equity & Quality Transformation Division, for her participation in the keynote commencement speech for the U.C. Davis medical school.

Mr. McKeever shared that the U.S. Department of Health and Human Services (HHS) issued a final rule expanding health coverage to Deferred Action for Childhood Arrivals (DACA) recipients. He commented that Covered California will continue to work closely with outreach and enrollment partners to ensure individuals and communities have the opportunity to take full advantage of the new policy.

Fiscal Year 2024-2025 Navigator Grant Program Update: Robert Kingston, Interim Director of the Outreach and Sales Division, shared that Covered California has awarded funding to 51 entities. Mr. Kingston explained that the total Navigator Program funding allocated for the first grant period of Fiscal Year (FY) 2024-2025 amounts to over \$10 million. He noted that this amount is below the Board's authorized maximum of \$11.3 million. Mr. Kingston explained that the funding is separated between core grant funding, bonus reserves, and the supplemental outreach grant. He provided an overview of the funding allocations which estimates about 40,000 total effectuation enrollments.

Next, Mr. Kingston shared the expected program reach for the Navigator locations. He explained that the 51 entities will be within a 15-minute drive time of over 90 percent of California's population. He shared that as applicants applied for the grant, they also indicated what target populations they would be conducting outreach into. The 51 entities awarded are expected to reach 23 targeted ethnicities covering 21 spoken languages. He noted that the final stages of contracting with the 51 entities is being conducted, upon Board approval of the budget in June, and it is expected to have the contracts in place by July 1, 2024. He expressed his gratitude to all the program staff for their hard work.

Discussion – State and Federal Policy/Legislative Update

Mr. McKeever shared that the Governor's May Revision was released on May 10, 2024. The budget summary reports a current revenue shortfall of \$27.6 billion. He highlighted that there are not any changes to the current proposed appropriations for Covered California.

Covered California Board Minutes
May 16, 2024 Meeting

Mr. McKeever explained that there are two stakeholder proposals directly related to Covered California that are currently under consideration by the legislative budget committees: The Health4All Coalition proposal to fund the operational aspects of expanding coverage to all Californians regardless of immigration status, pursuant to AB 4, and a California Labor Federation proposal to increase the appropriation of the strike lockout benefit program, pursuant to AB 2530.

Mr. McKeever shared that the HHS final rule expanding health coverage to DACA recipients will take effect on November 1, 2024, allowing individuals to take advantage of Open Enrollment. He also shared that HHS published a final rule advancing critical protections against discrimination in health care under Section 1557 of the Affordable Care Act. He noted that Covered California looks forward to continuing to reinforce this important step forward toward a more equitable and inclusive healthcare system.

Public Comment: Mr. Alarcon requested that the Covered California Board support and continue to collaborate with the Health4All advocates.

Diana Douglas, representing Health Access, expressed her organization's appreciation to Covered California for the efforts in securing federal subsidies and on the DACA ruling. Ms. Douglas stated that her organization urges the Board to support ongoing efforts to bring healthcare to all in the Marketplace.

Louise Mahler, representing Indivisible CA StateStrong, echoed the comments of Mr. Alarcon.

Doreena Wong, representing Asian Resources Inc., expressed her organization's appreciation to Covered California for the efforts to enroll the California DACA recipients. She also expressed her organization's appreciation to Covered California for expanding the budget for the Navigator Program.

Alicia Emanuel, representing the National Health Law Program, expressed her organization's appreciation to Covered California for the work conducted on the federal level as well as with DACA. She also echoed the comments of Ms. Douglas and Ms. Wong.

Juan Carlos Diaz, representing Mixteco/Indigena Community Organizing Project, requested that Covered California support and collaborate with Health4All advocates.

Mairelise Robinson, representing Asian Americans Advancing Justice, Southern California, echoed the comments of the previous callers.

Ms. Mendoza requested Covered California to support and collaborate with Health4All advocates.

Cary Sanders, representing the California Pan-Ethnic Health Network, shared her organization's appreciation of Covered California's efforts to ensure the continuation of the enhanced federal subsidies and the efforts to ensure quicky implementation of the new DACA rule.

Marléne Chavez, representing Inland Empire Immigrant Youth Collective, requested that the Covered California Board collaborate with Health4All advocates to work toward establishing a mirror healthcare Marketplace.

Jennifer Madrigal, representing Inland Empire Immigrant Youth Collective, requested that the Covered California Board collaborate with Health4All advocates to work toward establishing a mirror healthcare Marketplace.

Alma Trejo, representing Inland Empire Immigrant Youth Collective, requested that the Covered California Board collaborate with Health4All advocates to work toward establishing a mirror healthcare Marketplace.

Board Comments: Ms. Alvarez expressed her appreciation for all the callers and acknowledged their comments. She encouraged the Covered California team to keep open communication with grantees and to look for opportunities to gather critical insights.

Ms. Kendell endorsed the comments of Ms. Alvarez and acknowledged the callers and their comments.

Vice Chair Barrios acknowledged the callers and their comments. He encouraged the callers to continue to inform the Covered California Board of any new insights.

Agenda Item V: Covered California Policy and Action Items

Action – 2025 California Enhanced Cost-Sharing Reduction Program Design

Katie Ravel, Director of the Policy, Eligibility & Research Division, presented a summary of the 2025 California Enhanced Cost-Sharing Reduction (CSR) program that was presented in a prior meeting. She explained that the 2025 California Enhanced CSR Program Design Document establishes income eligibility for the California Enhanced CSR program, specifies the Qualified Health Plan (QHP) variant features, and defines key terms related to the program. Ms. Ravel also explained that the 2025 California Enhanced CSR Program Design Document establishes per member per month payment rates for each plan design that will be offered through the California Enhanced CSR program and a QHP issuer payment reconciliation process. Ms. Ravel requested that the Board approve the proposed 2025 California Enhanced CSR Program Design, contingent upon the enactment of the Budget Act of 2024, and shared the next steps.

Board Comments: None.

Public Comment: Ms. Douglas expressed her appreciation to Covered California Board members and staff for supporting the CSRs.

Ms. Sanders aligned her comments with Ms. Douglas and expressed her organizations appreciation to Covered California.

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

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

Discussion – 2025 Qualified Health Plan Issuer Contract – Amendment to Attachment 4

Dr. Soni shared the guiding principles on the use of funds as part of the Quality Transformation Initiative. She shared that the focus is on equity, impact to enrollees, and building from evidence-based information while also expanding and innovating. She explained that with the approval of the Population Health Investments (PopHI) as a use of funds, staff is working on creating a list of investments based on the guiding principles. She noted that an advisory council was formed consisting of stakeholders and subject matter experts in order to improve the quality of health care and reduce health disparities for Covered California enrollees.

Dr. Soni shared updates to Attachment 4 which includes two options for the administration of payments and a PopHI implementation plan. She noted that comments received by stakeholders were in support of the amendment and gave an overview of the timeline.

Board Comments: Vice Chair Barrios asked Dr. Soni what the scope of the advice from the advisory council consisted of.

Dr. Soni replied that the advisory council involves a high level of engagement, and that staff would provide updates to the advisory council through 2025.

Ms. Alvarez asked Dr. Soni to add more discussion around the outcomes and how Covered California plans to use the information.

Dr. Soni highlighted the excellence in clinical care provided by healthcare systems and their partners but pointed out existing gaps in broader health and wellness achievements among members. She emphasized the importance of addressing wider determinants of health. She explained that Covered California aims to fill these gaps in collaboration with health plan partners and academic institutions. Dr. Soni noted that staff plan to evaluate these efforts by 2026.

Public Comment: Ms. Douglas expressed her organization's appreciation for the work being conducted and noted her organization's excitement to work together to move forward.

Ms. Sanders expressed her appreciation to Covered California and Dr. Soni for leading the critical discussions surrounding improvements to Covered California enrollee's health.

Ms. Wong aligned her comments with Ms. Douglas and Ms. Sanders. She expressed her appreciation to Covered California and Dr. Soni.

Mr. McKeever noted that the advisory council meetings are open to the public, and it is not required to be a committee member to attend.

Discussion – Covered California’s Proposed Fiscal Year 2024-2025 Budget

Jim Watkins, Chief Financial Officer and Director of the Financial Management Division, shared Covered California’s budgeting process. He explained that Covered California uses an incremental budgeting approach. He presented the current approved budget, budget adjustments, the baseline budget, budget changes, and the FY 2024-2025 proposed budget of \$474.4 million. He shared Covered California’s revenue inflow and expenditure outflows. Mr. Watkins explained that to create the economic enrollment and revenue forecast, the economic forecasts need to be considered. He highlighted the unemployment rate, forecasted expansionary economic activity, inflation, and possible risks of geopolitical, political, and interest rate disruptions.

Mr. Watkins explained that the Covered California budget forecasts includes a high, base, and low budget forecast each year. Each budget forecast includes factors such as the American Rescue Plan Act (ARPA) and Inflation Rate Act (IRA) enhanced subsidies, the State Affordability Program, ARPA/IRA enrollment loss, demographic and economic trends, ongoing Medi-Cal flow, and premium growth year-over-year.

Mr. Watkins shared the FY 2024-2025 forecasted revenue for the high, base, and low budget forecasts. He also shared the FY 2024-2025 approved budget, baseline budget, and proposed budget. Mr. Watkins explained that the proposed budget of \$474.4 million is an increase of 4.2 percent over the FY 2023-2024 approved budget of \$455.1 million. He summarized the budget augmentations which total \$18.3 million.

Next, Mr. Watkins explained proposed modifications to the participation fee. He explained that after an extensive evaluation of Covered California’s working capital needs, it is recommended to lower the participation fee to 2.25 percent. Mr. Watkins mentioned that lowering the participation fee will not impact any Covered California consumer services, the budget, or any strategic initiatives. Mr. Watkins presented Covered California’s working capital balance for the low, base, and high forecasts.

Board Comments: Mr. Fleming recognized the proposed budget for its prudence in handling the organization’s reserve requirements and strategic alignment. Mr. Fleming expressed his admiration for the work conducted.

Ms. Kendell expressed her appreciation to the Covered California staff. She acknowledged the complexity of the work and expressed understanding and agreement with the decisions made.

Ms. Alvarez requested that Mr. Watkins clarify the decision to reduce the participation fee and to discuss any possible alternative uses for the funds beyond maintaining the reserve.

Mr. Watkins replied that there was examination of various capital investments and potential uses for the funds.

Covered California Board Minutes
May 16, 2024 Meeting

He emphasized the challenge of achieving general period equity and addressing overcharging while determining an appropriate level of reserve funds. Mr. Watkins discussed the plan to responsibly reduce the amount over time and that future budgets will revisit the issue. He highlighted the uncertainty surrounding the continuation of ARPA subsidies and how their potential expiration could impact revenue.

Vice Chair Barrios asked what the response has been historically when the participation rates increase or decrease.

Mr. Watkins replied that the participation rate is expected to fluctuate between 2.25 percent and 3 percent. He explained that variations are unlikely to exceed a half percent, are not seen as significant and that the participation rate has mostly decreased historically.

Mr. McKeever noted that with the decrease of the participation rate, there will be a corresponding positive impact on Covered California rates resulting in a slight decrease for consumers.

Public Comment: Jack Dailey, representing the Health Consumer Alliance at Legal Aid Society of San Diego, Inc., expressed his organization's appreciation to Covered California for the ongoing support and partnership.

Ms. Emanuel aligned her comments with Mr. Dailey and expressed her organization's appreciation to Covered California for the ongoing support and partnership.

Ms. Wong echoed the comments of the previous callers. She thanked Covered California for expanding investment to the Navigator Program.

Mr. McKeever noted that the Department of Finance (DOF) cannot take Covered California reserves and that the DOF is looking at reductions in other funds, and not Covered California's reserves.

The meeting adjourned at 2:42 p.m.