

COVERED CALIFORNIA BOARD MINUTES
Thursday, January 16, 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 10:30 a.m.

Board Members Present During Roll Call:

Jerry Fleming
Mayra Alvarez
Kate Kendell

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).

The open session was called to order at 12:00 p.m.

Agenda Item III: Board Meeting Action Items

August 15, 2024 Meeting Minutes

Board Discussion: None.

Motion/Action: Ms. Alvarez called for a motion to approve the August 15, 2024, 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.

November 21, 2024 Meeting Minutes

Board Discussion: None.

Motion/Action: Ms. Alvarez called for a motion to approve the November 21, 2024, meeting minutes. Ms. Kendell moved to approve the meeting minutes. The motion was seconded by Mr. Fleming.

Public Comment: None.

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

Agenda Item IV: Executive Director's Report

Discussion – Executive Director's Update

Jessica Altman, Executive Director, shared that the next meeting would be on February 20, 2025, and that there were not currently any plans for a meeting in March.

Ms. Altman welcomed Kathleen Webb, Chief Deputy Executive Director of Operations. She expressed enthusiasm for her forthcoming leadership. She also announced the promotion of Robert Kingston, Director of Outreach and Sales. Ms. Altman highlighted the addition of a new Board member, Sumi Sousa, who will be joining the February meeting.

Open Enrollment Update: Ms. Altman expressed her enthusiasm about Covered California surpassing its previous records, with over 1.9 million plan selections reported, exceeding last year's record of 1.8 million enrollments. She highlighted the ongoing open enrollment period, the potential for further increases through special enrollments, and the significant contribution of renewals and Medi-Cal redeterminations to the year's enrollment surge. Ms. Altman highlighted a 13 percent increase in new enrollments year-over-year, attributing this growth to effective outreach, community partnerships, and the impact of the California Enhanced Cost Sharing Reduction Program.

Ms. Altman praised the success of Covered California's marketing campaign, noting the campaign generated over 1.3 billion impressions and led to the creation of over 100,000 accounts. She highlighted the inaugural enrollment of Deferred Action for Childhood Arrivals (DACA) recipients in Covered California, with more than 1,300 enrolled, marking a significant step towards reaching the estimated 40,000 newly eligible DACA residents in the state. Ms. Altman discussed the innovative approaches Covered California has taken to enhance health literacy and outreach, including consulting academic experts and utilizing resources like comic books to present information in a culturally relevant and accessible way. Additionally, she outlined targeted efforts to reach DACA recipients through partnerships, specialized outreach toolkits, social media tools, and collaborations with community colleges to distribute materials and support their enrollment in health coverage.

Ms. Altman highlighted Covered California's response to the wildfires in Los Angeles and Ventura counties, noting the launch of a Special Enrollment Period through March for residents affected by the fires and the state of emergency declared by Governor Newsom. She emphasized the importance of flexibility by health plans for those impacted, ensuring no one loses coverage due to missed payments or deadlines.

Discussion – State and Federal Policy/Legislative Update

Ms. Altman noted Governor Newsom's proposed \$322 billion budget for the 2025-2026 fiscal year, which maintains the same funding levels for Covered California programs as in the previous year.

She highlighted key legislative proposals, such as Assembly Bill (AB) 4, which aims to allow individuals ineligible due to immigration status to enroll in health insurance through Covered California; Senate Bill (SB) 40, which affects healthcare costs, including a cap on insulin co-pays; and AB 224 and SB 62, which would state the intent of the Legislature to review the benchmark health plan for plan year (PY) 2027 and would limit the current benchmark to PYs prior to 2027.

Ms. Altman spoke about the inauguration of the new president and Congress, highlighting potential impacts on healthcare policy, especially regarding the premium tax credits. She addressed a range of updates including feedback on the state's proposed data exchange framework and federal adjustments to premium tax credit eligibility, which offer more flexibility for Covered California members. She also mentioned the submission of comments in partnership with the California Public Employees' Retirement System on over-the-counter contraceptives and other women's preventive services, highlighting that a rule concerning contraceptives was revoked and not expected to be finalized by the new administration. Furthermore, she updated on DACA eligibility and ongoing litigation, noting California's support for expanded eligibility despite a federal lawsuit challenging this expansion. Ms. Altman emphasized that DACA recipients in California remain eligible for coverage and financial assistance, underscoring Covered California's commitment to providing updates and support to its enrollees.

Discussion – Research and Data

Member Cost of Coverage Data: Emily Kohn, Senior Research Manager from the Policy, Eligibility & Research Division, discussed a new measure being explored by Covered California, aimed at assessing the overall affordability of health coverage for its enrollees, termed the Total Member Cost of Coverage. This metric combines the net premium amount paid by a household over the year with their total out-of-pocket expenditures, such as co-insurance, co-pays, and deductibles, to provide a comprehensive view of health care affordability. Highlighting the impact of the American Rescue Plan and the Inflation Reduction Act, she presented findings that show a significant decrease in the total cost of coverage as a percentage of income for households receiving subsidies between 2019 and 2022. The decrease was primarily due to reduced net premiums resulting from expanded subsidies, despite an increase in gross premiums during the same period. Ms. Kohn emphasized that the new metric offers a nuanced understanding of healthcare affordability and will guide future policy interventions aimed at reducing financial burdens on households.

Board Comments: Ms. Altman acknowledged the significance of the findings that nobody is spending over 10 percent of their income on healthcare on average. She also recognized the financial strain of spending 7-9 percent of income on healthcare, especially for households already facing insecurities in other areas of their budget. Ms. Altman expressed appreciation for the work and emphasized the importance of continuing efforts to enhance affordability in healthcare coverage.

Ms. Kendell expressed appreciation for the depth of the presentation and noted that it answered many questions.

Ms. Alvarez asked about the qualitative experiences of individuals facing healthcare costs to understand how these costs influence their healthcare behaviors.

Katie Ravel, Director of the Policy, Eligibility & Research Division, outlined plans to investigate why individuals eligible for health coverage choose not to enroll, with a particular focus on those who start the application process but do not finalize a plan. She mentioned that initial findings indicate cost as a primary barrier. The goal is to understand the decision-making process at the critical moment of considering premiums and cost-sharing, aiming to identify strategies to support individuals facing affordability concerns at the point of deciding whether to obtain coverage.

Ms. Altman clarified the intention to examine the impact of the introduction of California Enhanced Cost Sharing Reduction plans on healthcare utilization and behavior. She noted that analyzing claims data requires time to ensure accuracy and completeness but expressed anticipation for insights from the 2024 and 2025 claims data regarding behavioral changes among those enrolled in these plans, especially as the group benefiting from higher levels of cost-sharing support grows.

Public Comment: Diana Douglas, representing Health Access, expressed gratitude for the updates provided by Covered California. She highlighted the importance of federal resources in supporting these advancements and appreciated the special enrollment period for wildfire-affected residents. Ms. Douglas also emphasized the value of the data presented, especially how federal subsidies are reducing healthcare costs as a portion of household income, and the inclusion of out-of-pocket costs along with premiums to better capture the financial burden on families.

Doreena Wong, representing Asian Resources, Inc., commended the impressive enrollment figures, attributing success to effective outreach and support materials, which aided in enrolling new beneficiaries, including DACA recipients, and managing transitions from Medi-Cal redeterminations. She also appreciated the special enrollment period for wildfire victims and suggested the possibility of extending it if necessary. Ms. Wong raised concerns about privacy and confidentiality, especially regarding immigration status and other personal information, and called for reassurances for DACA recipients amidst ongoing legal challenges. Lastly, she expressed satisfaction with research on affordability issues, highlighting the positive impact of subsidies and suggesting that California's approach could serve as a model for making healthcare affordable nationwide.

Agenda Item V: Covered California Policy and Action Items

Discussion – 2026 Qualified Health Plan Issuer Certification Process and Contract Discussion

2026 Qualified Health and Dental Plan Certification Application: James DeBenedetti, Director of the Plan Management Division, provided an overview of Covered California's contracting cycle with health plans, emphasizing the aim to maintain contracts relatively stable over three-year cycles, with the current cycle spanning 2023-2025 and a new cycle planned for 2026-2028.

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He noted that at the start of these cycles, all health plans, whether new or returning, are required to submit detailed applications, treating each as a new applicant to ensure thorough review and compliance with state and federal requirements. He also highlighted the process of gathering public feedback on drafts of these contracts, highlighting the engagement with stakeholders and the public in refining the certification and selection criteria for health plans. The key dates for the upcoming certification process were outlined, detailing the timeline from accepting letters of intent to finalizing rates and wrapping up regulatory review by September.

2026 Qualified Health and Dental Plan Issuer Model Contract Discussion: Mr. DeBenedetti provided an overview of the feedback and modifications incorporated into Covered California's contracts following extensive discussions with stakeholders. He pointed out that while many changes were technical and definitional, certain adjustments, such as the reconsideration of marketing expenditure expectations for health plans and the elimination of the requirement for health plans to duplicate the plan chooser on their websites, were significant. He also highlighted the initiative to include information in the Evidence of Coverage about a state program providing hearing aids for children, which is not a covered benefit under the plan but is an important resource. Mr. DeBenedetti acknowledged the ongoing need to evaluate and potentially adjust these contracts, particularly in response to new federal requirements and stakeholder feedback.

Dr. S. Monica Soni, Chief Medical Officer and Chief Deputy Executive Director of the Health Equity & Quality Transformation Division, provided an insightful overview of the extensive and critical updates to Covered California's contract and certification processes, emphasizing the importance of each update and the thorough process undertaken since the beginning of 2024, including multiple public comment periods. She underscored the foundation built on the strong performance of current contracts, noting that while much is working well, some aspects of the contracts needed revision for better outcomes and to reduce administrative complexity. Highlighting the use of new tools and data to assess contract compliance, Dr. Soni detailed the approach to streamlining and adding new initiatives with the aim of achieving impactful outcomes by 2028. She also shared the engagement with stakeholders and the public, noting the hundreds of comments received and addressed throughout the process.

Dr. Soni delved into specific updates, including the enhancement of Essential Community Provider (ECP) standards to ensure networks serve diverse populations effectively, and the introduction of new contract language around the use of generative artificial intelligence by health plans.

She also addressed the focus on primary care, emphasizing the importance of continuity of care and the potential negative impacts of care discontinuity. In addition, Dr. Soni spoke about the updates to the data exchange framework and performance standards, with a particular focus on quality transformation initiatives that include stratifying measures by race and ethnicity to address health inequities.

Dr. Soni emphasized the Quality Transformation Initiative (QTI) Health Methodology's aim to stratify health measures by race and ethnicity, ensuring accountability in health equity. She highlighted the initiative's departure from traditional disparity efforts, focusing on inclusive reporting across all populations, regardless of size, and adjusting measures based on performance to ensure equitable health outcomes for all groups.

Board Comments: Mr. Fleming expressed his appreciation for the ongoing progress and innovation at Covered California, noting the effective collaboration with health plans and the positive culture and relationships fostered within the organization. He noted that he looks forward to further reviewing the initiatives before the next vote.

Ms. Kendell acknowledged the significant and impressive results achieved, emphasizing that such outcomes are a direct reflection of the organization's culture of care, innovation, and willingness to take chances.

Ms. Alvarez sought clarification on the discrepancy between the number of comments mentioned, querying if they pertained to different aspects of the plan and its attachments. She also inquired about the selection criteria for the ECP, expressing interest in the efforts to expand the range of providers and whether there was any plan to offer technical assistance for capacity building, especially for behavioral health providers traditionally outside the system.

Dr. Soni explained that in developing the new ECP list, they conducted an analytical comparison with current health issuers' networks to assess if the proposed sufficiency threshold of 15 percent was attainable, aiming for a balance between a challenging and a realistic goal. She acknowledged the particular challenge in meeting the threshold for behavioral health providers and expressed openness to the idea of providing technical assistance for billing, recognizing the mutual interest of providers and health plans in successful collaboration.

Ms. Alvarez asked Dr. Soni to link the discussions on the QTI and approved population health investment programs, aiming for a cohesive narrative that presents a broader view of their collective impact and strategic direction.

Dr. Soni articulated Covered California's overarching goal of improving the health of all Californians through an equity lens. She highlighted the significance of supporting primary care providers in transitioning to alternative payment models and enhancing their electronic healthcare records systems, aiming to broaden the provider pool and offer necessary technical assistance or funding to ensure their success and sustainability.

Public Comment: None.

Discussion – 2026 Standard Benefit Designs

Melanie Droboniku from the Plan Management Division, presented the proposed 2026 Standard Benefit Designs, emphasizing the aim to align with the Affordable Care Act's requirement for comprehensive essential health benefits. She detailed the process of annual benefit reconsiderations based on market dynamics and consumer experiences, focusing on improving access, patient experience, and reducing costs.

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Ms. Droboniku also highlighted the importance of the actuarial value (AV) in plan design, adjustments to meet AV requirements, and the modeling work dependent on federal guidelines. Additionally, Ms. Droboniku discussed the California Enhanced Cost Sharing Reduction program, detailing the allocation of funds to provide financial assistance and enhance benefits for eligible enrollees. She concluded with an overview of proposed changes for various plan tiers for PY 2026, underlining Covered California's efforts to maintain affordability while ensuring high-value services and compliance with healthcare laws.

Board Comments: Mr. Fleming acknowledged the thought-provoking nature of the work being discussed, while also highlighting the challenges that could arise from significant rate increases and their impact on benefit designs. He congratulated the team on their process and efforts.

Ms. Kendell echoed the comments of Mr. Fleming.

Ms. Alvarez expressed agreement and appreciation, linking the discussion to the earlier presentation about collected data on cost sharing and people's experiences. She emphasized the value of this information and its importance in shaping the narrative.

Public Comment: Ms. Douglas reflected on the unveiling of the proposed 2026 benefit designs, acknowledging Covered California's efforts in modeling and attempting to soften the impact of cost increases, particularly concerning the growing maximum out-of-pocket costs, and expressed gratitude for the organization's thoughtfulness.

The meeting adjourned at 2:11 p.m.