



Policy and Action

June 18, 2026 Board Meeting



Policy and Action Items

- 01** Covered California's Proposed Fiscal Year 2026-2027 Budget – **Action**
- 02** 2027 State Premium Subsidy Program Design – **Action**
- 03** 2027 Standard Benefit Designs – **Action**
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- 05** Proposed Emergency Eligibility and Enrollment Regulations – **Discussion**



Covered California's Proposed Fiscal Year 2026-2027 Budget

Jim Watkins, Director & Chief Financial Officer•
Financial Management Division

Action

Highlights of the FY 2026-27 Proposed Budget

Budgeting Strategy and Outcomes

- Covered California has shifted from an incremental to a strategic budgeting approach
- All 19 divisions evaluated their specific budget line items as part of a strategic budgeting exercise and reallocated resources to more closely align their budgets with historic spending patterns and strategic objectives
- No new positions were added. Vacant positions were repurposed to meet new staffing needs.
- Budgeted expenditures were reduced by \$22 million in the baseline and \$14 million year over year.

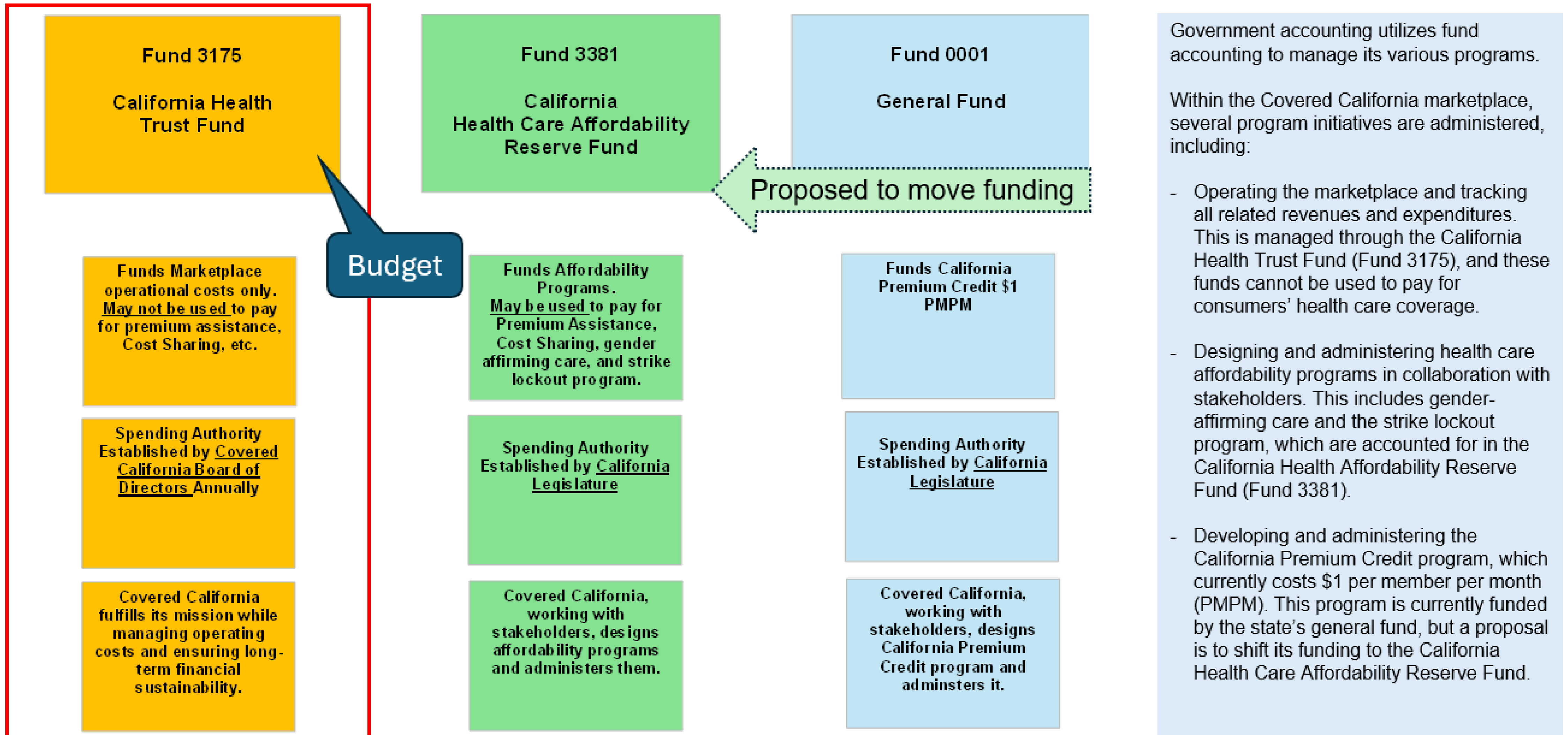
Long – Term Budget & Fiscal Sustainability

- We developed long-term trajectories for enrollment, revenue, and expenditures through FY 2031-32.
- We evaluated the impact of these trends on income and the fund balance (working capital).
- We formulated strategies to ensure that Covered California maintains a reasonable participation fee rate while also retaining adequate working capital throughout the forecast range.
- We performed sensitivity analyses to understand the financial implications of alternative scenarios and be able to adjust our strategy accordingly.

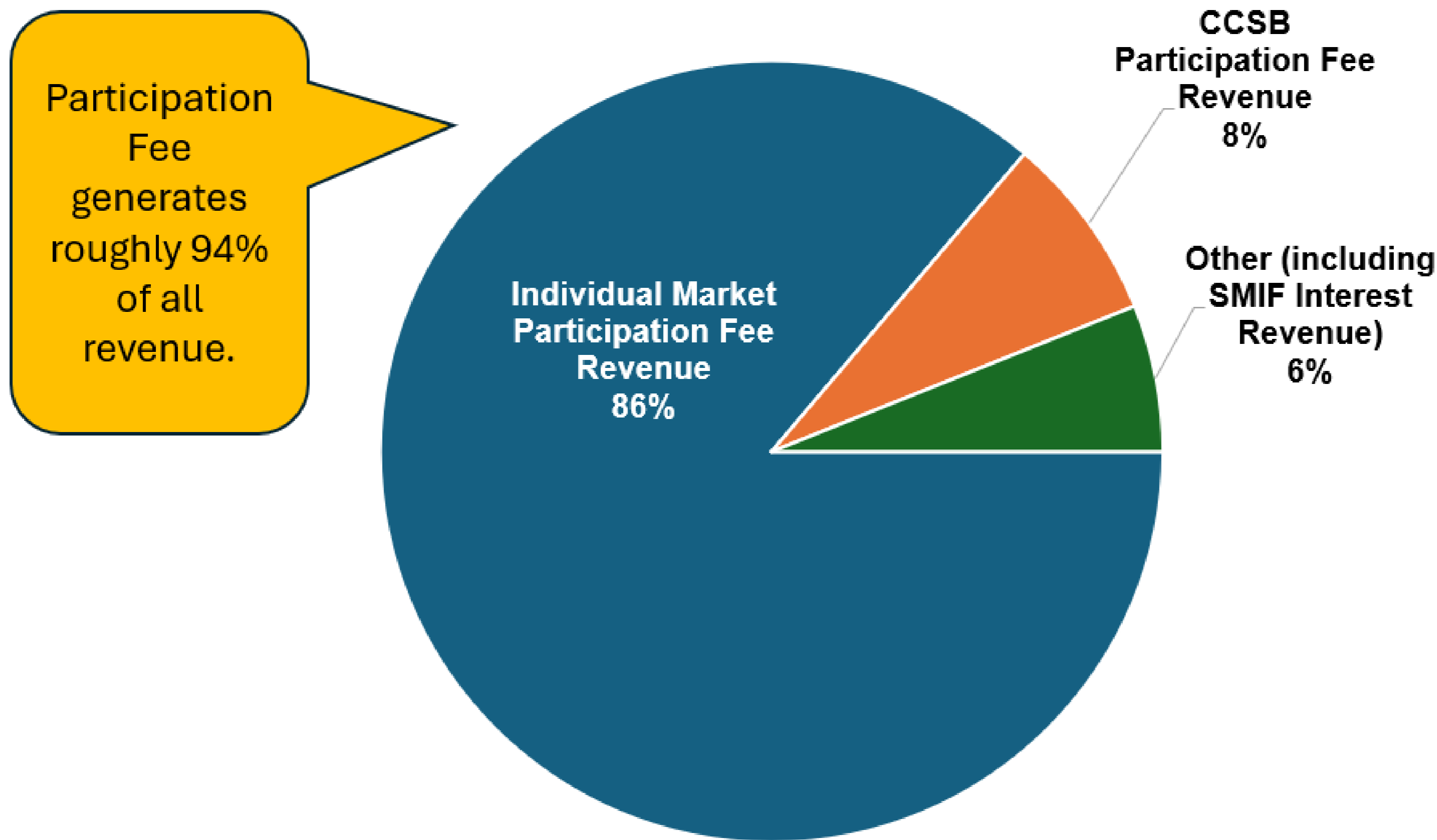
Background



Fund Accounting and the Associated Programs



Where Does Covered California Obtain Its Funds For Operations?

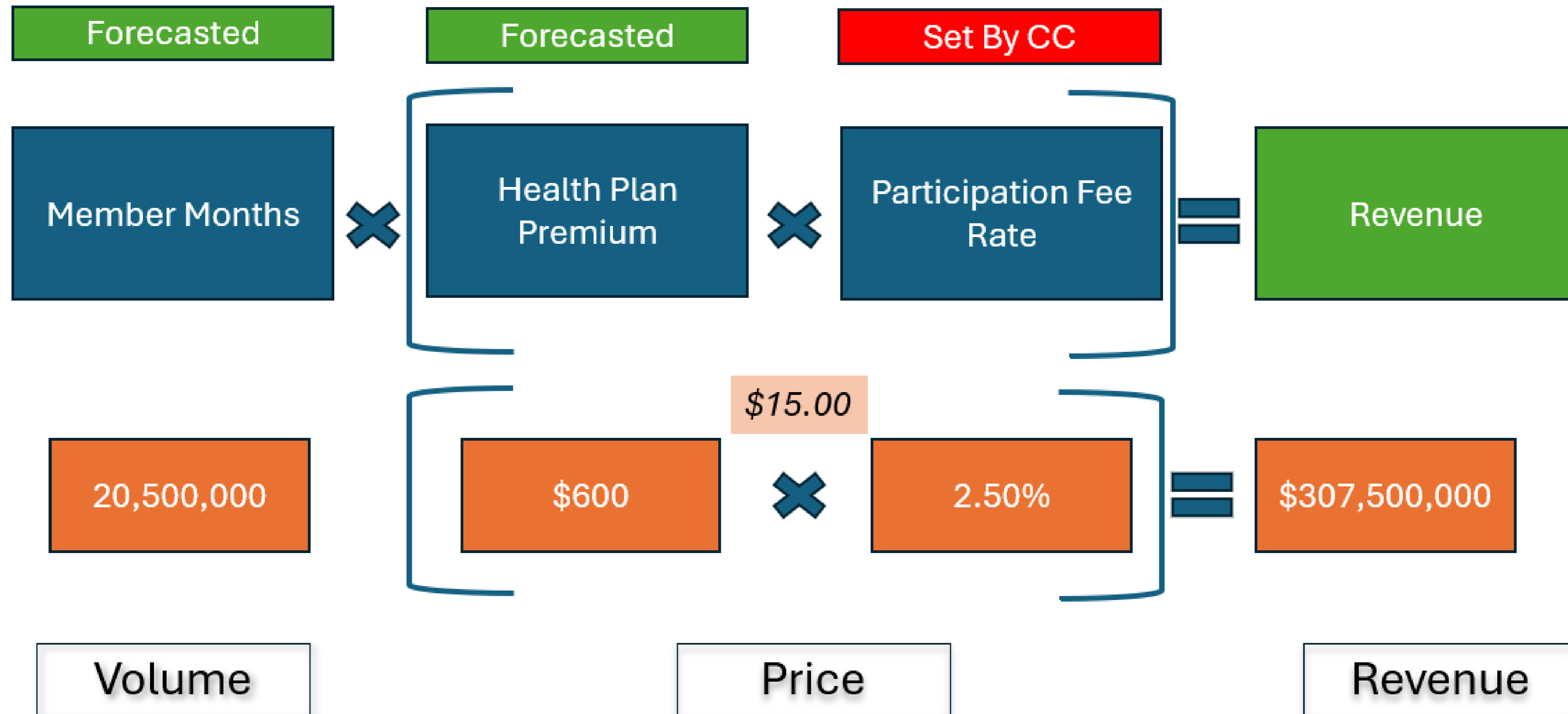


Covered California generates its operational revenues through charging a participation fee to participating carriers. This includes both the individual market and the Covered California for Small Business (CCSB) program.

Roughly 86% of total revenues come from the individual market participation fee rate and 8% from the CCSB participation fee rate. These two categories combine for 94% of Covered California’s total revenues.

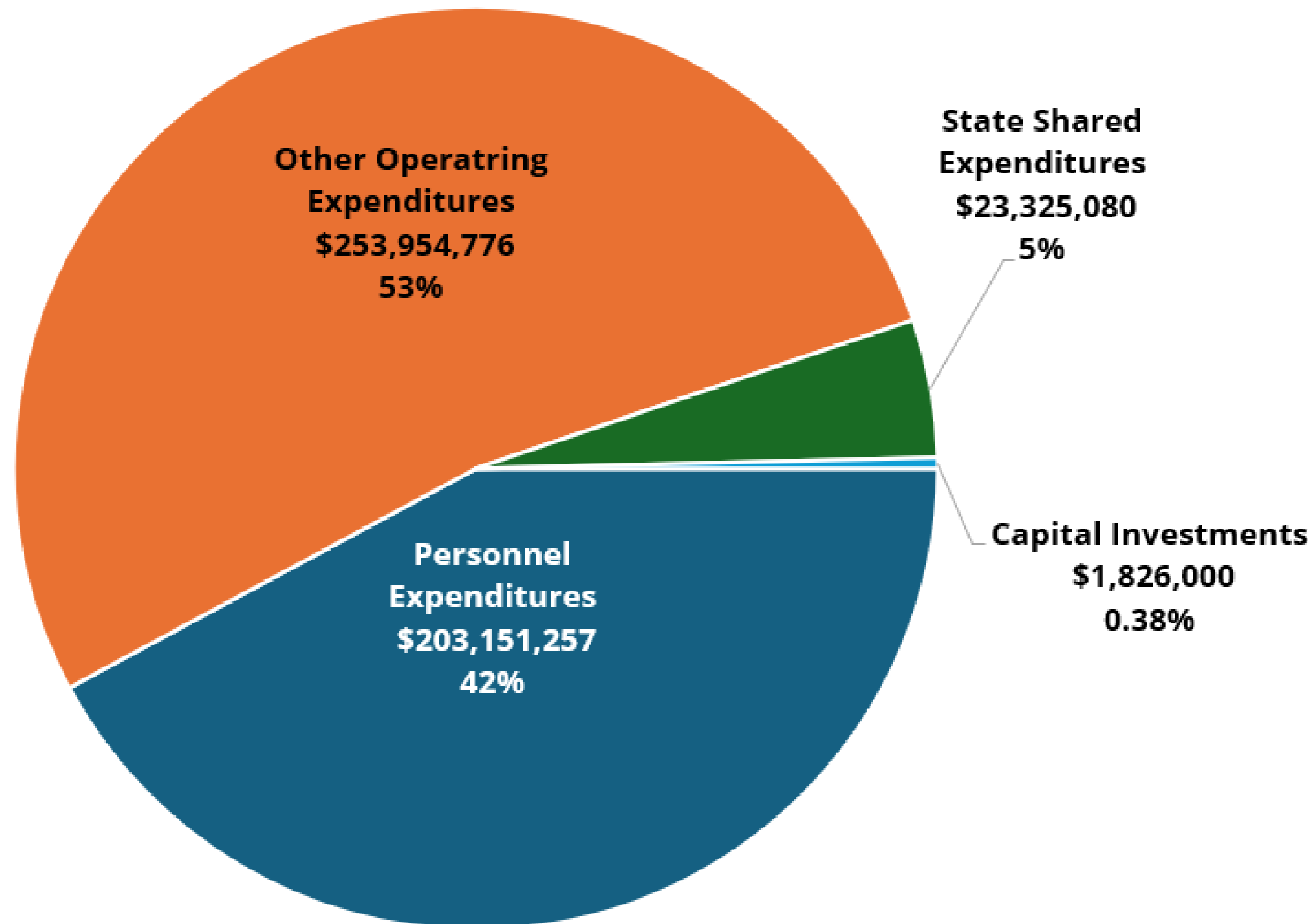
Other revenues include state surplus money investment returns, or interest revenue. They generate roughly 6% of total revenues. Due to the higher return rates and the principal balance invested, Covered California receives roughly \$25 million to \$27 million annually from this source.

Participation Fee Revenue Formula



Where Does Covered California Spend its Funds?

FY 2026-27 Proposed Budget
Total = \$482,257,113



Approximately 42% of Covered California's operating expenditures are related to personnel costs. Overall, operating expenditures—which encompass service contracts, lease payments, software licenses, and more—make up about 53% of the total.

State shared expenditures allocated to Covered California account for 5% of total expenditures, while capital investments represent roughly 0.38%. These capital costs are associated with leasehold improvements and IT refreshment expenses.

Enrollment Forecast



Enrollment Forecast

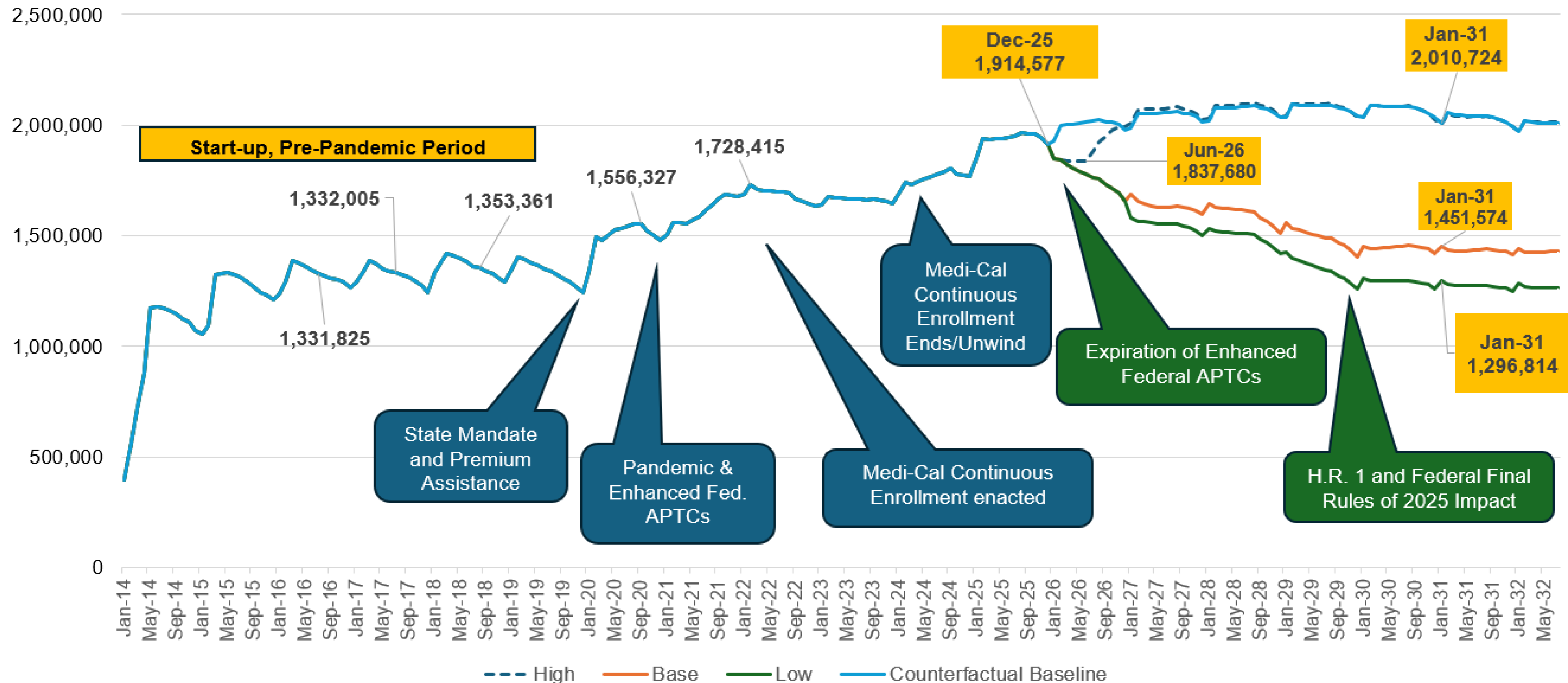
<p>Counterfactual "As Is"</p>	<p>Assumes that the enhanced federal APTCs do not expire, H.R. 1 and the Final Federal Rules adopted in 2025 are not implemented.</p>	<p>Labor market assumptions, Macroeconomic condition assumptions, and Medi-Cal transition assumptions apply.</p>
<p>High "Sensitivity Analysis"</p>	<p>Assumes that the enhanced federal APTCs are reinstated in July, 6 month return to trend. H.R. 1 and Final Federal Rules adopted in 2025 are not implemented.</p>	<p>Labor market assumptions, Macroeconomic condition assumption, and Medi-Cal transition assumptions apply.</p>
<p>Base "Budget Forecast"</p>	<p>Assumes that the enhanced federal APTCs expire, H.R.1 and Federal Final Rules adopted in 2025 are implemented.</p>	<p>Labor market assumptions, Macroeconomic condition assumptions, and Medi-Cal transition assumptions apply.</p>
<p>Low "Sensitivity Analysis"</p>	<p>Assumes that the federal enhanced subsidies expires, H.R. 1 and Federal Final Rules adopted in 2025 are implemented.</p>	<p>Labor market assumptions, Macroeconomic conditions, and Medi-Cal transitions assumptions apply.</p>

Each budget year, FMD develops a range of enrollment forecasts: **High, Base, and Low**. For this year’s forecasting exercise, FMD first established a counterfactual baseline that assumes no policy changes and projects enrollment under current trends.

From that baseline, FMD developed three forecast scenarios:

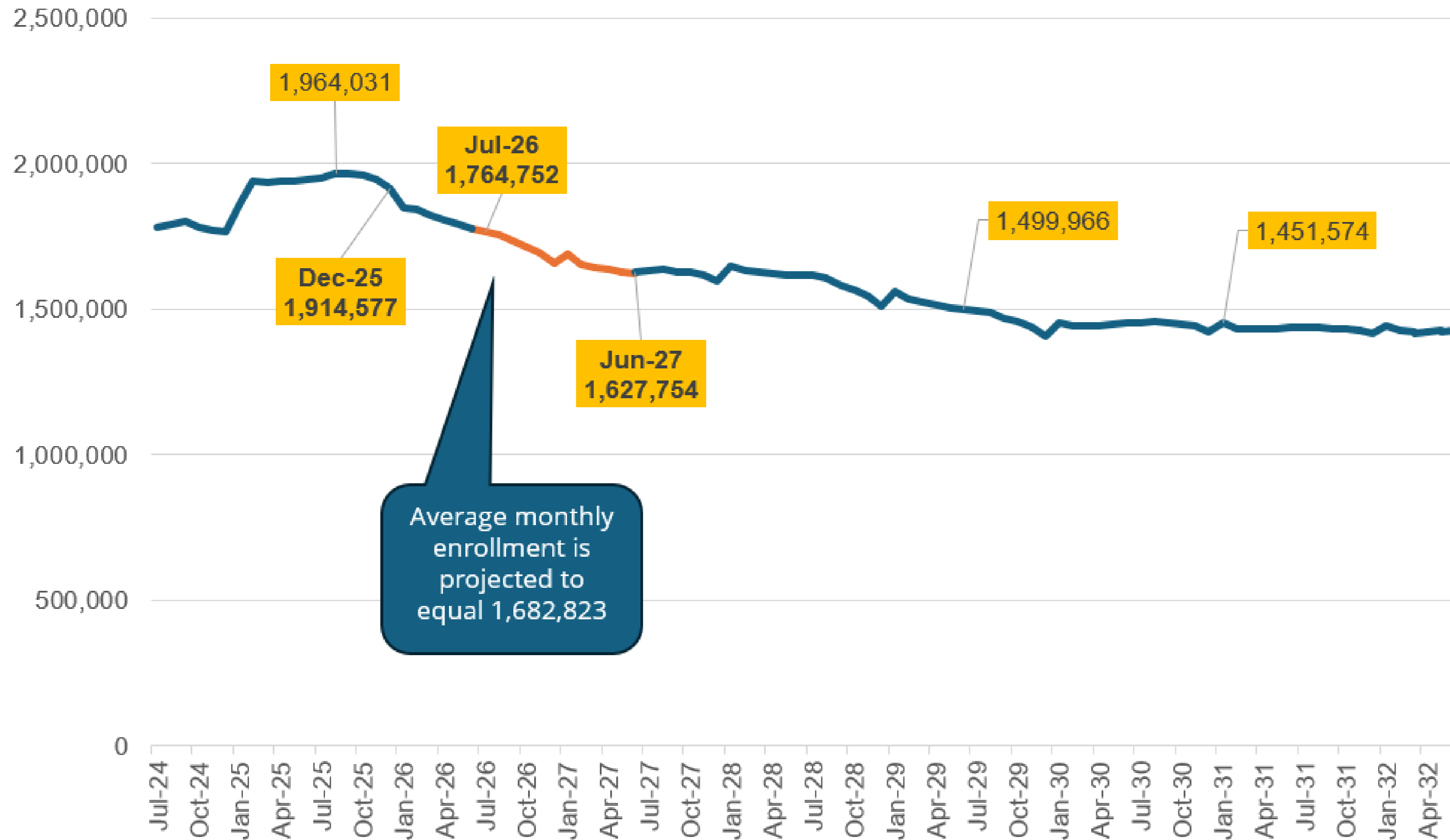
- **High forecast:** Assumes the enhanced federal APTCs expire but are reinstated in July 2026, with enrollment recovering gradually over six months as consumers regain coverage. This scenario also assumes that H.R. 1 and the 2025 federal final rules are not adopted and therefore do not affect enrollment.
- **Base forecast:** Assumes the enhanced federal APTCs expire, the provisions of H.R. 1 are implemented, and the 2025 federal final rules take effect. Under this scenario, enrollment declines steadily throughout the forecast period.
- **Low forecast:** Assumes consumers respond more strongly to the federal policy changes, leading to larger enrollment declines across the forecast period.

Actual and Forecast Enrollment Trends



Base- Enrollment Trend over the Forecast Range

Base - Medical Enrollment Trend



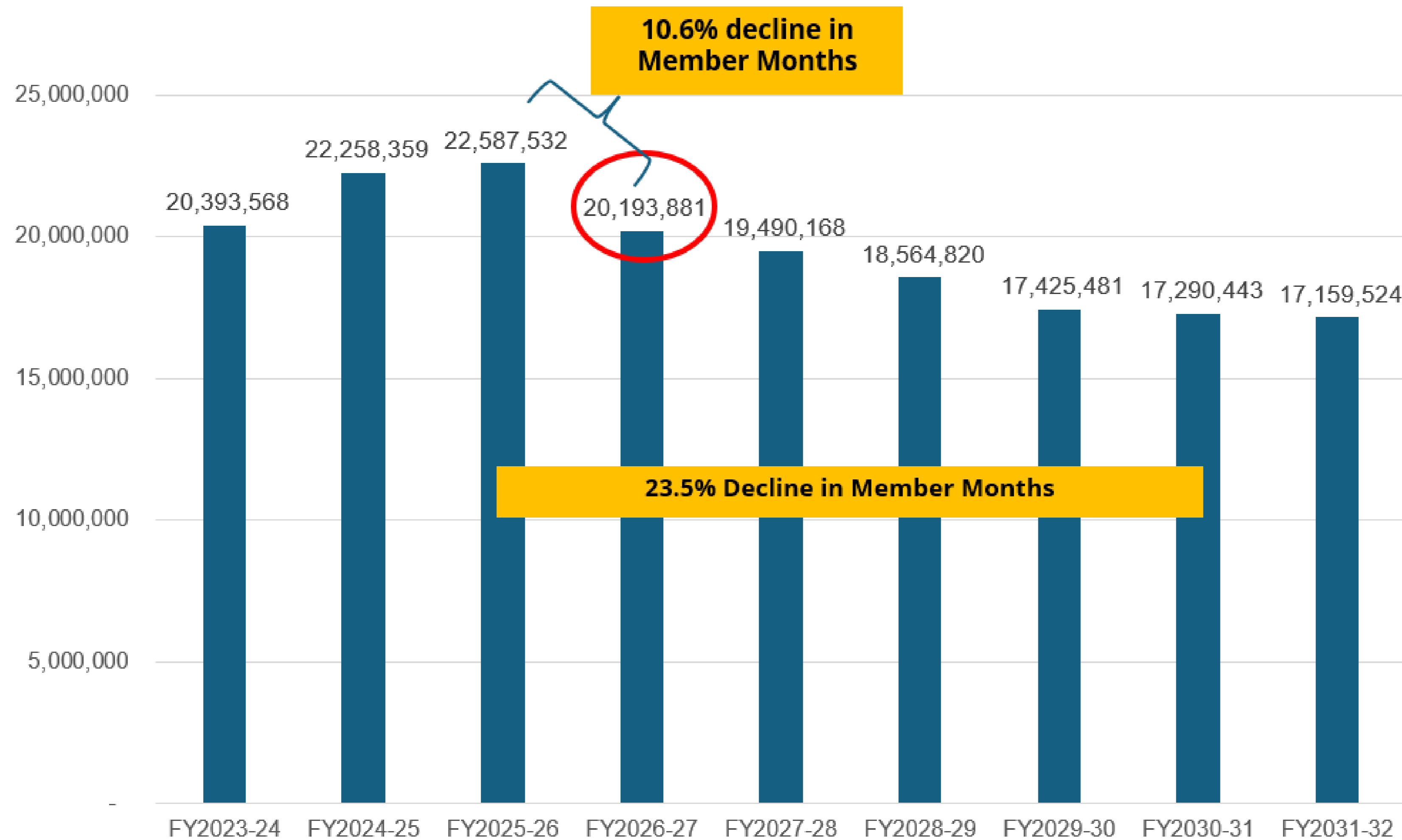
Average monthly enrollment is projected to equal 1,682,823

Enrollment in Covered California is expected to decrease over the forecast period, falling from a peak of 1.964 million in August 2025 to 1.451 million by January 2031.

This decline in enrollment is attributed to the expiration of federal enhanced APTCs, changes under H.R. 1, and modifications to the 2025 Federal Final Rule.

During the fiscal year 2026-27, Covered California anticipates a decline in enrollment from 1.764 million in July 2026 to 1.627 million in June 2027.

Base- FY Member Month Trend Over the Forecast Range

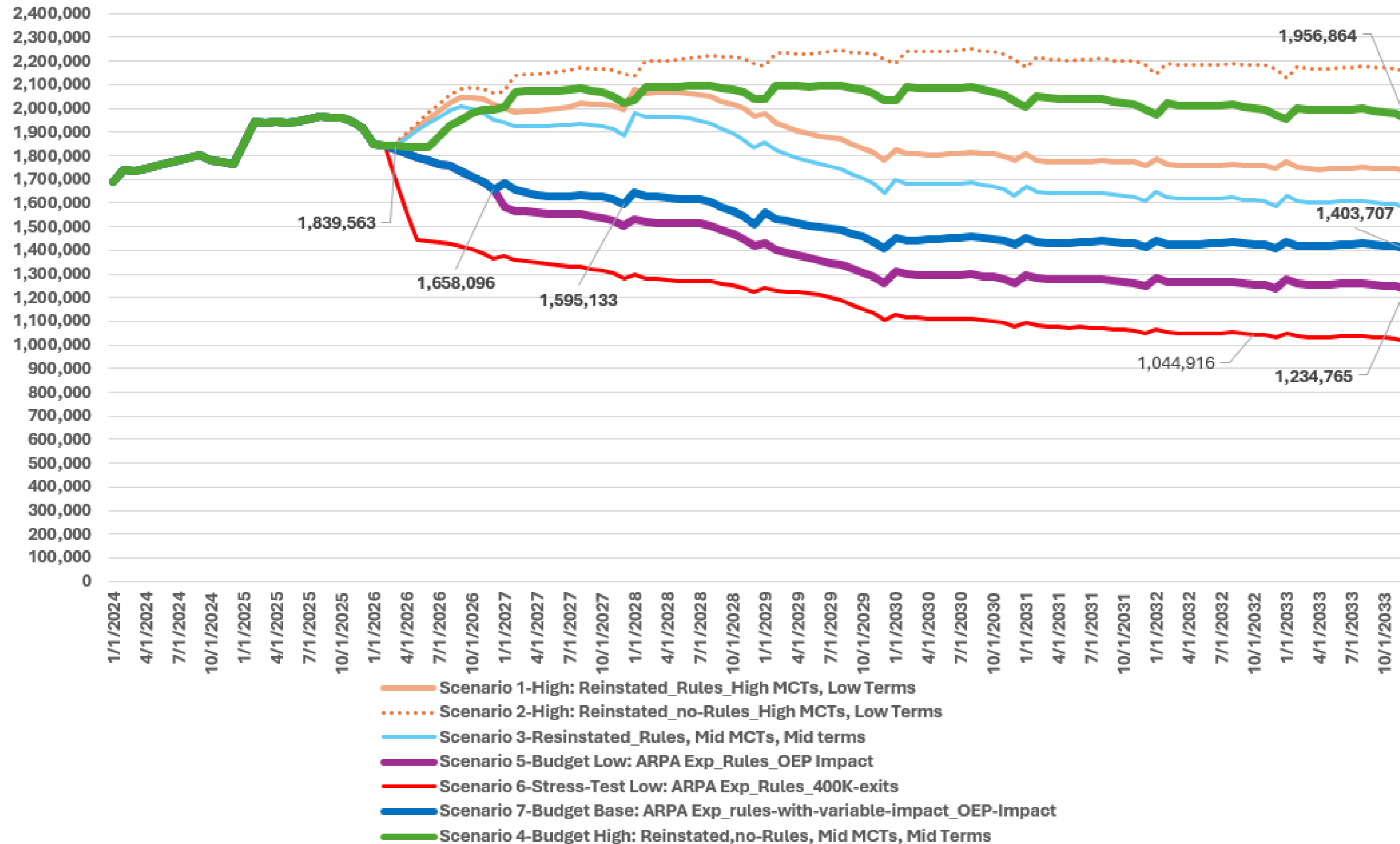


Member months, which represent one of three factors for determining Covered California’s participation fee revenue, are forecasted to decline by 10.6% between FY 2025-26 and FY 2026-27. Total member months are projected to decline from the FY 2025-26 peak of 22,587,532 to 17,290,443 by FY 2030-31, representing a 23.5% decrease.

This FY 2026-27 budget-year decline results from the expiration of the federal enhanced subsidies on December 31, 2025.

Throughout the remainder of the forecast range, member months will continue to decline as the effects of H.R.1 and the 2025 Federal Final Rule change are implemented

Inherent Uncertainty

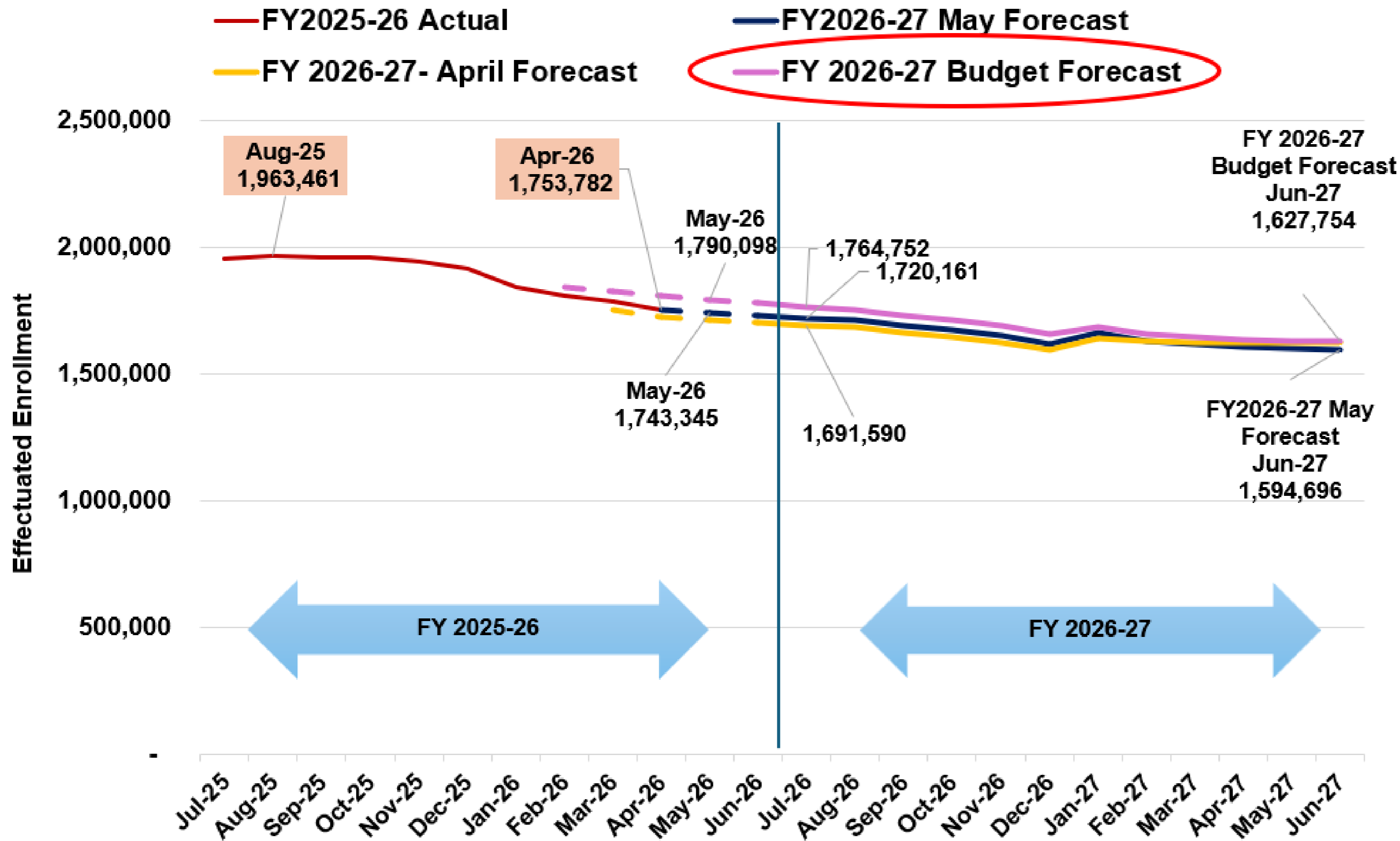


As with all forecasts, there is uncertainty.

Several factors may cause actual enrollment to differ from the projected enrollment. These factors include:

- The reinstatement of enhanced federal subsidies,
- Actual individual responses to price changes that may differ from the modeled assumptions,
- Variations in macroeconomic and labor market conditions compared to the forecasted assumptions, and
- The forecast assumes that current laws will remain in effect. Policy changes due to political transitions may lead to enrollment outcomes that differ from projections as the long-term trend progresses.

Revisions to FY 2026-27 Enrollment Forecast



Covered California updates its enrollment forecast each month with the latest actual enrollment as well as any changes to its forecasting assumptions.

In early 2026, estimates of the timing of enrollment losses due to the expiration of the enhanced federal subsidies were based on the high number of passive renewals during open enrollment and the expectation that 55% of those losses would occur throughout 2026.

As the 90-day grace period for December and January disenrollments passed, and actual termination numbers became available, Covered California revised its enrollment forecast downward.

At this point, the “budget” forecast presented in the budget book represents the best estimate. We anticipate that there may be an upward revision to the forecast if the added state premium assistance is approved by the legislature as proposed in the Governor’s May revision.

FY 2026-27 Proposed Budget



FY 2026-27 Proposed Budget Modifications Since the May Proposal

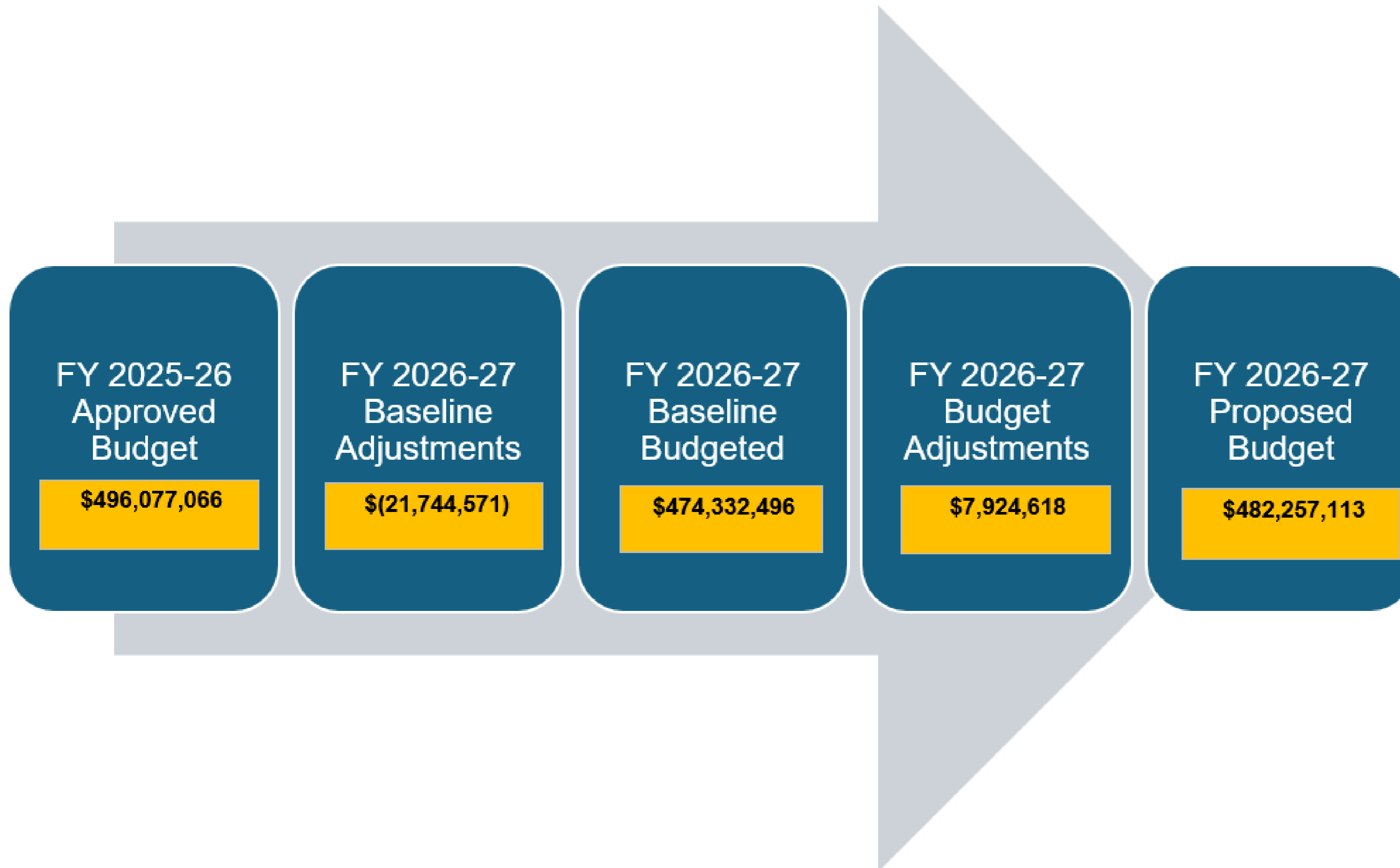
	Fiscal Year 2026-27 Proposed Budget May 2026	Fiscal Year 2026-27 Proposed Budget June 2026	Difference	% Change
Positions	1506	1506	0	
Operating Expenditures				
Personnel Expenditures	\$ 202,100,439	\$ 203,151,257	\$ 1,050,818	0.520%
Other Operating Expenditures	\$ 253,954,776	\$ 253,954,776	\$ 0	0.000%
Subtotal	\$ 456,055,215	\$ 457,106,033	\$ 1,050,818	0.230%
Allocated Expenditures				
Prorata/Supp. Pension/Other	\$ 23,325,080	\$ 23,325,080	\$ -	0.000%
Total Operating Expenditures	\$ 479,380,295	\$ 480,431,113	\$ 1,050,818	0.219%
Capital Investments				
Capital	\$ 1,826,000	\$ 1,826,000	\$ -	0.000%
Total - Capital Project Expenditures	\$ 1,826,000	\$ 1,826,000	\$ -	0.000%
Total Budgeted Expenditures	\$ 481,206,295	\$ 482,257,113	\$ 1,050,818	0.218%

Since the May 2026 presentation, changes have been made to the proposed budget for FY 2026-27.

According to CalHR policy, state employees can receive payment for any unused accrued vacation and annual leave at their final salary rate upon separation or retirement.

To account for these lump-sum payments related to recently announced retirements, an additional \$1.05 million has been added to the proposed personnel expenditures budget.

FY 2026-27 Proposed Budget



Covered California’s proposed budget for FY 2026-27 totals \$482.3 million, which is \$13.8 million less than the approved budget of \$496.1 million for FY 2025-26.

In the FY 2026-27 budget cycle, Covered California has shifted to a strategic budgeting approach that better aligns with its status as an enterprise fund. Previously, Covered California used an incremental budgeting method, which often led to budget slack—a common issue with that approach.

For FY 2026-27, Covered California has conducted a thorough review of its budget processes and has challenged each of its 19 divisions to critically assess their budgets and cost drivers. Covered California aims to adopt a strategic budgeting approach centered on cost optimization, moving away from traditional cost-cutting and incremental improvements.

The emphasis is now on creating broader efficiencies across the organization. This involves freeing up resources (capital, equipment, or people) to redeploy them and propel the organization toward a more efficient, resilient, and prosperous future.

FY 2026-27 Proposed Budget

	Fiscal Year 2025-26	Fiscal Year 2026-27	Fiscal Year 2026-27	Fiscal Year 2026-27	Fiscal Year 2026-27	% Change
	Approved Budget	Baseline Adjustments	Baseline Budget	Budget Changes	Proposed Budget	FY 2025-26 vs. FY 2026-27
Positions	1506	0	1506	0	1506	0
Operating Expenditures						
Personnel Expenditures	\$ 204,324,952	\$ (1,576,818)	\$ 202,748,135	\$ 403,123	\$ 203,151,257	-0.6%
Other Operating Expenditures	\$ 266,258,644	\$ (19,825,363)	\$ 246,433,281	\$ 7,521,495	\$ 253,954,776	-4.6%
Subtotal	\$ 470,583,596	\$ (21,402,181)	\$ 449,181,416	\$ 7,924,618	\$ 457,106,033	-2.9%
Allocated Expenditures						
Prorata/Supp. Pension/Other	\$ 18,667,470	\$ 4,657,610	\$ 23,325,080	\$ -	\$ 23,325,080	25.0%
Total Operating Expenditures	\$ 489,251,066	\$ (16,744,571)	\$ 472,506,496	\$ 7,924,618	\$ 480,431,113	-1.8%
Capital Investments						
Capital	\$ 6,826,000	\$ (5,000,000)	\$ 1,826,000	\$ -	\$ 1,826,000	-73.2%
Total - Capital Project Expenditures	\$ 6,826,000	\$ (5,000,000)	\$ 1,826,000	\$ -	\$ 1,826,000	-73.2%
Total Budgeted Expenditures	\$ 496,077,066	\$ (21,744,571)	\$ 474,332,496	\$ 7,924,618	\$ 482,257,113	-2.8%

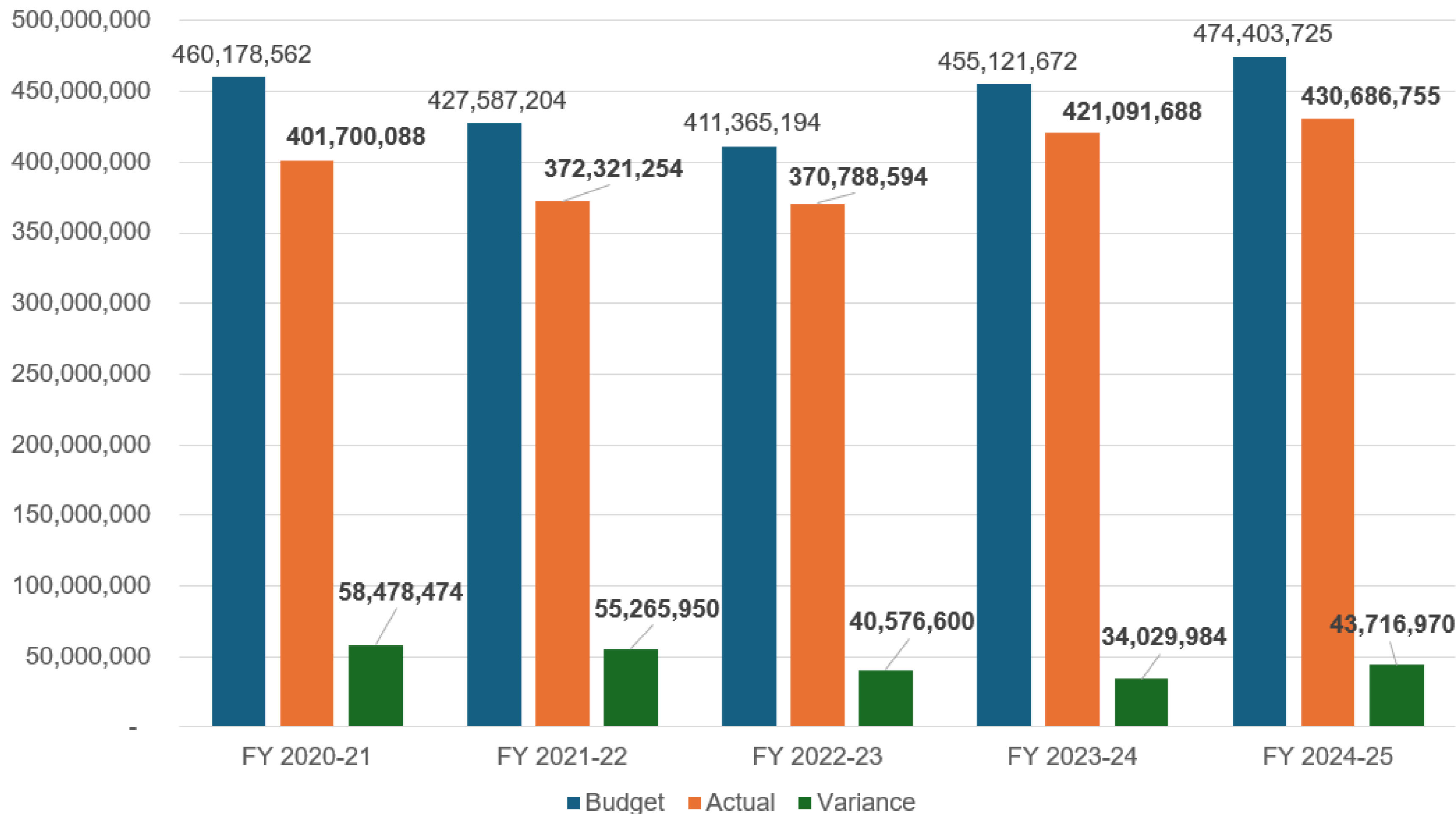
FY 2026-27 Budget Augmentations

Request	Amount
<p>Policy Eligibility and Research requested \$4.0 million in funding for the competitive procurement of the Health Evidence Initiative database. It is assumed there will be an overlap, as the contract may be transferred to a new vendor with both vendors operating simultaneously for a period. Therefore, they have requested additional funding for FY 2026-27.</p>	\$4,000,000
<p>Communications requested \$1.2 million in additional funding for public relations. The public relations contract was amended, and the Board approved an increase in funding totaling \$1.2 million in August 2024, but the revised contract value was not budgeted in FY 2025-26; therefore, it was added to the FY 2026-27 proposed budget.</p>	\$1,200,000
<p>Executive Office requested \$500,000 for strategic planning that will occur throughout FY 2026-27.</p>	\$500,000
<p>Marketing requested \$225,000 in additional funding to support advertising efficacy analysis. The additional funding will enable the Marketing Division to adjust spending effectively by audience and channel, provide robust data on recommended marketing spend, and enhance overall efficiency and impact.</p>	\$225,000

FY 2026-27 Budget Augmentations

Request	Amount
<p>Data & Insights Office requested \$974,753 to establish the office. The Data & Insights Office will design and implement Covered California's enterprise data strategy and governance capabilities.</p> <p>The request includes \$571,630 for training, travel, and other operating expenditures. Additionally, 8 staff were transferred from other Covered California Divisions to establish the Office. These positions were reclassified into higher-paying research and information technology classifications, which will increase salaries and benefit expenditures by \$403,123.</p>	\$974,753
<p>Service Center requested \$679,140 in funding to support the increased cost of conducting hearings and the adjudication process for individual market consumers.</p>	\$679,140
<p>Outreach and Sales requested \$180,725 in additional funding to transition to a new vendor.</p> <p>Additionally, \$75,000 in funding is requested to integrate connectivity with benefit platforms for CCSB's key insurance agents and general agents.</p>	\$255,725
<p>Office of Legal Affairs requested \$90,000 for pre-litigation software.</p>	\$90,000
<p>Total Budget Augmentation</p>	\$7,924,618

Budgeted Expenditures vs. Actual Expenditures



Throughout Covered California’s history, it has recognized favorable budget variances. That is, it has budgeted more than it incurs in expenditures throughout the fiscal year.

This results from several factors. Because the budget was prepared using an incremental approach, it did not critically examine its baseline budget year-over-year. This led to the accumulation of budget slack over time, which is not uncommon. In addition, because many of the efforts were new endeavors, initial budget estimates often overestimated the effort’s costs. Also, changing priorities driven by an uncertain environment also contributed to the outcomes. Specific plans throughout the fiscal year were interrupted, and new priorities materialized.

In turn, the estimated cost of delivering marketplace services tended to be overstated year to year in budgetary terms.

Low-Term Financial Forecast

Base Financial Forecast
Low Financial Forecast
High Financial Forecast



Managing Working Capital Over The Forecast Range

Revenue	-	Expenditures	=	Change in Fund Balance	+	Beg. Fund Balance (Working Cap.)	=	Ending Fund Balance
\$100	-	\$100	=	\$0	+	\$200	=	\$200
\$75	-	\$100	=	(\$25)	+	\$200	=	\$175

Adjust the participation fee rate downward

Brings Down the Fund Balance (Working Capital)

Base Long-Term Fiscal Forecast Assumptions

	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Fiscal Year	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 31-32	
Calendar Year	2026	2027	2028	2029	2030	2031	2032
Premium Growth-Indiv Mkt	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Participation Fee Rate-Indiv Mkt	2.50%	1.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Premium Growth-CCSB	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Participation Fee Rate-CCSB	4.75%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%
Personnel Expenditures	3.20%	3.20%	3.20%	3.20%	3.20%	3.20%	
Vacancy Rate	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	
Personnel Count Change	0	0	0	0	0	0	
Other Operating Expenditures	3.20%	3.20%	3.20%	3.20%	3.20%	3.20%	
State Shared	3.20%	3.20%	3.20%	3.20%	3.20%	3.20%	
SMIF	3.50%	3.00%	3.00%	3.00%	3.00%	3.00%	

The individual market participation fee rate is reduced to 1.0% for the plan year 2027. It will then increase to 2.5% in the rate year 2028, remaining at that level for the rest of the forecast period. The CCSB participation fee rate will be reduced from 4.75% to 4.25% in plan year 2027 and will remain at 4.25% throughout the forecast range.

Premiums in the individual market will grow by 7.0% throughout the forecast range. For the CCSB market, it is assumed that premiums will grow at 7.5% in rate year 2027 and 6% throughout the remainder of the forecast range.

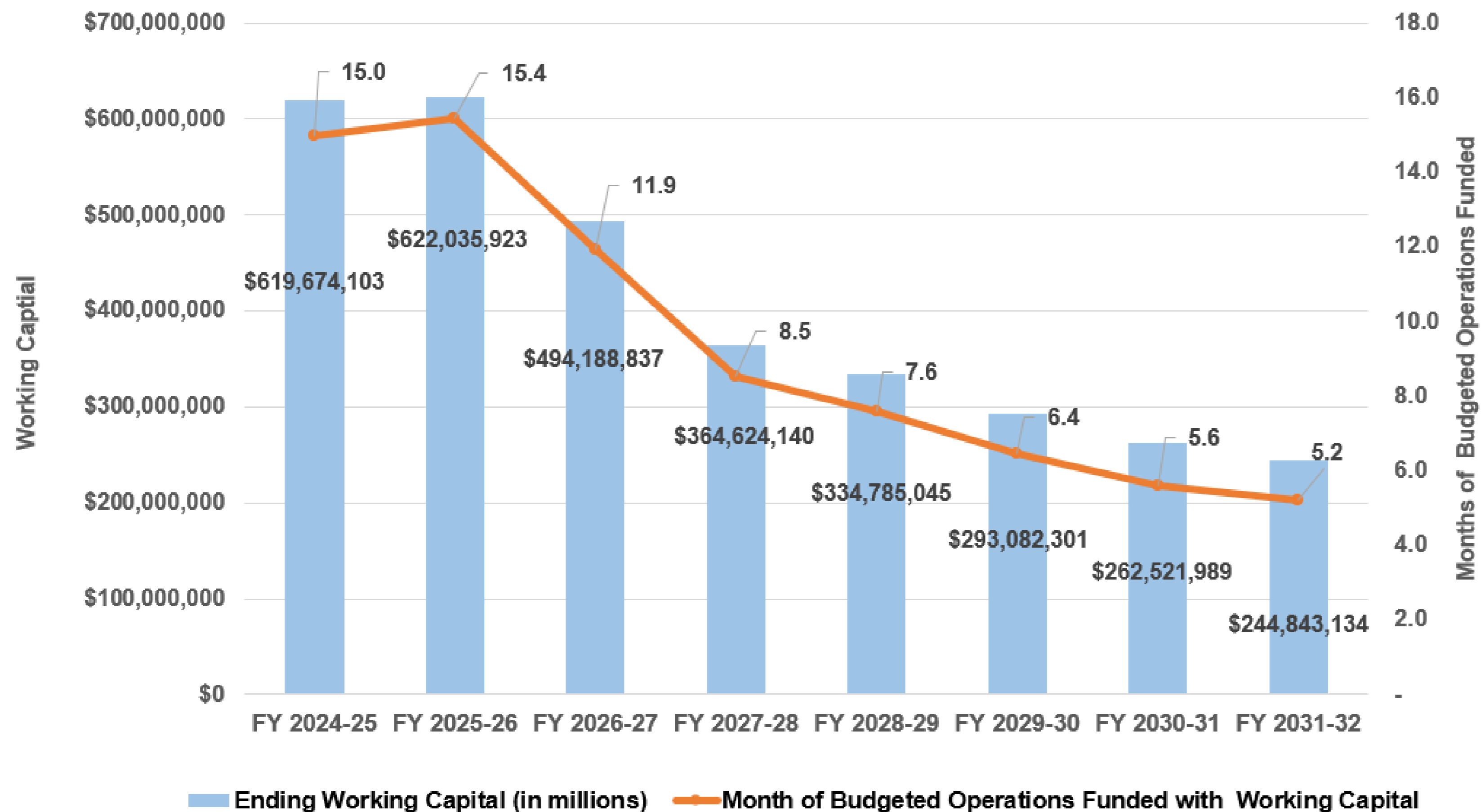
Overall, operating and capital expenditures will grow at 3.2% year-over-year, which aligns with the growth rates in the governor’s budget for the consumer price index and the employment cost index.

It is assumed that Covered California will hold and budget a steady 5.0% vacancy rate and will not add additional positions throughout the forecast range.

The State Surplus Money Investment Fund (SMIF) yield rate is expected to remain at roughly 3.0% throughout the forecast range.

Base Financial Forecast: Working Capital and Month of Budgeted Operations Funded

Working Capital/Months of Budgeted Operations Funded



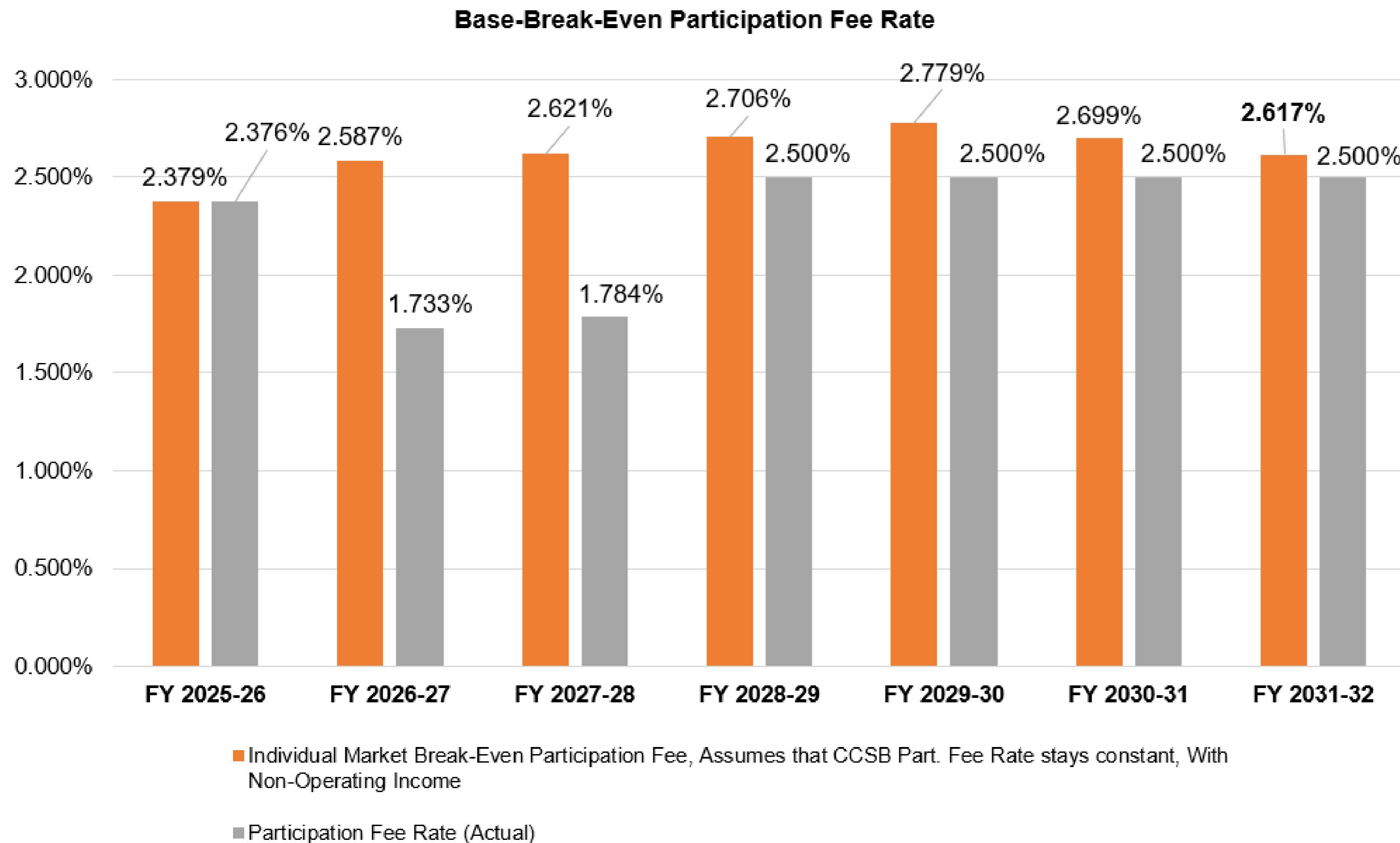
In the Base financial forecast, Covered California's working capital is projected to support approximately 11.9 months of budgeted operations by the end of FY 2026-27. This results from lowering the individual market participation fee rate to 1.0% and the CCSB rate to 4.25% in plan year 2027.

Over the forecast period, the working capital continues to decline, dropping to \$244.8 million by FY 2031-32. The \$244.8 million is forecasted to finance roughly 5.2 months of budgeted operations.

Because the participation fee rate is held at 2.5% between rate years 2029 and 2032, working capital continues to decline, as the 2.5% rate is below the breakeven rate of roughly 2.8%. It is anticipated that Covered California will increase the rate to breakeven once its working capital balance reaches its target level.

Again, the breakeven rate will settle at roughly 2.6% in the out years, assuming operating expenditure growth is held to a 3.2%. The 3.2% growth aligns with the CPI and ECI projections over the forecast range.

Base Financial Forecast: Break-Even Participation Fee Rate

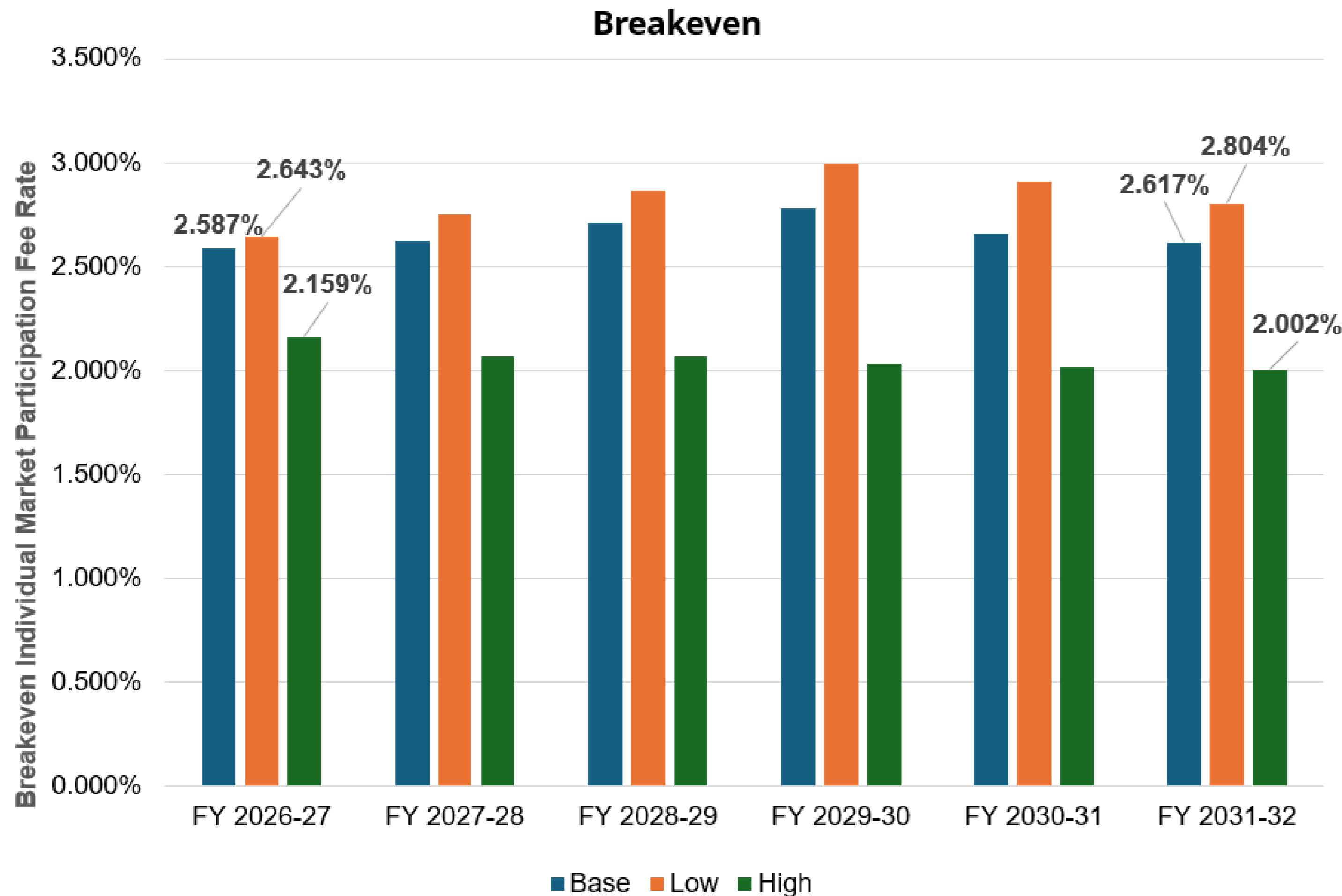


The break-even participation fee rate is the rate that must be charged to generate sufficient revenue to cover both operating and capital expenditures.

In the Base Forecast for plan year 2027, we are reducing the individual market participation fee rate to 1.0% and the CCSB rate to 4.25%. As a result, the weighted average rate for fiscal year 2026-2027 will decrease to 1.733%. This trend continues into fiscal year 2027-2028, which is projected to have a weighted average participation fee rate of 1.784%.

By the end of the forecast period, the breakeven participation fee rate is expected to increase to 2.617%. This breakeven rate takes into account all revenue inflows and assumes that Covered California’s operating costs will follow the modest year-over-year growth trajectory forecast.

Breakeven Participation Fee Rate Over the Forecast Range



Covered California's long-term fiscal sustainability analysis evaluates the breakeven participation fee rate over the forecast range.

The breakeven participation fee rate is the rate that Covered California must charge carriers to generate enough revenue to cover operating and capital costs. For this analysis, we must project operating and capital expenditures, operating revenues, and non-operating revenues.

This means that the following equation must be in equilibrium:

$$(Enrollment \times Premiums \times Part. Rate) = Operating expenditures + Capital Expenditures.$$

In this case, we are determining the participation fee rate to achieve breakeven (i.e., Revenues = Expenditures). Each of the financial forecasts—High, Base, and Low—makes specific assumptions about premium growth, enrollment, and the growth of operating and capital expenditures. While the growth rates for operating and capital expenditures remain consistent across all scenarios, the enrollment and premium growth rates vary. Consequently, the breakeven participation fee rate differs among the forecasts.

The High financial forecast results in a lower breakeven participation fee rate, as it assumes higher enrollment throughout the forecast period. In contrast, the Base financial forecast produces a slightly higher breakeven rate than the High forecast. This is because, although the enrollment volume is lower, it is somewhat balanced by higher premium growth, as the risk pool is assumed to be shrinking.

The Low enrollment forecast generates the highest breakeven participation fee rate, as it anticipates the most significant decline in enrollment volume.

FY 2026-27

Budget Recommendations & Approval



Recommend Approval of Covered California's FY 2026-27 Budget and 2027 Participation Fee Rates

Covered California recommends that the Board adopt Board Resolution 2026-22 to:

- Approve the Operating and Capital Budget for FY 2026-27, providing expenditure authority of \$482,257,113
- Grant the Executive Director authority to adjust the Operating Budget, provided that FY 2026-27 expenditures remain at or below the level of expenditure authority approved by the Board.
- Charge a per-member-per-month participation fee of 1.0 percent for plan year 2027 on Qualified Health Plans, including dental plans, sold through the individual exchange, and 4.25 percent of premiums for such plans sold through Covered California for Small Business.

PUBLIC COMMENT

Call: (877) 336-4440

Participant Code: 6981308

- To request to make a comment, press 10; you will hear a tone indicating you are in the queue for comment. Please wait until the operator has introduced you before you make your comments.
- If watching via the live webcast, please mute your computer to eliminate audio feedback while calling in. Note, there is a delay in the webcast.
- The call-in instructions can also be found on page two of the Agenda.

EACH CALLER WILL BE LIMITED TO TWO MINUTES PER AGENDA ITEM.

Written comments can be submitted to BoardComments@covered.ca.gov



2027 State Premium Subsidy Program Design

Katie Ravel, Director
Policy, Eligibility & Research Division

Action

The Governor's May Revision

- The May Revision includes an appropriation of \$300 million in Health Care Affordability Funds (HCARF) for the Covered California State Subsidy Program. This is an increase of \$110 million from the Governor's Budget for Covered California to expand the state premium subsidy program to enrollees up to 200 percent of the Federal Poverty Level.
- Covered California staff have modeled a program design to fit the May Revision parameters.
- The proposed 2027 California Premium Subsidy structure:
 1. Preserves IRA-level premium subsidies for the lowest-income Covered California enrollees up to 150 percent FPL, meaning they can choose from two Silver-tier plans for \$0 premium.
 2. Increases the amount of premium assistance for individual with income between 150% and up to 165% FPL relative to the 2026 program.
 3. Expands eligibility to individuals up to 200% FPL.
- The proposed 2027 program builds on the goals of the 2026 program which was designed to minimize enrollment loss forecast due to the expiration of the federal enhanced premium tax credit; maximize the equitable impact of program funding; and promote year-over-year stability in the program design.

Projected Consumer Benefit

- More than 500,000 consumers are projected to receive state subsidy in 2027.
- More than 100,000 consumers between 150% and 165% FPL will see their premiums drop by nearly \$10 per member per month.
- More than 200,000 consumers will be newly eligible for state subsidy, dropping the average premium for this group from a projected \$129 per month to \$99 per month.
- We estimate that the California Premium Subsidy Program is preventing 90,000 individual from dropping coverage.

	2026 Program Design in 2027			2027 Expansion to 200% FPL		
	Count Receiving Subsidies	Subsidy Amount PMPM	Net Premium PMPM	Count Receiving Subsidies	Subsidy Amount PMPM	Net Premium PMPM
Under 150% FPL	195,350	\$63	\$41	195,350	\$63	\$41
150-165% FPL	116,520	\$23	\$84	118,850	\$33	\$76
165-200% FPL	-	-	\$129	218,340	\$36	\$99

Proposed Enrollee Contribution Toward a Benchmark Plan by Income Group

- The 2027 California Premium Subsidy Program required contribution for a benchmark plan will be 0% of income for individuals with income under 150% FPL and will be 1.5 percentage points less than the federal required contribution amount for individuals with incomes between 150 and 200% FPL.

Percent of FPL	Proposed 2027 California Premium Subsidy Program	2026 California Premium Subsidy Program	2026 Affordable Care Act	ARPA/IRA in effect between 2021 and 2025
Under 138%	0.0%	0.0%	2.10%	0%
138% – Under 150%	0.0%	0.0%	3.14% – 4.19%	0%
150% – At or Below 165%	2.69% – 3.41%	3.19% – 3.91%	4.19% – 4.91%	0% – 0.6%
Above 165% – Under 200%	3.41% – 5.1%	N/A	4.91% – 6.6%	0.6% – 2.0%
200% – Under 250%	N/A	N/A	6.6% – 8.44%	2.0% – 4.0%
250% – Under 300%	N/A	N/A	8.44% – 9.96%	4.0% – 6.0%
300% – 400%	N/A	N/A	9.96%	6.0% – 8.5%
Over 400%	N/A	N/A	Not eligible for federal APTC	8.5%

Overview of 2027 California Premium Subsidy Program Design Document

- Covered California's Board is required by state law to adopt a program design document to set forth the use of HCARF appropriation for financial assistance.
- The 2027 premium subsidy program design document specifies the following elements for the proposed program:
 1. The enrollee required contribution amounts for the program.
 2. The method for calculating the advanced payment of the state premium subsidy which mirrors the calculation of the federal premium tax credit with the exception that the advanced payment of the state premium subsidy amount is reduced by any federal advance payment of the premium tax credit.
 3. The eligibility requirements for state premium assistance that mirror the requirements for the federal premium tax credit.
 4. The formula for state subsidy reconciliation mirroring the 2026 state premium assistance program.
 5. Definitions of key terms related to the calculation of the state premium assistance.

Action Requested and Next Steps

- **Action Requested:** Covered California is seeking Board approval of the proposed 2027 California Premium Subsidy Program Design, and direction to finalize the program design document contingent upon passage of the State Budget for Fiscal 2026-27 and the release of the 2027 required contribution percentages by the Internal Revenue Service.
- Covered California staff will provide notification of the program design to the Joint Legislative Budget Committee (JLBC) as required by state statute.

PUBLIC COMMENT

Call: (877) 336-4440

Participant Code: 6981308

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Revised 2027 Standard Benefit Designs

David Bishop, Deputy Director
Plan Management Division

Action

Revised 2027 Standard Benefit Designs

The Final Notice of Benefit and Payment Parameters (NBPP) was released by the Centers for Medicare and Medicaid Services on May 15, 2026. The proposal to increase the Catastrophic Maximum Out of Pocket (MOOP) to 130% of the regular MOOP was postponed until PY 2028, therefore a revision to the previously approved 2027 Standard Benefit Designs is required.

- MOOP was reduced from \$15,600 to \$12,000 for an individual and from \$31,200 to \$24,000 for a family.

The IRS issued PY 2027 guidance for HDHPs that sets the MOOP at \$8,700/\$17,400. Accordingly, the CCSB Silver HDHP plan MOOP has been reduced from \$8,800 to \$8,700 for an individual and from \$17,600 to \$17,400 for a family to comply with this limit.

We have also updated the benefit design documentation to reflect that Bronze 60 and Catastrophic plans are now eligible for Health Savings Accounts (HSA), per H.R. 1.

Requested Action: Revised 2027 Standard Benefit Designs

- ❑ There are no additional changes to the Patient Centered Benefit Designs
- ❑ Staff request that the Board formally adopt the Revised 2027 Patient Centered Benefit Designs

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Proposed Enrollment Assistance and Certified Application Counselor Permanent Regulations

Robert Kingston, Director
Outreach and Sales Division

Action

Background

- The ACA added section 402 of the Indian Health Care Improvement Act (IHCIA), which allows Tribes, Tribal organizations, and urban Indian organizations to establish a program to pay the unsubsidized portion of health insurance premiums for eligible members, referred to as Tribal Sponsorship.
- Separately, Tribes and Indian health programs can become Covered California certified enrollment partners, in which staff are trained and certified to assist individuals in enrolling in coverage.
- However, Covered California's current regulations for certified enrollment partners do not permit key activities necessary for implementing a Tribal Sponsorship program, such as paying premiums on behalf of members and related activities.
- Through ongoing collaboration with Covered California's Tribal Advisory Workgroup, Tribal health advocacy organizations and Tribal and Tribal and urban Indian certified enrollers, Covered California has recently identified specific regulatory changes needed to fully support Tribal Sponsorship.
- Accordingly, Covered California is initiating permanent rulemaking to amend the Enrollment Assistance and Certified Application Counselor regulations to facilitate Tribal Sponsorship and ensure alignment with federal law.

Overview of Changes

The Specific changes to the regulations are:

- The proposed changes to the Enrollment Assistance and Certified Application Counselor Program regulations (sections 6664 and 6864) aim to allow Navigators and Certified Application Entities and Counselors affiliated with Tribes, Tribal organizations, and urban Indian organizations to:
 - Pay premiums on behalf of members or provide consideration for them,
 - Accept premium payments from their members, and
 - Input premium payment information into the system.
- Covered California is also proposing updates to make the regulations gender neutral.

Next Steps

- Government Code section 100504(a)(6) requires the Board to discuss proposed regulations at a properly noticed meeting before adopting them.
- The Board discussed the proposed regulations at the March 19, 2026 Board meeting.
- Staff initiated a 45-day public comment period from April 3 to May 19, during which no public comments were received.
- Staff requests the Board to formally adopt the regulation package at so it can be filed with the Office of Administrative Law.

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Proposed Emergency Eligibility and Enrollment Regulations

Katie Ravel, Director
Policy, Eligibility & Research Division

Discussion

Background

- Covered California was granted emergency rulemaking authority by the Legislature through January 1, 2030.
- Covered California proposes using the emergency rulemaking process to update its eligibility and enrollment regulations for the individual Exchange as necessary to comply with recent federal changes set forth in CMS's 2027 Notice of Benefit and Payment Parameters (NBPP), including certain provisions implementing H.R. 1, and provisions of last year's Marketplace Integrity and Affordability Rule that remain set to take effect despite pending legal challenges.

Overview of changes

- **Advanced Premium Tax Credit (APTC) eligibility changes for lawfully present individuals:**
 - Limit APTC eligibility to U.S. citizens, U.S. nationals, and certain eligible noncitizens as required by H. R. 1.
 - Add eligible noncitizen status verification requirements.
- **Failure-to-reconcile (FTR) process:** Reinstate a one-year FTR process for APTC eligibility for consumers who do not file and reconcile past APTC and add enrollee noticing, beginning with the 2027 plan year.

Overview of Changes (Cont.)

- **Annual open enrollment period (OEP):** Revise the OEP beginning plan year 2027, as required by the Marketplace Integrity and Affordability Rule, to run from November 1 through December 31, with coverage effective date of January 1.
- **Income verification process:** Update the income verification changes required under the 2027 NBPP, including:
 - Remove the requirement to accept attestation of income when tax data is unavailable.
 - Add a 95-day inconsistency process when an applicant's attested income is within APTC limits but significantly higher than available electronic data, the data shows income below 100% FPL, and the applicant is not eligible for Medi-Cal/CHIP.
 - Clarify that, under the alternate verification process, Covered California will accept the applicant's attested income without additional verification if it is no more than 10% below the electronic data.

Next Steps

- Government Code section 100504(a)(6) requires the Board to discuss proposed regulations at a properly noticed meeting before adopting them.
- Staff will request the Board to formally adopt the regulation package at the next scheduled board meeting so it can be filed with the Office of Administrative Law prior to the start of the renewal and open enrollment period for plan year 2027.
- Covered California is closely monitoring pending legal challenges to the federal rules with which we are complying in this regulation package. Any additional proposed changes to the proposed emergency regulations for eligibility and enrollment in the individual market will be communicated to stakeholders for review and commenting prior to Action.

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