

COVERED CALIFORNIA BOARD MINUTES
Thursday, February 20, 2025
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 11:04 a.m.

Board Members Present During Roll Call:

Jerry Fleming
Kate Kendell
Mayra Alvarez
Sumi Sousa
Kim Johnson

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, litigation and personnel matters pursuant to Government Code Section 100500(j) and 11126(a), 11126(e)(1), and 11126.3(d).

The open session was called to order at 12:30 p.m.

Agenda Item III: Board Meeting Action Items

January 16, 2025 Meeting Minutes

Board Discussion: None.

Motion/Action: Chairwoman Johnson called for a motion to approve the January 16, 2025, meeting minutes.

Public Comment: None.

Vote: The motion was approved by Mr. Fleming, Ms. Kendell, Ms. Alvarez, and Ms. Sousa. Chairwoman Johnson abstained from the vote.

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 and personnel. There were no items to report.

Discussion – Executive Director’s Update

Ms. Altman expressed her warm welcome to Ms. Sousa, highlighting the significance of her role and welcoming her insights and perspectives to the Board.

She also extended her gratitude to Ms. Kendell for her contributions, acknowledging her departure with a note of appreciation for the time they spent working together. She shared that the next meeting would be on April 17, 2025, and that there would not be a March meeting.

2025 Open Enrollment: Ms. Altman celebrated the record-breaking enrollment numbers for the 2025 Open Enrollment, highlighting an unprecedented enrollment of nearly 2 million Californians, marking a 13 percent increase over the prior year. She emphasized the role of increased financial assistance and the expansion to include the Deferred Action of Childhood Arrivals (DACA) recipients as key drivers of this success. The strategic marketing and comprehensive communications efforts, particularly the impactful "Let's Talk Health" campaign, were credited with effectively increasing health literacy and simplifying the complexities of healthcare enrollment. Ms. Altman praised the alignment of marketing and communications campaigns for their part in these achievements, noting their focus on relatability and engagement with Californians across diverse communities. She acknowledged the essential support of policy changes and enhanced subsidies in reaching these milestones, outlining the significant efforts made to extend coverage more broadly and equitably.

The potential challenges posed by changes to subsidy structures were noted as areas requiring continued education and attention to sustain these gains. Ms. Altman expressed a commitment to improving and expanding outreach and enrollment processes, ensuring that the advancements in coverage reach all corners of the state. She underscored the importance of ongoing efforts to reduce disparities in health coverage, especially among diverse and underserved populations. The discussion also touched on the need for data-informed strategies to navigate future uncertainties in healthcare funding and policy. Lastly, Ms. Altman reiterated Covered California's dedication to providing technical assistance and leveraging data to inform and empower discussions at both state and federal levels, reflecting on the successes and the roadmap for future initiatives.

2025 Special Enrollment Periods: Ms. Altman emphasized the continuation of enrollment opportunities beyond the open enrollment period, particularly highlighting the extended enrollment for DACA recipients and the ongoing efforts to reach this group amidst federal changes. She also pointed out the special enrollment period for residents of Los Angeles and Ventura Counties affected by significant fires, ensuring they have until March 8th to secure health coverage for 2025.

Discussion – State and Federal Policy/Legislative Update

Ms. Altman outlined Covered California's proactive monitoring and engagement with new state legislation and regulatory processes, highlighting several bills of interest, including Assembly Bill (AB) 298, AB 546, and Senate Bill 257, which addresses cost-sharing, coverage for high efficiency particulate air purifiers, and adding pregnancy as a qualifying life event.

Ms. Altman also mentioned the current evaluation underway by the Department of Managed Health Care regarding updates to California's Essential Health Benefits and the selection of a new Benchmark Plan, emphasizing the importance of this process and the trade-offs involved in adding new benefits. Ms. Altman also shared insights from her recent visit to Washington D.C., where she met with members of California's congressional delegation to provide updates and advocate for the continuation of enhanced subsidies, underscoring the independence of Covered California's outreach and funding from federal actions. She concluded with gratitude towards the team and partners for their contributions to a successful open enrollment period.

Board Comments: Ms. Alvarez emphasized the importance of clear communication about public programs and their impact on communities, suggesting a more explicit explanation of terms like the Federal Poverty Level (FPL) to make the discussions more accessible and underscore the significance of Covered California and federal subsidies. Ms. Alvarez pointed out the potential for messaging to be lost when industry-specific terminology is used without adequate explanation.

Ms. Altman acknowledged the need for clarity in communications about income levels and the FPL, emphasizing the importance of accurate representation of the populations served by Covered California. Ms. Altman also highlighted her team's efforts to collect and share stories from enrollees, aiming to humanize and bring to life the experiences of those who benefit from the marketplace, thereby enhancing the understanding and relevance of Covered California's mission in the public eye.

Ms. Alvarez sought clarification on pregnancy not being automatically considered a qualifying life event for special enrollment under current law. She also inquired about the outcomes and opportunities from Ms. Altman's recent trip to Washington D.C., emphasizing the importance of educating Congress and the public on the significance of Medicaid and the Affordable Care Act (ACA). Ms. Alvarez expressed interest in exploring avenues for further engagement and education efforts to influence critical decisions affecting these programs.

Katie Ravel, Director of the Policy, Eligibility & Research Division, noted that the qualifying life event for special enrollment in health coverage is not the pregnancy itself, but the birth of a baby. Eligibility for enrollment is based on a baby's birth date, allowing for a 60-day period after the birth to enroll.

Chairwoman Johnson expressed deep gratitude towards Covered California and its partners for achieving record enrollment.

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She inquired about further strategies to engage the DACA community during the extended enrollment period and sought insights into the reasons behind some individuals' reluctance to enroll, referencing the ongoing court proceedings and broader immigration concerns.

Ms. Altman detailed Covered California's targeted approach to engaging DACA recipients, emphasizing grassroots efforts and collaboration with community colleges, Dream Centers, and Navigator grantees deeply integrated within DACA communities. She described co-hosting webinars with partners from immigrant rights and legal organizations to address concerns related to public charge and immigration issues, aiming to build trust and address the specific needs and fears of the DACA population through authentic and factual communication.

Chairwoman Johnson expressed her gratitude for the detailed information emphasizing the importance of understanding the real effects of health coverage and subsidies on individuals. She expressed interest in seeking the most current data on how these financial factors affect enrollment decisions across different geographic and individual contexts within the state.

Ms. Altman shared that Covered California's internal estimates, closely aligning with federal projections, predict a loss of nearly 400,000 current enrollees should the enhanced subsidies expire. She reflected on the subjective nature of what constitutes affordable healthcare, acknowledging the challenges in defining affordability due to varying household incomes, living costs, and employment situations. Ms. Altman highlighted the sensitivity of individuals to even minor costs, such as a \$5 increase, underscoring the significant impact this can have on their decision to maintain healthcare coverage amidst competing financial priorities.

Public Comment: Diana Douglas, representing Health Access, welcomed Ms. Sousa to the Covered California Board, and thanked Ms. Kendell for her significant contributions. Ms. Douglas remarked on the enrollment data's positive trends and the detailed insights it provides into who is enrolling and in which plans, stressing the necessity of preserving federal funds and ensuring state investments to maintain plan affordability.

Cary Sanders, representing the California Pan-Ethnic Health Network, extended her gratitude to Ms. Kendell for her service on the Covered California Board and welcomed Ms. Sousa, acknowledging her foundational role in establishing Covered California. Ms. Sanders expressed enthusiasm over the enrollment increase to nearly 2 million Californians, attributing the success to enhanced subsidies, targeted advertising, the Navigator program, and outreach to newly eligible groups like DACA recipients.

Agenda Item V: Covered California Policy and Action Items

Action – 2026 Qualified Health and Dental Plan Certification Application

James DeBenedetti, Director of the Plan Management Division, provided updates on the certification application process for Covered California's health plans, highlighting that there have been no significant changes since last month. He mentioned the simplified application process for returning health plans, the comprehensive review of contracts requiring a full application from health plans, and the recent revision of the application for 2026 presented to stakeholders. Additionally, he noted that the criteria for selecting health plans and the calendar for the certification process has remained consistent.

Board Comments: Ms. Sousa expressed gratitude for the comprehensive and detailed work involved in reviewing the contract.

Public Comment: None.

Motion/Action: Chairwoman Johnson called for a motion to approve this action item. Ms. Kendell moved to approve the action item. The motion was seconded by Ms. Alvarez.

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

Action – 2026 Qualified Health and Dental Plan Issuer Model Contracts

Mr. DeBenedetti noted that this year's contract saw more substantive changes compared to the applications, especially in areas unrelated to delivery system reform, quality, and equity, where the changes were more limited and unchanged from last month's presentation. He also highlighted a significant update concerning the requirements for health plans to notify consumers about the use of generative AI.

Dr. S. Monica Soni, Chief Medical Officer and Chief Deputy Executive Director of the Health Equity and Quality Transformation Division provided a comprehensive walkthrough to cover the significant changes and updates in Covered California's contract process that were not presented in the previous month. Highlighting the extensive stakeholder engagement that spanned a year, involving public comments and revisions, Dr. Soni underscored the effort to refine the contract by removing redundancies and focusing on impactful areas. She explained that the adjustments aim to simplify the administrative processes and enhance the effectiveness of healthcare delivery, with a particular emphasis on advancing primary care and supporting the healthcare workforce amidst current challenges.

Dr. Soni detailed the contract revisions across various sections, including essential community providers, access to care, and the novel approach to using generative AI in issuer operations.

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The discussion spanned the intentional collection of demographic data, the strategic alignment with other healthcare purchasers to ensure access and reduce administrative burdens, and the proactive measures to support continuous care even when providers exit the network. Dr. Soni highlighted the introduction of a health equity methodology aiming to address disparities at a more granular level.

Furthermore, Dr. Soni elaborated on specific initiatives like the Quality Transformation Initiative (QTI) and the focus on primary care, emphasizing the importance of continuity of care and its correlation with improved health outcomes. The updates to the contract also included efforts to increase transparency in virtual care and ensure robust data sharing practices, aligning with state-wide efforts to enhance healthcare delivery.

Board Comments: Ms. Altman expressed gratitude for the work being conducted by Dr. Soni and her team.

Ms. Kendell expressed gratitude for the concise presentation, acknowledging the effort it takes to distill information into a digestible format.

Public Comment: Ms. Sanders expressed strong support for the contract changes and commended Dr. Soni's leadership, particularly praising the revamped approach to essential community providers. She expressed hope for future access to more Medi-Cal data to enhance these efforts and lauded the initiative's focus on equity and addressing disparities.

Ms. Douglas echoed the previous comment and expressed support for the changes to the Essential Community Provider Program and the contract amendments. She acknowledged the extensive efforts of Covered California, Dr. Soni, and the input from advocates in these developments, particularly praising the creation of the QTI program.

Héctor Hernández-Delgado, representing the National Health Law Program, expressed support for the proposed changes to the contracts and extended gratitude to Dr. Soni and her team for their efforts. Mr. Hernández-Delgado specifically endorsed the updates related to provider capture and emphasized the significance of continuing collaboration with the Office of Healthcare Affordability on behavioral health data.

Robert Spector, representing Blue Shield of California, expressed enthusiasm for the upcoming contract changes, acknowledging the collaboration and efforts made with consumer advocates, staff, leadership at Covered California, and other health plans over the past year. He highlighted the comprehensive nature of the process and the thoughtful discussions that took place, appreciating the collective openness to learning.

Motion/Action: Chairwoman Johnson called for a motion to approve this action item. Ms. Sousa moved to approve the action item. The motion was seconded by Mr. Fleming.

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

Action – 2026 Standard Benefit Designs

Melanie Droboniku from the Plan Management Division, presented the proposed 2026 Standard Benefit Designs and explained that an overview of Covered California's patient-centered benefit designs and the development process for these designs was provided in the last meeting, noting that no changes have been made to the regular benefit designs. She presented the individual market 2026 Standard Benefit Designs, representing the California Enhanced Cost-Sharing Reduction (CSR) designs. The actuarial values (AV) for both the individual market and Covered California for Small Business benefit designs were updated to reflect adjustments from an actuarial consultant. No further changes to the 2026 Standard Benefit Designs were proposed, and a formal adoption of the baseline designs for Plan Year 2026 was requested after discussion and comment.

Board Comments: None.

Public Comment: None.

Motion/Action: Chairwoman Johnson called for a motion to approve this action item. Ms. Sousa moved to approve the action item. The motion was seconded by Ms. Kendell.

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

Discussion – 2026 California Enhanced Cost-Sharing Reduction Benefit Designs

Ms. Droboniku introduced the 2026 enhanced benefit designs for Covered California, and proposed designs, comparing the baseline Silver 70 Plan with the Silver 73 Plan, highlighting the benefit enhancements proposed for the Gold plan. She noted that the benefit structures, implemented initially in Plan Year 2024 and carried through to 2025, are familiar to program participants and have offered significant cost savings. Ms. Droboniku explained the major change in the previous year was the extension of eligibility with no income cap. The enhancements focus on eliminating deductibles for all Silver enrollees, reducing maximum out-of-pocket costs, and making office visits more affordable for Silver 73 enrollees. She shared that the Enhanced CSR Benefit Designs, consistent with Plan Year 2025, will be presented for Board action at the April meeting.

Board Comments: Ms. Altman highlighted the enhancements of the Silver 87 and Silver 94 plans under Covered California's program, which already offered generous CSRs through the ACA but will now provide even more benefits, including no deductibles and lower co-pays for key services. She emphasized the significant benefit for enrollees under 200 percent of the FPL, who can access these enhanced plans, and for all other enrollees, who will effectively receive a Gold level plan for the price of a Silver Plan, featuring no deductibles and lower co-pays for essential services. Ms. Altman noted that the 2026 program would maintain the same generous offerings and cost savings as in 2025, without an income cap for eligibility, and acknowledged the widespread participation in Silver plans among consumers.

Discussion – 2026 California Enhanced Cost-Sharing Reduction Program Design

Ms. Ravel detailed the mechanics and background of Covered California's Enhanced CSR program, which began in 2024 with a budget of \$82.5 million, focusing on consumers at or below 250 percent of the FPL. By 2025, the budget doubled to \$165 million, allowing the expansion of the program to all Covered California qualifiers, offering them more generous plans with no deductibles and lower out-of-pocket costs. For 2026, the program aims to maintain eligibility with the same budget, contingent on the enactment of the California state budget and the extension of federal subsidies. Ms. Ravel presented the program design document, which outlines eligibility, benefits, and payment rates to health plans, emphasizing that the payment rates have slightly increased to reflect the 2026 AVs. She concluded by explaining that the program's continuation depends on federal subsidies, with plans to present a final approval request in April, alongside potential adjustments based on the state budget process.

Board Comments: Ms. Altman thanked Ms. Ravel for her comprehensive presentation and for emphasizing the contingency aspect of Covered California's enhanced cost-sharing program, highlighting its importance in providing a clear picture of potential scenarios for 2026. She noted the significance of establishing certainty for one aspect of the program as Covered California and its plans prepare to file their products and rates for the upcoming year. She clarified that both the CSR benefit design and the program design were presented for discussion rather than immediate action.

Ms. Alvarez asked if the allocation of the \$165 million budget would determine the future structure of the program if federal support for Covered California's enhanced subsidies does not proceed.

Ms. Altman emphasized that the decision on the amount and allocation of funds for healthcare affordability in California hinges on state budget negotiations. She noted that if federal subsidies are extended, the preference is to continue funding as currently structured. However, without enhanced federal subsidies, there would be discussions on the best approach for California, acknowledging the complexity of budget pressures and the ongoing need for dialogue regarding the state budget.

Chairwoman Johnson requested clarification of the value of the enhanced federal subsidies.

Ms. Altman replied that the value is \$2 billion per year for California.

Public Comment: Ms. Douglas expressed appreciation for the efforts to design this year's program amidst federal investment uncertainties, hoping for the continuation of federal subsidies given the popularity of Covered California and other marketplaces.

Board Comments: Ms. Kendell, reflecting on her last Board meeting, expressed gratitude for the opportunity to serve on Covered California's Board. She praised the staff's exceptional dedication and intelligence, highlighting their commitment to health and equity in California.

The meeting adjourned at 2:16 p.m.