COVERED CALIFORNIA BOARD MINUTES
Monday, July 28, 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 10:00 a.m.

Board Members Present During Roll Call:

Craig Cornett
Sumi Sousa
Mayra Alvarez
Jerry Fleming
Kim Johnson

Agenda Item II: Board Meeting Action Items

June 3, 2025 Meeting Minutes

Board Discussion: None.

Public Comment: None.

Motion/Action: Chairwoman Johnson called for a motion to approve the June 3, 2025, meeting minutes. Ms. Alvarez moved to approve the meeting minutes. The motion was seconded by Mr. Cornett.

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

Agenda Item III: Executive Director's Report

Discussion – Executive Director's Update

Jessica Altman, Executive Director, shared the Board meeting dates for 2025 and 2026.

Discussion – State and Federal Policy/Legislative Update

Ms. Altman provided an update on the completion of California's state budget, which was signed into law through Senate Bill (SB) 101 and Assembly Bill (AB) 102. Two Covered California programs received level funding: the Strike Benefit Program at $2 million (with flexibility for increases), while the California Premium Tax Credit received just over $20 million. To further enhance affordability for members ahead of open enrollment, funding from the Healthcare Affordability Reserve Fund was increased to $190 million.

Ms. Altman expressed gratitude to the administration and legislature for their support during a challenging fiscal year, highlighting that this funding demonstrates California's commitment to healthcare affordability and access. She noted that the Board would discuss options for deploying the $190 million to maximize benefits for members.

On the federal side, Ms. Altman addressed the impact of recent legislative and regulatory changes, including the reconciliation package signed into law and the Centers for Medicare & Medicaid Services' (CMS) Final Rule. She explained that these policies could significantly affect Covered California, including increased costs for members, reduced eligibility, particularly for immigrant communities, and decreased flexibility for state Marketplaces.

Ms. Altman also highlighted key provisions of the CMS Final Rule, including the undoing of eligibility expansion for Deferred Action of Childhood Arrivals (DACA) recipients, effective at the end of August, and new policies tightening verification processes for consumers. Ms. Altman mentioned that Attorney General Rob Bonta and other state attorney generals have filed a lawsuit challenging the CMS Final Rule and are seeking preliminary relief before its August 25th effective date. Covered California is closely monitoring the litigation and maintaining communication with the Attorney General's office.

Next, Ms. Altman provided a detailed overview of the reconciliation package specific to Marketplaces. Starting in plan year 2027, only green card holders and a small number of immigrant categories, such as those from Cuba and Pacific Island nations, will remain eligible for financial assistance on the Marketplace. Ms. Altman emphasized the broad impact this will have on healthcare access for immigrant communities, noting that Covered California is actively preparing for these changes. Additionally, the package removes the cap on repayment of excess advanced premium tax credits at tax time, which Covered California will work to address to prevent financial surprises for enrollees. She also discussed red tape provisions effective in 2028 that will end automatic reenrollment and contingent eligibility, stating that Covered California will approach these changes with a focus on consumer-centric solutions.

Ms. Altman highlighted the urgency of the enhanced premium tax credits extension, which was not included in the reconciliation package. She noted that the issue is receiving significant attention in Washington, D.C., as Congress prepares to return from recess in September to address federal funding and the end of the continuing resolution. Covered California is continuing technical assistance to support the extension and preparing operationally for two scenarios: one with an extension and one without. Ms. Altman acknowledged the tight timeline, as renewal letters will be mailed in October, and expressed commitment to delivering benefits whenever Congress acts.

Ms. Altman also discussed the impact of the CMS Final Rule on DACA recipients, who will no longer be considered lawfully present under the Affordable Care Act (ACA) regulations and will lose eligibility for both financial assistance and enrollment in Covered California altogether. Notices have already been sent to affected consumers ahead of the end-of-August deadline, and Covered California is conducting extensive outreach through emails, phone calls, and partnerships with enrollment Navigators and agents.

The organization is also providing information on alternative options, including off-exchange coverage and county-level programs, to help DACA recipients find affordable solutions.

Finally, Ms. Altman updated the Board on Covered California's response to an inquiry from the House Energy and Commerce Committee regarding the alleged disclosure of consumer information from website analytics. She confirmed that Covered California responded promptly and robustly to the inquiry on July 1st and is working with an independent forensic firm to fully understand the situation. While no findings are available yet, Ms. Altman assured the Board that Covered California will take all appropriate steps and keep stakeholders informed. She emphasized the organization's commitment to transparency and safeguarding consumer information as part of its broader mission to support Californians navigating significant changes in healthcare access and affordability.

Board Comments: Ms. Sousa requested an update from Ms. Altman regarding the Congressional committee staff's response to Covered California's recent submission of requested documents.

Ms. Altman explained that while no formal correspondence has been received, the committee staff has acknowledged Covered California's transparency and responsiveness in providing the requested information. She added that the committee has not expressed further concerns or issued additional requests at this time, and communication remains ongoing.

She also shared updates regarding a recent CMS report on duplicative coverage, which highlights instances where consumers may be enrolled in Medicaid in multiple states or simultaneously in Medicaid and marketplace coverage, receiving premium tax credits.

She noted that while Covered California has yet to receive detailed methodology or California-specific data, the organization has robust processes in place to proactively identify and resolve duplicate enrollments. Current processes identify duplicate enrollments in less than 1 percent of cases, a figure Ms. Altman attributed to the natural churn between programs.

In addition, Ms. Altman highlighted Covered California's efforts, including comment letters submitted to the Partnership for Quality Measurement and a response to the Department of Health & Human Services' Request for Information on health technology infrastructure. She also shared positive news regarding the Supreme Court's decision upholding ACA provisions for preventive healthcare services at no cost to consumers. While challenges remain regarding the construction of federal recommendation committees, Ms. Altman applauded the decision, noting its importance in maintaining critical healthcare coverage requirements.

Ms. Sousa asked Ms. Altman to elaborate on what actions are currently being taken to address retention and support consumers, given the importance of proactive planning in the current environment.

Ms. Altman responded by affirming the importance of retention as a key focus and shared that Covered California will present a detailed overview of its marketing and communications planning at the August Board meeting. She explained that the organization is currently working on the themes and messaging of its campaigns, creating collateral, and filming marketing materials to address consumer pain points. She emphasized the need for transparency with consumers, ensuring they are informed about potential changes, even if the updates are not positive news. She also noted that Covered California has already launched a public-facing website to keep consumers aware of possible changes and avoid surprises during open enrollment.

Mr. Cornett asked about the likelihood of Congressional action on enhanced premium tax credits and whether there are existing legislative vehicles or proposals to advance the issue.

Ms. Altman explained that the end of September, when the federal funding resolution expires, is the most likely opportunity for Congress to address enhanced premium tax credits. Covered California is preparing for the best possible outcome should Congress act before the deadline.

Chairwoman Johnson emphasized the broad impacts of the reconciliation package on healthcare and food access infrastructure in California, noting that it affects not only Marketplace participants or Medi-Cal and CalFresh recipients but all Californians. She inquired about current data trends, particularly regarding disenrollment among DACA or other immigrant populations, and asked if there are any notable changes the Board should be aware of.

Ms. Altman responded that Covered California has not observed unusual disenrollment trends. Instead, she noted lower disenrollment and higher incoming enrollment compared to previous years, likely due to enhanced tax credits and the unwinding of the public health emergency. While enrollment typically peaks during open enrollment and declines throughout the year, recent trends show greater stability, reflecting affordability levels. Ms. Altman committed to closely monitoring enrollment data, especially during open enrollment, to identify any deviations from expected patterns.

Ms. Alvarez expressed gratitude for Covered California's work to minimize confusion and maintain enrollment amid upcoming changes. She praised the organization's collaboration and flexibility in supporting coverage for immigrant communities and requested data on impacted populations to highlight the scope of the challenges and outreach efforts needed.

Ms. Altman shared that 2,400 DACA recipients will be disenrolled by the end of August and 112,000 lawfully present enrollees will lose financial assistance by 2027 due to federal changes. She emphasized Covered California’s commitment to engaging immigrant communities, particularly Latino communities, through trusted partners and tailored outreach strategies, while collaborating with Medi-Cal and the Department of Health Care Services to address shared challenges.

Public Comment: Cary Sanders, representing the California Pan-Ethnic Health Network, acknowledged the challenging moment Covered California faces despite supporting 1.6 million Californians with affordable healthcare.

Beth Capell, representing Health Access, expressed concern over the loss of coverage resulting from changes in the reconciliation package and the state budget, describing the impacts as unprecedented, particularly for DACA recipients and lawful immigrants.

Alicia Emanuel, representing the National Health Law Program and the Health Consumer Alliance, expressed concern about the impacts of the reconciliation package, the final Marketplace rule, and the expiration of enhanced federal subsidies, particularly changes required by August 25th. She praised Covered California's efforts to inform federal policy and urged collaboration to implement changes in a consumer-friendly way.

Agenda Item IV: Covered California Policy and Action Items

Action – 2026 State Premium Subsidy Program Design

Katie Ravel, Director of the Policy, Eligibility & Research Division, expressed gratitude for the increased budget appropriation of $190 million, as opposed to the previously anticipated $165 million. She explained that while Covered California cannot fully compensate for the loss of over $2 billion in federal funding, the additional state funds allow for new modeling and tradeoffs in determining how to allocate subsidies across consumer segments. She highlighted the challenge of balancing broader enrollment growth with the need to reduce subsidies per individual, emphasizing fiscal sustainability and the limitations of reverting to previous program structures, such as those seen in 2021. Ms. Ravel also noted the distinct dynamics of providing state assistance to consumers under 400 percent of the Federal Poverty Level (FPL), particularly the unpredictability and higher costs associated with aiding those without federal subsidies.

Additionally, Ms. Ravel acknowledged the impact of federal changes and enrollment transitions from Medi-Cal to Covered California, particularly under SB 260, which have been factored into the current projections. She reviewed enrollment growth trends since 2019, highlighting the significant expansion of the state premium subsidy program in 2020 and its impact on enrollees above 400 percent of the FPL. Despite these gains, she stressed the importance of planning for the expiration of enhanced federal subsidies, which will affect consumers under 400 percent of the FPL but still allow them to receive tax credits under the ACA.

Ms. Ravel presented new demographic data on Covered California enrollees, emphasizing the income and demographic variations across different consumer groups. She highlighted that Latino enrollees, and to a lesser extent Asian Pacific Islander enrollees, are more likely to fall into lower-income categories compared to middle-income consumers. Ms. Ravel outlined several updated options for allocating the $190 million in state funding, building upon the proposals presented at the June meeting.

With the enhanced budget, Covered California now has the ability to extend subsidies to more income groups.

The options range from maintaining free Silver plans for enrollees up to 150 percent of the FPL level and extending subsidies to 165 percent of the FPL, to spreading subsidies across a wider income range up to 200 percent of the FPL, or targeting middle-income enrollees starting at 400 percent of the FPL, who face losing all federal subsidies if enhanced tax credits expire.

She explained the projected enrollment, subsidy amounts, and impact of each option, noting the tradeoffs involved. For example, the first option would lead to the highest enrollment but limit subsidies to enrollees under 165 percent of the FPL, whereas the second option spreads funding across more low-income enrollees but offers lower subsidies. The third option targets middle-income enrollees, providing significant state subsidies to offset the loss of federal credits, albeit for a smaller population. Ms. Ravel acknowledged the uncertainty surrounding enrollment impacts due to the unprecedented nature of federal subsidy cuts, emphasizing that projections rely on health economics literature to model outcomes. She also walked through detailed metrics, including projected enrollment losses, average subsidy amounts, and net premiums consumers would pay under each option, illustrating how the different models would impact affordability and program design.

Board Discussion: Ms. Sousa raised questions about the cost-sharing data for the lowest-income enrollees, expressing surprise that individuals in this group are projected to pay $44 monthly net premiums on average, despite their eligibility for free Silver plans. She sought clarification on whether this figure represents individual or family coverage and emphasized her confusion about why low-income consumers are choosing to buy Gold and Platinum plans instead of Silver.

Ms. Ravel responded by clarifying that the $44 figure represents an average, and if medians were displayed, the amount would likely be lower. She explained that about 85 percent of the lowest-income enrollees are buying plans outside of Silver, with a small proportion opting for Platinum and Gold plans, which raises the average cost. Additionally, she noted that in regions with multiple Silver plan options, such as Los Angeles, consumers may choose more expensive Silver plans over the second-lowest cost Silver plan.

Ms. Altman added that another factor driving up costs is consumer preference for PPO or EPO plans over lower-cost HMOs, which are measurably more expensive. She highlighted that Covered California uses affordability crosswalks to minimize such decisions but acknowledged the impact of these preferences.

Mr. Cornett questioned whether behavioral changes, such as switching to lower-cost plans, might occur due to higher premiums.

Ms. Altman agreed that consumer behavior would vary based on the chosen funding option. For the first option, where subsidies remain similar to current levels, she anticipated little movement.

However, under the other options, she expects some enrollees to downgrade to less generous plans, such as moving from Gold or Platinum to Silver or Bronze, to reduce monthly costs. In addition to coverage losses from affordability concerns, she acknowledged that consumers may shift to plans with lower premiums but less comprehensive benefits.

Ms. Ravel discussed the sustainability of Covered California's subsidy options, particularly focusing on the third option, which targets the "cliff population" middle-income enrollees above 400 percent of the FPL. She explained that under conservative assumptions, such as a 5 percent annual rate increase, the program budget for this option would exceed the $190 million allocation by 2027.

To stay within budget, the program would need to either restrict eligibility to a narrower group or raise the required contribution for enrollees. Ms. Ravel emphasized that subsidy programs targeting lower-income consumers are more sustainable because federal tax credits absorb annual rate increases, unlike subsidies for the cliff population, which place the full cost burden on the state.

She also reviewed Covered California's historical budgeting approach, noting that conservative assumptions have consistently left a buffer in program costs. She shared cost estimates for the three options under consideration for 2026, which range between $175 and $180 million, leaving room within the budget allocation. Ms. Ravel explained that while the feasibility of splitting funding between low-income and cliff populations was tested, such a design would require high contributions from enrollees and serve only a narrow income band, ultimately exceeding the budget by 2027. She concluded by requesting Board action to approve one of the proposed 2026 program designs and finalize the program design document, which serves as the regulatory framework for the program. Ms. Ravel noted that the finalized design would be submitted to the Joint Legislative Budget Committee by September unless Congress extends enhanced federal tax credits.

Before taking questions, Ms. Altman asked Ms. Ravel to share stakeholder feedback regarding the proposed program options.

Ms. Ravel explained that stakeholders have largely expressed a preference for the first option, which provides continuity for the lowest-income enrollees, maintaining the subsidies they currently receive. She noted that stakeholders also voiced concerns about individuals losing Medi-Cal coverage due to other federal changes and emphasized the importance of ensuring financial stability for those transitioning to Covered California. Ms. Ravel added that stakeholders would likely elaborate on these points during the public comment period.

Mr. Cornett acknowledged the difficult nature of the discussion but expressed gratitude for the $190 million in funding, noting that it provides some relief amidst challenging circumstances.

Public Comment: Ms. Sanders emphasized the critical role of premium subsidies in enabling four times as many people to afford coverage, which contributes to a healthier risk mix and lower healthcare costs for everyone.

Ms. Capell expressed gratitude for the $190 million in funding and the successful implementation of SB 260.

Ms. Emanuel expressed strong support for the first option, emphasizing its ability to retain the highest number of enrollees, particularly low-income consumers who face difficult choices between essential needs like food, housing, and healthcare. She also highlighted that this option aligns with California's commitment to health equity.

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

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

Action – Revised 2026 Standard Benefit Designs

James DeBenedetti, Director of the Plan Management Division, explained that the new Final Rule passed by CMS has increased the maximum out-of-pocket limit for health plans. While most Covered California plans are already below this limit, catastrophic plans must be set exactly at the new threshold, which is higher than what was previously approved. Due to pending litigation around the Final Rule, he proposed a resolution allowing Covered California to retain both the old and new maximum out-of-pocket limits for catastrophic plans, enabling implementation of the appropriate standard without requiring additional Board approval.

Board Comments: None.

Public Comment: Ms. Capell expressed no disagreement with the proposed staff action but highlighted the concerning growth in healthcare costs, noting that the maximum out-of-pocket limit has increased significantly from $6,000 at Covered California's launch to $10,600 today.

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

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

The meeting adjourned at 11:26 a.m.