

COVERED CALIFORNIA BOARD MINUTES
Thursday, August 21, 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 10:01 a.m.

Board Members Present During Roll Call:

Craig Cornett
Jerry Fleming
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 and personnel matters pursuant to Government Code Sections 100500(j) and 11126(a).

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

Agenda Item III: Board Meeting Action Items

July 28, 2025 Meeting Minutes

Board Comment: None.

Public Comment: None.

Motion/Action: Chairwoman Johnson called for a motion to approve the July 28, 2025, meeting minutes. Ms. Sousa moved to approve the meeting minutes. The motion was seconded by Mr. Cornett.

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

Agenda Item IV: Executive Director's Report

Discussion – Executive Director's Update

Jessica Altman, Executive Director, highlighted upcoming Board meeting dates, confirming the next meeting on September 18th and noted that the October meeting is unlikely but will be confirmed in September.

Rates and Carriers for 2026: Ms. Altman provided an update on Covered California's qualified health plans (QHPs) and rates for 2026, noting a preliminary statewide average rate increase of 10.3 percent for California in the individual market. She explained that this increase reflects ongoing challenges in medical care costs, pharmaceutical trends, utilization, and uncertainties stemming from federal policy changes, including enhanced premium tax credits. While double-digit rate increases are not ideal, she emphasized that California's rates are lower than the national average of 20 percent due to the state's strong risk pool, legislative investments, and efforts to stabilize affordability. Ms. Altman noted that Congress's timely extension of enhanced premium tax credits could reduce rates to single-digit increases, but uncertainties remain. She also shared that Covered California remains stable with 11 carriers, continued statewide coverage, and robust competition, with 92 percent of enrollees able to choose from three or more insurance carriers.

Retention Update: Ms. Altman shared that Covered California's retention strategy, led by Glenn Oyoung, Director of Marketing, aims to support the diverse needs of enrollees, communicate the value of coverage year-round, and ensure culturally resonant messaging. The approach moves away from the previous focus on Open Enrollment alone, creating ongoing engagement to highlight the benefits of health coverage, encourage preventive care, and address affordability challenges amidst potential federal changes. She also highlighted the importance of consistent messaging across marketing, communications, and service channels, supported by the efforts of enrollment partners and outreach in more languages, including Tagalog, Hindi, Hmong, and Punjabi.

Covered California's data-driven approach also reflects its commitment to understanding the unique needs of members, including the 4 percent of members who may leave Covered California and become uninsured. Ms. Altman outlined a holistic strategy to keep enrollees within the system of coverage, leveraging pre-enrollment communications that began in July to prepare members for Open Enrollment and inform them of potential federal policy changes that could impact affordability. Communications include tailored messaging through email, direct mail, and a newly launched homepage resource, which provides updates and transparency about possible changes.

Board Discussion: Ms. Sousa asked about changes in consumer outreach patterns.

Ms. Altman noted no significant uptick in consumer inquiries following communications, suggesting consumers may be finding answers independently. She highlighted October and November as key engagement periods and highlighted the need for timely federal action to prevent confusion during open enrollment.

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Ms. Sousa asked when consumers would be able to calculate options on the website and begin exploring coverage.

Ms. Altman shared that anonymous shopping will open in October, allowing consumers to explore QHPs and assess affordability ahead of formal enrollment.

Ms. Altman emphasized Covered California's focus on fostering trust and meaningful communication with enrollees, not only about health insurance but also healthcare utilization. She highlighted the Policy, Eligibility & Research Division's (PERD) development of a data-driven retention risk model to identify enrollees most at risk of becoming uninsured, enabling targeted and resource-efficient outreach. Starting in October, Covered California will test outbound calling strategies based on this model, prioritizing households where outreach will have the greatest impact, with calls conducted in multiple languages, especially Spanish. Ms. Altman noted that outbound calls have proven disproportionately effective for Spanish-speaking consumers and serve as a critical tool in addressing affordability challenges and preventing coverage loss.

Ms. Alvarez expressed interest in how Covered California is leveraging its enhanced Navigator program and community health worker partnerships to reach vulnerable populations identified through PERD's retention risk model.

Ms. Altman highlighted Covered California's strong collaboration with enrollment partners, Navigators, and insurance agents, many of whom serve specific communities and provide support in their own languages. She emphasized that this coordination is central to outreach efforts, with Covered California sharing resources and taking feedback to help partners effectively deploy strategies. Additionally, Ms. Altman provided updates on Covered California's upcoming Open Enrollment plans, emphasizing a shift toward creating authentic, engaging conversations within communities. She highlighted ongoing efforts, such as refreshing the website and implementing a media strategy to ensure consumers receive the necessary information to make informed decisions.

Discussion – State and Federal Policy/Legislative Update

Ms. Altman provided updates on state and federal developments, emphasizing the critical importance of the enhanced premium tax credits, which remain a top priority as Congress prepares to reconvene in September. She shared that Covered California is actively using data, consumer stories, and technical assistance to illustrate the real impacts on members and is working closely with peers in the state Marketplace network to advocate for timely action. Ms. Altman also highlighted ongoing litigation regarding the Centers for Medicare & Medicaid Services (CMS) program integrity rule, which could affect provisions starting in the 2026 Plan Year, as well as federal efforts to restrict access to gender-affirming care.

Ms. Altman mentioned the submission of comment letters to CMS regarding prescription drug machine-readable file disclosure requirements and hospital price transparency data, making them available for review.

Discussion – Data and Research

Emory Wolf, Assistant Deputy Director of PERD, provided an overview of the data on enhanced premium tax credits and their critical role in increasing affordability for Covered California enrollees. She explained that these credits, which have been in place since 2021 and are set to expire at the end of this plan year, eliminate the subsidy cliff for middle-income consumers and ensure two free silver plan options for lower-income consumers. However, updated data for 2026 shows affordability challenges, with premiums expected to rise significantly if the enhanced premium tax credits are not extended. For lower-income enrollees, premiums could increase by \$85 per member per month, with those earning between \$23,000 and \$40,000 seeing their premiums double. Middle-income consumers, who will lose eligibility for tax credits entirely, face an even more dramatic increase, with premiums rising by about \$500 per member per month and potentially reaching \$800-\$1,100 per month to maintain coverage.

Ms. Wolf also highlighted the disproportionate impacts on specific consumer groups who will see annual premium costs rise significantly, in some cases exceeding \$13,000 or consuming 30 percent of household income. Communities of color will also face higher increases, with Latino, Asian American Pacific Islander, and Black or African American enrollees seeing premium hikes of 122 percent, 112 percent, and 106 percent, respectively. She emphasized the importance of addressing these affordability challenges in alignment with Covered California's retention campaign, which aims to keep members enrolled despite premium increases.

Board Comments: Mr. Cornett inquired about Covered California's efforts to effectively disseminate this information to the media and other key stakeholders.

Ms. Altman shared that Covered California is actively preparing to distribute updated data, including a comprehensive file for stakeholder partners and congressional district-level breakouts for the California delegation, timed for their return to Washington, D.C., in September. She noted that once the data is finalized, it will be released to the media through a press release and shared with partners and interested parties at both the state and national levels.

Ms. Alvarez expressed gratitude for the analysis, emphasizing the importance of leading with the human impact behind the data rather than focusing solely on numbers. She highlighted the disproportionate premium increases faced by communities of color, noting that even the smallest increase will be 85 percent. Ms. Alvarez stressed the importance of marketing efforts to retain impacted enrollees, particularly given affordability's role as the top factor in keeping people enrolled.

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Ms. Altman acknowledged Ms. Alvarez's comments and shared the collective concern about the data's implications for millions of people. She emphasized that even those who remain insured will face significant financial strain, with healthcare costs doubling and impacting their ability to afford basic necessities like food, rent, and childcare. She reiterated the importance of early communication to build trust, prepare enrollees for hard decisions, and avoid surprises closer to Open Enrollment. Ms. Altman explained that Covered California began outreach early to allow households time to plan and save for the premium increases, ensuring transparency and support during this challenging time.

Chairwoman Johnson expressed appreciation for the team's efforts in preparing and presenting the data, emphasizing the importance of clear and timely communication to help impacted individuals understand what has happened and why. She highlighted the need to articulate the compounding impacts of federal policy changes on the same individuals and stressed the importance of evidence-based analysis to document health outcomes and progress made to date.

Ms. Altman shared Covered California's plans to assess and report the impacts of policy changes, both individually and collectively. She noted that metrics such as re-enrollment rates, coverage loss, and changes to California's uninsured rate will be tracked in real time during Open Enrollment, while data on healthcare behavior and broader impacts will take longer to analyze. Ms. Altman welcomed suggestions from Board members on additional metrics to measure as Covered California evaluates the effects of these changes.

Public Comment: Doreena Wong, representing Asian Resources Inc., thanked Covered California for expanding its campaign to additional languages and highlighted challenges faced by immigrant communities, which disproportionately affect communities of color.

Cary Sanders, representing the California Pan-Ethnic Health Network, expressed dismay over the projected premium increases and highlighted the real-life struggles individuals face without adequate coverage. Ms. Sanders also commended Covered California's support for Navigators, multilingual marketing, and community outreach efforts.

Diana Douglas, representing Health Access, expressed alarm at the projected 97 percent premium increase for subsidized enrollees. She urged federal and state lawmakers to reinvest in affordability measures and commended Covered California's data analysis for helping advocates prepare for these challenges.

Alicia Emanuel, representing the National Health Law Program and the Health Consumer Alliance, expressed gratitude to Covered California for its research and advocacy on the harm of expiring premium tax credits and expressed concern over projected 2026 rate increases.

Agenda Item V: Covered California Policy and Action Items

Action – Proposed Permanent Identity Verification Regulations

Katie Ravel, Director of PERD, presented a follow-up item on identity verification regulations to the Board. She explained that updates are needed to comply with federal requirements, which mandate a shift from knowledge-based identity proofing to a digital identity verification process. After initiating a 45-day public comment period following her April presentation, no public comments were received. The proposed changes include replacing outdated processes, incorporating risk-based identity questions, adding U.S. visas and border crossing cards as acceptable identity documents, and ensuring the in-person and paper application processes remain unchanged. Ms. Ravel requested Board approval to adopt the updated regulations and file them with the Office of Administrative Law.

Board Discussion: None.

Public Comment: None.

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. Alvarez.

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

Discussion – Proposed Permanent Covered California for Small Business Regulations

Robert Kingston, Director of the Outreach and Sales Division, presented proposed changes to the Covered California for Small Business (CCSB) application guidelines aimed at simplifying the process for employer groups seeking coverage and clarifying existing practices. Currently, CCSB requires a quarterly wage and earnings statement to verify payroll records, but some employer groups face challenges providing this document. While waivers can be approved on a case-by-case basis, this approach introduces delays and uncertainty. To address this, Mr. Kingston proposed formalizing the waiver process through regulation, allowing groups to provide evidence of prior coverage and automatically qualify for the waiver.

Additionally, Mr. Kingston addressed the 70 percent minimum participation requirement, which currently excludes employees with other coverage from the calculation. He proposed amending the rule to include employees with other coverage in the participation count, making it easier for employer groups to meet the requirement. Mr. Kingston outlined the next steps, including initiating a 45-day public comment period from September 5th to October 25th and returning to the Board with the final package in November.

Board Comments: Ms. Alvarez asked for clarification about the origins of the proposed changes, seeking to understand the specific issues being addressed.

Mr. Kingston explained that the changes stem from feedback provided by employer groups applying for coverage through CCSB. The statewide CCSB sales team identified challenges in the application process, prompting the effort to simplify enrollment and reduce barriers for these groups.

Ms. Alvarez also inquired about the cost of coverage in the small business market compared to the broader individual Marketplace, asking for insight into potential differences and contributing factors.

Mr. Kingston noted that small business coverage tends to be slightly lower in cost compared to the individual market, though the pricing differences are not substantial. While he did not have specific figures at hand, he emphasized the general trend of small group coverage being priced slightly lower than individual market plans.

Ms. Altman added two key points to the discussion. First, unlike the individual market, the small group market does not offer tax credits to reduce premiums. Second, CCSB enrollment has a higher proportion of members selecting Platinum and Gold plans, whereas the individual market is more concentrated at the Silver level. She clarified that while small group coverage is slightly lower when comparing similar plan levels, the average cost per person in the small group market may be higher overall due to a preference for more generous plans.

Public Comment: None.

Discussion – Update on 2025 Population Health Investments

Dr. S. Monica Soni, Chief Medical Officer and Director of the Health Equity & Quality Transformation Division, discussed an update on Covered California's Quality Transformation Initiative (QTI) funds and their impact on three major Population Health Investments (PopHI) launched in 2025. She began by explaining that the QTI funds, assessed in 2024 and deployed in 2025, are guided by principles focused on improving health equity and quality of care. Through a population needs assessment and collaboration with the Population Health Advisory Council, Covered California prioritized immediate deployment of funds to maximize impact while addressing systemic inequities.

Dr. Soni highlighted the Grocery Support Program, which provides monthly financial assistance via reloadable cards to low-income enrollees with chronic health conditions who experience food insecurity. Outreach efforts emphasized equity by prioritizing non-English speakers and landline-only populations, offering mailed consent forms and translation services. Challenges such as slower engagement from certain groups were addressed in real time, leading to improvements in enrollment rates. She noted that over 13,000 enrollees are currently benefiting from the program, with nearly \$2 million spent at grocery vendors, wholesale clubs, and discount stores.

The second program, the Child Savings Account initiative, targets Covered California enrollees aged two and under, offering up to \$1,000 in financial incentives tied to health-seeking behaviors like attending well-child visits and receiving vaccinations.

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Partnering with CalKIDS, the program has already enrolled over 500 children and helped 46 percent of families newly claim CalKIDS accounts, demonstrating significant outreach success.

Additionally, Dr. Soni discussed the Equity and Practice Transformation initiative, which supports small, independent primary care practices serving Covered California and Medi-Cal enrollees. Through technical assistance, workshops, and infrastructure support, participating practices have demonstrated statistically significant improvements in continuity of care, empanelment rates, and timely appointment availability. Covered California is investing in advanced tools like artificial intelligence (AI) to ensure these practices can sustain population health improvements. The initiative has been formally evaluated by the California Health Care Foundation, and early results indicate meaningful progress in strengthening the safety net for underserved populations.

Board Comments: Ms. Alvarez commended Dr. Soni's leadership and asked about the qualitative data being collected, program locations, and how outreach networks are being used to address enrollment gaps, particularly for the underutilized CalKIDS program.

Dr. Soni explained that qualitative data is being collected to understand participant experiences, with evaluators analyzing spending behaviors for the Grocery Support Program. She highlighted Covered California's collaboration with CalKIDS to expand outreach, though challenges remain in increasing uptake and fully encumbering funds.

Chair Johnson praised Dr. Soni's efforts and emphasized sharing lessons and evaluations to improve health equity and collaboration across Health and Human Services agencies.

Ms. Altman asked Dr. Soni to provide an update on when evaluation results would be available for the Board.

Dr. Soni shared the evaluation timeline, with preliminary results expected by summer 2026 and claims analysis after 2025, emphasizing real-time evaluation to guide future investments and ensure transparency.

Public Comment: Ms. Sanders commended Dr. Soni for the thoughtful design, evaluation, and scalability of QTI and PopHI, highlighting its role as a model for effective government practices. She asked how the findings from the initiative could inform Medi-Cal managed care plans' community reinvestment efforts and regional interventions, and whether additional funding could expand the Grocery Support Program to reach more households in need.

Ms. Douglas praised Dr. Soni and her team for their innovative programs. She emphasized the importance of evaluating and improving equitable enrollment, particularly for populations impacted by affordability and quality gaps.

Michael Brickstone, representing Neighborhood Health Insurance Center, expressed interest in the Grocery Support Program, highlighting its potential to benefit low-income communities served by his organization's storefronts across Southern California.

Ms. Wong praised Dr. Soni and her team for their innovative programs aimed at supporting vulnerable and low-income communities.

Discussion – Proposed 2026 Population Health Investments

Dr. Soni shared updates on Covered California's 2026 guiding principles and funding, highlighting improvements in key health measures but acknowledging challenges in childhood immunization. QHP issuers will retain \$12 million for quality improvement efforts focused on child health, with coalition-building and partnerships prioritized to develop innovative strategies. She explained that approximately \$18–\$19 million will be allocated for PopHI in 2026.

Board Discussion: Mr. Cornett asked whether childhood immunization rates might improve as the pandemic becomes more distant.

Dr. Soni responded that she does not believe rates will improve, citing increased skepticism toward physicians and public health, which stems from both pandemic-related and broader societal factors.

Dr. Soni provided updates on Covered California's PopHI and proposed strategies for 2026. She expressed optimism about the effectiveness of the current three initiatives but acknowledged the need for modifications. For the Child Savings Account program, Dr. Soni highlighted slower-than-expected progress toward full encumbrance due to limited eligible participants and proposed rolling over the program into 2026 without allocating additional funds. Similarly, she suggested adjustments to the Grocery Support Program to address equity gaps, including removing the chronic illness filter for certain groups, such as non-English-speaking households, to broaden outreach. Surveys and focus groups will guide further program refinements, and unmet demand will be prioritized in budget adjustments.

Dr. Soni also discussed the Equity and Practice Transformation initiative, noting positive early results and exploring future enhancements such as leveraging AI and improving data exchange and technical platforms. She introduced a fourth PopHI for 2026 focused on workforce development, emphasizing the urgent need to address primary care and behavioral health shortages in California. By partnering with the Department of Health Care Access and Information's Health Professionals Pathway Program, Covered California aims to sustain evidence-based interventions that diversify the healthcare workforce and target Health Professional Shortage Areas. Feedback from stakeholders suggested focusing on allied health professionals, post-baccalaureate programs, and integrating participants with Covered California's QTI measures.

Dr. Soni highlighted the importance of balancing direct-to-member support with broader systemic interventions to address workforce gaps and improve access to care. While the Grocery Support Program will receive the majority of the funds due to anticipated enrollment losses, the workforce initiative will address long-term challenges in access and quality. She emphasized the need for external evaluation and proxy measures to assess long-term impacts and ensure alignment with Covered California's guiding principles.

Board Comments: Ms. Sousa asked for clarification on the allocation of the estimated \$19 million budget for 2026, noting uncertainty and rollover funds for the Child Savings Account. She inquired about the split between the programs.

Dr. Soni explained that the budget isn't yet finalized, as QHP issuers have a dispute period, but provided preliminary estimates: no new funds for the Child Savings Account, approximately \$11-12 million for the Grocery Support Program, a couple of million for Equity and Practice Transformation, and \$3-5 million for the Health Professionals Pathway Program.

Ms. Sousa pointed out that the proposed \$3 million for the Health Professionals Pathway Program is minimal compared to previous funding levels, questioning whether such a small allocation would be impactful and noting it would only cover one year.

Dr. Soni clarified that the program typically distributes funds to grantees over five years, meaning even a smaller allocation could support significant outcomes, potentially benefiting up to 1,000 learners across various initiatives. She emphasized the potential return on investment despite the limited budget.

Mr. Cornett highlighted workforce issues as the most significant challenge facing California's healthcare system, noting the widespread impact across primary care, long-term care, and other sectors.

Ms. Altman emphasized the importance of purchasers stepping into the workforce conversation, noting that while workforce challenges are often viewed as too distant to address, Covered California is taking experimental steps through PopHI to prove value and conduct robust evaluations. She highlighted the long-term impact of such initiatives, aiming to support primary care providers in Health Professional Shortage Areas by 2030.

Chairwoman Johnson commended the workforce-related efforts and contextualized them within Covered California's guiding principles and federal policy changes. She encouraged future discussions on unpacking specific metrics and plan-level variations to better understand successes and challenges.

Ms. Alvarez expressed support for Dr. Soni's efforts. Ms. Alvarez asked how Covered California is serving as an example and leader for the California Department of Health Care Services (DHCS), particularly in leveraging managed care plans and partnerships to address issues like community reinvestment amid economic uncertainty.

Dr. Soni explained that the QTI was developed collaboratively across purchasers, with Covered California being one year ahead of the California Public Employees' Retirement System (CalPERS) and DHCS in assessing performance and making funds available. She highlighted the advisory council's role in cross-pollinating ideas between agencies, including DHCS and CalPERS, and noted that lessons learned from Covered California's outreach and literature review are shared to support community reinvestments. Dr. Soni emphasized Covered California's role as a testing ground for scalable solutions, aiming to provide a clear path for other agencies, health plans, and philanthropic organizations to follow.

Public Comment: Ms. Douglas supported Dr. Soni's portfolio but raised concerns about directing \$11.8 million in retained QTI funds toward improving childhood immunization rates.

Ms. Sanders praised the Health Professions Pathways Program for its role in fostering a diverse healthcare workforce and supported Covered California's initial investment despite limited funds.

Discussion – Annual Audit Activities Board Report

Kirk Marston, Chief Audit Executive of the Office of Audit Services, presented an update on audit activities for the 2024-2025 fiscal year. He noted this is the first formal report to the Board, aligning with audit standards and best practices. He highlighted the completion of six out of nine internal audits from the prior fiscal year, with the remainder nearing completion, and emphasized ongoing efforts to track corrective actions for findings. External audits included the annual programmatic audit with six findings, a financial statement audit with no findings, and a State Controller's Office payroll audit that fully implemented corrective actions.

Mr. Marston also outlined plans for new audits, including reviews of Human Resources compliance, Information Technology asset tracking, health plan cost-sharing payments, and agency physical security. Additionally, he previewed advisory engagements focused on the Population Health Initiative, employee engagement surveys, and Ombudsman case inquiries.

Board Comments: None.

Public Comment: None.

The meeting adjourned at 2:30 p.m.