

COVERED CALIFORNIA BOARD MINUTES
Thursday, May 21, 2026
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 10:59 a.m.

Board Members Present During Roll Call:

Craig Cornett
Jerry Fleming
Mayra Alvarez

Board Members Absent During Roll Call:

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

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

Agenda Item III: Board Meeting Action Items

April 16, 2026 Meeting Minutes

Board Comment: None.

Public Comment: None.

Motion/Action: Ms. Alvarez called for a motion to approve the April 16, 2026, meeting minutes.

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, announced that the next Board meeting is scheduled for June 18th.

Discussion – Announcement of Closed Session Actions

Ms. Altman stated that the Board met in closed session to undertake issues related to contracting, personnel, and litigation matters. There were no items to report.

Discussion – State and Federal Policy/Legislative Update

Ms. Altman discussed the governor's May Revise budget proposals, noting the recommendation to allocate \$300 million from the Healthcare Affordability Reserve Fund to Covered California, an increase of \$110 million, to support premium affordability for individuals earning up to 200 percent of the federal poverty level (FPL). She also highlighted the continued \$20 million for the California Premium Credit, now funded from the Reserve Fund, and additional appropriations for gender-affirming care services to offset costs following federal changes. Additionally, Ms. Altman reviewed Medi-Cal proposals, including premium increases for certain populations, delays in policy transitions, and efforts to renew the Managed Care Organization tax under new federal requirements.

Ms. Altman also provided updates from her recent trip to Washington, D.C., where she met with state marketplace leaders, legislators, Centers for Medicare & Medicaid Services (CMS) officials, and other stakeholders. She emphasized California's leadership on affordability and program integrity amid shifting federal policies and noted administrative and consumer impacts of the final 2027 Notice of Benefit and Payment Parameters. She also highlighted ongoing collaboration with the Department of Managed Health Care on prescription drug reporting requirements to strengthen program oversight.

Discussion – Data and Research

Isaac Menashe, Deputy Director of the Policy, Eligibility & Research Division, presented the latest data on special enrollment trends for Covered California, noting a 26 percent decline in net plan selection among consumers above 138 percent of the FPL, consistent with patterns seen during open enrollment. He highlighted a shift toward lower premium Bronze plans, which have higher deductibles but lower premiums, indicating a shift driven by affordability challenges. He also highlighted enrollment drops among higher-income consumers who no longer receive enhanced federal subsidies, with similar drops in conversion rates for populations losing these subsidies, including those affected by Medi-Cal disenrollment and the SB 260 auto-plan selection process. He emphasized that affordability remains the primary driver of reduced enrollment and lower conversion rates.

Board Comment: Ms. Alvarez inquired about recent national press coverage regarding anticipated enrollment losses in the federal marketplace. She asked Ms. Altman to clarify whether these reports also address state-based marketplaces like Covered California or if the focus is solely on the federal marketplace.

Ms. Altman explained that the national press coverage on enrollment declines varies depending on the data source and report. While recent reports have included marketplace enrollment data nationally, covering both federally facilitated and state-based marketplaces, CMS's official June enrollment snapshot will provide a comprehensive and definitive comparison of federal and state marketplaces.

Public Comment: Cary Sanders, representing the California Pan-Ethnic Health Network, expressed gratitude for the detailed enrollment analysis and emphasized the importance of state subsidies in maintaining coverage for lower-income individuals and addressing disparities in coverage gaps.

Doreena Wong, representing Asian Resources, Inc., echoed Ms. Sanders' comments, and expressed gratitude for Covered California's efforts to protect access for lower-income enrollees, prioritize vulnerable populations like transgender individuals needing gender-affirming care, and advocate against harmful federal policies to ensure continued coverage for as many consumers as possible.

Agenda Item V: Covered California Policy and Action Items

Discussion– Covered California's Proposed Fiscal Year 2026-2027 Budget

Jim Watkins, Chief Financial Officer and Director of the Financial Management Division, provided an in-depth overview of the proposed budget for the 2026-2027 fiscal year, emphasizing a shift from incremental budgeting to a more strategic evaluation across all divisions to support long-term fiscal sustainability. Key recommendations include reducing participation fee rates for both the individual market and Covered California for Small Business beginning with plan year 2027. The proposed budget totals \$481.2 million, a 3 percent decrease from the prior year.

He noted that participation fees will remain the primary revenue source and reviewed forecasting scenarios shaped by enrollment uncertainty and external economic and federal policy factors. Despite these pressures, Covered California projects fiscal solvency over the next five years, assuming cost growth near 3.2 percent.

Long-term fiscal planning continues to focus on maintaining a responsible working capital balance while keeping participation fees below 3 percent. Working capital is projected to decline from \$622 million to \$244 million by 2031-2032, reducing the months of operations funded but remaining within a manageable range. Premium growth driven by enrollment declines is expected to offset some revenue impacts.

Board Comments: Mr. Cornett expressed his appreciation for the extensive analysis and effort that went into the proposed budget, noting that the presentation reflects the thorough work done by staff.

Mr. Fleming highlighted the evolution of Covered California's budgeting process, praising its increased sophistication and realistic approach to managing risks over time. He emphasized the importance of positioning the organization to handle uncertainty and commended the team's work.

Public Comment: None.

Discussion – 2027 State Premium Subsidy Program Design

Katie Ravel, Director of the Policy, Eligibility, and Research Division, provided an overview of the proposed expansion of Covered California's state subsidy program for the 2027 plan year, which includes a \$110 million increase in appropriation to extend assistance up to 200 percent of the FPL.

Building on the 2026 structure, the proposal would maintain enhanced federal subsidies for individuals up to 150 percent of the FPL, expand state assistance for those between 150 percent and 165 percent, and introduce eligibility for individuals between 165 percent and 200 percent, benefiting more than 500,000 consumers and significantly lowering net premiums for newly eligible groups.

Ms. Ravel emphasized the program's goals of minimizing enrollment loss, promoting equitable impact, and ensuring year-over-year stability. Final metrics, including enrollment retention estimates, will be presented alongside the finalized program design document, which will outline eligibility requirements, reconciliation processes, repayment caps, and other details.

Board Comments: Mr. Cornett asked Ms. Altman whether there is any reason to believe the legislature might not approve the proposed program expansion, inquiring if the feedback has been entirely positive so far.

Ms. Altman stated that the legislature has generally been supportive of affordability funding for Covered California but acknowledged there might be discussions about the amount and how best to allocate it for improving affordability.

Ms. Ravel shared that she recently testified before both the Assembly and Senate about the proposal and received very positive feedback from legislators and stakeholders. She noted that the presented data was well-received, and there was strong support for the budget augmentation in the upcoming year.

Ms. Alvarez asked Ms. Ravel to provide insight into how the proposal is resonating with consumers, especially as they receive notices and follow news updates. She emphasized the importance of understanding the timing and sequencing of these conversations, as any changes could significantly impact enrollment.

Ms. Ravel explained that the subsidy for newly eligible consumers next year will be applied automatically during their renewal process, requiring no additional action from them. She noted that if the subsidy allows consumers to benefit from switching from a Bronze to a Silver plan, the system will handle the change automatically.

Additionally, Covered California will collaborate with its marketing, communications, outreach, and sales divisions to ensure agents and Navigators inform consumers about the program, and those transitioning from Medi-Cal to Covered California will benefit from the lower prices.

Ms. Altman clarified that while the budget operates on a fiscal year basis, the affordability program and augmentation follow a plan year or calendar year timeline. She emphasized that the increased affordability will take effect during the upcoming open enrollment for 2027 coverage and remain consistent throughout the year, meaning consumers will see lower prices either during renewal next year or when shopping for plans in November.

Public Comment: Ms. Sanders emphasized the widespread acknowledgment, including from the legislature, of the importance of affordability in Covered California, particularly during a challenging budget year with proposed Medi-Cal cuts. She highlighted the urgency of communicating the impact of subsidies.

Ms. Wong expressed gratitude for California's commitment to allocating subsidies to those most in need, particularly amid federal changes and the removal of federal subsidies.

Discussion – Behavioral Health Insights

Dr. S. Monica Soni, Chief Medical Officer and Chief Deputy Executive Director of the Health Equity and Quality Transformation Division, provided an overview of Covered California's efforts to address behavioral health needs among enrollees, highlighting data-driven insights and challenges in improving access and equity. She noted significant increases in adult and pediatric behavioral health utilization since 2020, alongside persistent racial, ethnic, and geographic disparities. Telehealth remains the dominant mode of care but shows uneven uptake across regions. She also highlighted gaps in provider-patient concordance based on race, ethnicity, and language. Health plans are advancing initiatives such as school-based staffing, community partnerships, and digital scheduling to improve access, and Dr. Soni emphasized continued collaboration to advance equitable behavioral health care.

Board Comments: Mr. Cornett remarked on the richness of the data presented and noted that it seemed counterintuitive for telehealth utilization to be slower in rural areas. He inquired whether there was any theory to explain this unexpected trend.

Dr. Soni shared that Covered California is fortunate to have a close relationship with California Public Employees' Retirement System (CalPERS), which provides valuable data for comparison. She mentioned that CalPERS will soon present findings from a secret shopper study on behavioral health access, offering an opportunity to compare their insights with Covered California's data. She noted that the current member survey includes only a single question on mental health access, suggesting there may be additional factors not captured, and expressed interest in learning from CalPERS to enhance survey questions for a more comprehensive comparison.

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Ms. Alvarez inquired about the implications of Proposition 1 implementation, particularly the shift of prevention and early intervention efforts to the state level and its impact on community-based organizations serving communities of color and children. She expressed curiosity about how resources will be reallocated and what steps are being considered to ensure access outside of health plans, asking for thoughts and reflections on the matter.

Dr. Soni acknowledged that Covered California does not yet have a comprehensive perspective on the matter. She shared that efforts have been made to cascade information about state-funded youth programs to health plans and CalPERS to leverage those resources for Covered California members. However, she emphasized the need for greater intentionality in addressing the shifts and synergies highlighted.

Public Comment: Ms. Sanders expressed her appreciation for Dr. Soni's presentation and the use of Health Equity Index data on behavioral health. She inquired about differences between audio and video telehealth and suggested expanding access through digital infrastructure like hotspots at schools and public sites.

Ms. Wong expressed gratitude for Dr. Soni and her team's efforts to collect and report disaggregated data to better understand the lack of behavioral health service utilization.

She emphasized the need to address gaps in culturally appropriate providers, cultural stigma, and other barriers to access, advocating for community health workers and best practices to connect underserved populations to behavioral health services.

Special Public Comment Period: Beth Capell, representing Health Access California, expressed gratitude to the Covered California staff and commended the organization for its robust behavioral health data collection. She also celebrated the success of the premium subsidy program in reducing enrollment drops and improving affordability.

Additionally, Ms. Capell acknowledged the state budget and praised Covered California's budget review, including the reduction of both the budgeted amount and the participation fee while maintaining responsible reserves. She appreciated the organization's responsiveness to the financial challenges faced by state and local governments.

The meeting adjourned at 2:17 p.m.