



# Fiscal Year 2022-23 BUDGET

June 16, 2022

## **Covered California Fiscal Year 2022-23 Budget**

*This document provides the budget adopted by Covered California's board after the review of a proposed draft and adjustments based on public comments and updated information.*

# Table of Contents

Covered California Board and Senior Executive Management .....	iv
Executive Director’s Message .....	1
I. Introduction .....	6
II. Covered California’s Fiscal Year 2022-23 Operating and Capital Budgets .....	19
Plan Management, Eligibility and Health Transformation .....	26
Marketing, Outreach/Sales and Other .....	34
Service Center and Consumer Experience .....	43
Technology .....	51
Administration .....	57
Capital Investments.....	72
III. Fiscal Year 2021-22 Budget Highlights and Projected Year-End Results .....	74
IV. Enrollment and Revenue Forecast.....	79
V. Multi-Year Budgetary Projection: Fiscal Year 2022-23 to Fiscal Year 2024-25....	109
Appendix: Trend in Budgeted and Actual Operating Expenditures: Fiscal Year 2018-19 Through Fiscal Year 2020-21 .....	120

# Covered California Board and Senior Executive Management

## Covered California Board of Directors

---

**Dr. Mark Ghalib**, Chair; **Dr. Sandra Hernandez**, Vice Chair.

**Jarrett Barrios; Jerry Fleming**

---

### Senior Executive Management

**Jessica Altman**  
Executive Director

**Dr. Alice Hm  
Chen**  
Health Equity and  
Quality  
Transformation  
Division, Chief  
Medical Officer  
Director

**Karen Johnson**  
Chief Deputy  
Executive  
Director,  
Operations

**Kathleen  
Keeshen**  
Chief Deputy  
Executive  
Director, General  
Counsel

**Doug McKeever**  
Chief Deputy  
Executive  
Director, Program

---

**Kevin Cornish**  
Information Technology  
Division Director and  
Chief Information Officer

**Thien Lam**  
Program Integrity  
Division Director

**James DeBenedetti**  
Plan Management  
Division Director

**Lisa Lassetter**  
Administrative Services  
Division Director and  
Deputy Chief Operations  
Officer

**Darryl Lewis**  
Ombuds Office  
Division Director

**Kelly Green**  
Communications and  
External Affairs  
Division Director

**Jim Watkins**  
Financial Management  
Division Director and Chief  
Financial Officer

**Brandon Ross**  
Office of Legal Affairs  
Division Director

**Katie Ravel**  
Policy, Eligibility and  
Research  
Division Director

**Vacant**  
Customer Care  
Division Director

**Ebenezer Ampah**  
Equal Employment  
Opportunity Officer

**Mavilla Safi**  
Service Center  
Division Director

**Terri Convey**  
Individual and  
Small Business  
Outreach and Sales  
Division Director

**Colleen Stevens**  
Marketing Division  
Director

## Executive Director's Message

Dear Covered California Board of Directors,

I am honored to propose my first budget as executive director of Covered California. Continuing the tradition of past budgets, we have planned carefully, evaluated the uncertainties ahead and crafted a budget to ensure future financial sustainability. Covered California remains focused on its core mission while maintaining fiscal responsibility.

The fiscal year 2022-23 budget recognizes the uncertain future of the American Rescue Plan's enhanced tax credits and continues to invest in mission-critical objectives. Acknowledging that the American Rescue Plan's affordability provisions may not be extended, our budget strategy is built around the American Rescue Plan's expiring at the end of 2022, which would result in a projected 150,000 individuals exiting the exchange. We have taken this fiscally responsible path to ensure that a prudent budget is constructed according to the unclear future. Through the budget-development process, Covered California closely scrutinized its expenditures and repurposed resources to meet new objectives and continue making critical investments in areas of high priority and opportunity. Covered California remains committed to fiscal transparency and discipline, which is reflected in this budget document.

This fiscal year 2022-23 budget recommends spending \$411.4 million over the next fiscal year. It adds 26 new positions, raising the total number of authorized positions to 1,467. The plan assessment fee for the individual market remains at 3.25 percent, and the Covered California for Small Business program assessment fee continues to be 5.2 percent.

The spending supports Covered California's operations and sustained commitment to excellence. This budget reflects funding for continued efforts to reach Californians who need health care coverage, with substantial investments in marketing, outreach, and service center support. We strive to ensure that all consumers experience a hassle-free enrollment experience to secure the right coverage for themselves and their families. This budget also reflects some new spending priorities. These budget priorities include:

1. Improving the consumer experience and facilitating the seamless transition to Covered California enrollment.
2. Promoting diversity, equity, and inclusion throughout Covered California.
3. Making quality-transformation investments.
4. Investing in information technology security, service improvement and systems management.
5. Transitioning to a work-from-home/hybrid office model.

Over the past three fiscal years, Covered California has met many challenges and has identified opportunities to connect Californians with high-quality, affordable health care coverage.

In fiscal year 2019-20, Covered California, working with the governor and Legislature, implemented the nation's first state subsidies and health care mandate. A once-in-a-century pandemic arrived in the second half of the fiscal year. In March of 2020, Covered California, like the entire world, was challenged by the COVID-19 virus. Covered California offered extended special-enrollment periods and funded expanded marketing, outreach, and service center support. Covered California became a lifeline for individuals who lost their jobs and employer-sponsored insurance as the economy slowed into a recession. Remote work also took hold within about 48 hours. Covered California's office-based staff swiftly transitioned to remote work with the onset of the pandemic and stay-at-home orders. Staff quickly adapted to a virtual environment and became familiar with video conferencing software and new ways of interacting.

In fiscal year 2020-21, Covered California successfully implemented the marketplace provisions of the American Rescue Plan. In March 2021, the American Rescue Plan significantly increased affordability for existing and potential enrollees. Covered California effectuated numerous system changes and continually enhanced its outreach efforts to ensure that all Californians knew about the American Rescue Plan's tremendous financial assistance.

Throughout fiscal year 2021-22, Covered California experienced remarkable enrollment growth. The 2022 open-enrollment period saw nearly 1.8 million consumers enroll, setting an exchange record. Covered California made investments to support increased enrollment and consumer service activity throughout the fiscal year. Covered California funded research efforts to evaluate new consumer-affordability proposals, transitioned to a long-term hybrid office model and initiated a significant technology project to replace Covered California's enrollment portal. The national and California economies continued to recover from the recession prompted by COVID-19. By April 2022, California regained nearly 90 percent of the 2.7 million jobs lost during March and April 2020 due to the COVID-19 pandemic.

As of March 2022, fewer than 1 million Californians were unemployed for the first time since February 2020. It is expected that Covered California's inflows and outflows from employer-sponsored insurance will return to typical pre-pandemic flow rates, as California's unemployment rate declined to 4.9 percent in March 2022 after peaking at 16.1 percent in May 2020. While California's recovery has been solid and swift, the future remains unclear.

Fiscal year 2022-23 opens with new uncertainties that again challenge Covered California's budget and financial plan. Just as the enhanced subsidies from the American Rescue Plan brought in higher enrollment, loss of the enhanced subsidies may result in material drops in enrollment. The American Rescue Plan's enhanced

subsidies expire at the end of 2022. If the enhanced subsidies are not available, Covered California may lose between 150,000 and 250,000 enrollees. While decisions regarding the American Rescue Plan's enhanced subsidies represent the major uncertainty facing Covered California in the near term, other significant events within the broader macroeconomic environment also loom.

Losses in enrollment may bring about changes in the case mix and increases in premiums. The increase in the consumer price index to levels not seen in 40 years, combined with an American Rescue Plan expiration, may result in greater enrollment losses. Individuals in lower-income groups who face more significant pressures from inflation may forego coverage. The Federal Reserve's efforts to curb inflation may slow the economy into a recession, and the Ukraine war continues to place upward pressure on commodity prices, exacerbating already high levels of global and U.S. inflation.

While this budget prudently reflects current federal law, Covered California remains watchful that the extension of the American Rescue Plan's subsidies remains possible. Such a scenario would mean ongoing affordability and enrollment at levels experienced through fiscal year 2021-22 and would have a significant favorable impact on Covered California's revenue compared to the projections discussed here. Covered California is committed to fully realizing the opportunities such a scenario would present for California.

## **Budget Highlights**

The fiscal year 2022-23 budget totals \$411.4 million. The budget provides 1,467 staff, which is an increase of 26 over the fiscal year 2021-22 budget. This year's budget includes only the most critical augmentations given the wide-ranging uncertainties. As we prepared the budget, we decided to defer some budget requests until after the American Rescue Plan uncertainty settles. We intend to reconsider some budget requests if the American Rescue Plan is extended and may consider mid-year implementation.

The fiscal year 2022-23 budget added \$6.4 million in budget augmentations, including \$3.9 million in added personnel expenditures and \$2.5 million in additional Other Operating Expenditures. The requested resources support five key strategic priorities:

1. **Improving the consumer experience and facilitating the seamless transition to Covered California enrollment:** Implementing a series of improvements that will address existing system defects and inadequacies in the current enrollment portal. As part of this strategic initiative, Covered California will develop and provide targeted information, outreach and assistance to consumers and enrollment assisters.

2. **Promoting diversity, equity, and inclusion throughout Covered California:** Developing infrastructure to establish the diversity, equity, and inclusion (DEI) roadmap developed by Deloitte Consulting.
3. **Making quality-transformation investments:** Covered California is implementing a series of initiatives promoting health care quality, equity, access to care and health insurance company accountability. This will focus on carrier compliance and delivery-system transformation provisions of Covered California's new model contract and meeting the requirements of Assembly Bill 929 for public reporting of quality, equity, and cost data.
4. **Investing in information technology security, service improvement and systems management:** This effort modernizes, enhances, and strengthens information security and improves the management of information technology resources throughout the organization. It also provides continued support to the Workday Human Capital Management system.
5. **Transitioning to a work-from-home/hybrid office model:** This initiative involves making capital investment in hardware, software, and equipment to support remote work and virtual work activities as Covered California seeks to downsize its leased facility space.

This budget continues Covered California's investments in marketing and outreach, service centers and Navigators. These investments ensure Californians know about affordable, high-quality health insurance available through California's exchange and get the support they need to choose the right plan. Covered California also continues to make vital investments in its future by updating and incorporating enhancements to its systems infrastructure.

## **Projected Revenues and Expenditures**

As an enterprise fund, Covered California must continually assess and manage expenditures and revenues. It must account for persistent pressures, including increasing salaries, benefits, CalPERS retirement costs, retiree health benefit costs, technology, services, and infrastructure investments. In addition to cost pressures, Covered California must also manage inherent revenue uncertainties. Long-term operating revenues must align with operating expenditures to ensure fiscal sustainability.

For fiscal year 2022-23, Covered California projects \$401.5 million in revenue, including \$375.3 million from the individual market, \$24.7 million from the Covered California for Small Business market and \$1.5 million in other income. The operating and capital expenditures total \$411.4 million, representing a decrease in budgetary net position of \$9.9 million. This decline necessitates using \$9.9 million of our working capital to fund the expected expenditures. Assuming natural growth in operating and capital



expenditures, net position will decline by \$14.5 million in fiscal year 2023-24, and by fiscal year 2024-25, net position will increase by \$7.9 million. Over the projection period, the improving budgetary position results from the expected growth in premiums and a slightly slower growth rate in operating and capital expenditures relative to revenue.

Covered California has and continues to maintain sizable working capital. This provides Covered California with the financial flexibility to make timely strategic investments when opportunities arise. In fiscal year 2022-23, Covered California is committed to implementing quality improvements; embedding diversity, equity, and inclusion throughout the organization; and making critical system enhancements for our consumers. This necessitates that we use excess working capital to make these crucial investments. While Covered California projects its net position to decline by \$9.9 million in fiscal year 2022-23, this represents just 2.3 percent of the projected ending working capital of \$431.8 million.

Always mindful of fiscal prudence, Covered California carefully evaluated other possible financial outcomes, including the extension of the American Rescue Plan’s enhanced subsidies as well as the expiration of these enhanced subsidies combined with high inflation. We assessed the budgetary implications, use of working capital and possible adjustments to the ongoing budget in each scenario.

**Covered California Forecasted Revenues vs.  
Fiscal Year 2022-23 Budgeted Expenditures  
Base Enrollment Forecast**

	<u>FY 2022-23</u>	<u>FY 2023-24</u>	<u>FY 2024-25</u>
Individual Market Revenues	\$375.3	\$380.3	\$412.0
CCSB Revenues	\$24.7	\$26.8	\$29.4
Other Revenues	<u>\$1.5</u>	<u>\$1.5</u>	<u>\$1.5</u>
Total Revenues	\$ 401.5	\$ 408.6	\$ 442.9
 Operating Expenditures and Capital Investments	 <u>\$411.4</u>	 <u>\$423.0</u>	 <u>\$435.0</u>
 <b>Change in Net Position</b>	 <b><u>(\$ 9.9)</u></b>	 <b><u>(\$ 14.4)</u></b>	 <b><u>\$ 7.9</u></b>

These are just some of the key highlights of this budget. As we discuss and deliberate the fiscal year 2022-23 budget, I look forward to working with board members and stakeholders to construct a budget that reflects our shared values.

## I. Introduction

Covered California’s fiscal year 2022-23 budget is the product of a careful and deliberate planning process to maintain quality services and infrastructure while remaining fiscally prudent. The budget recognizes the uncertainties and challenges ahead and has been structured to ensure that if these uncertainties materialize, we will remain on a fiscally sustainable path and continue to make mission-critical investments in California’s exchange.

As we build the fiscal year 2022-23 budget and make important decisions about Covered California’s priorities, we would like to remind readers of how fiscal year 2021-22 unfolded. Understanding our fiscal year 2021-22 budget outcomes is central to our budget decisions for fiscal year 2022-23. These budgetary results represent the starting point for this fiscal year’s budget.

Fiscal year 2021-22 was a remarkable year for Covered California. Covered California continued to meet the challenges of the COVID-19 pandemic, provided quality health care coverage to Californians throughout the state and successfully implemented one of the most influential pieces of federal legislation for health care affordability since the Patient Protection and Affordable Care Act. Covered California’s enrollment grew to record levels as it provided a lifeline to those losing employer-sponsored insurance and welcomed individuals who benefited from the American Rescue Plan’s enhanced subsidies. Covered California’s outreach efforts combined with the American Rescue Plan’s enhanced subsidies also increased enrollment among communities of color that COVID-19 disproportionately affected<sup>1</sup>.

Fiscal year 2021-22 started with historical enrollment gains induced by the enhanced federal subsidies. Many new or existing enrollees were provided free or \$1 monthly premium health plan options. Covered California finished its most recent 2022 open-enrollment period with a record enrollment of nearly 1.8 million consumers. The American Rescue Plan’s enhanced federal subsidies also affected Covered California’s retention rate. Covered California saw historically low termination rates, as increased federal subsidies led to greater retention.

Given that significant numbers of individuals transition between Medi-Cal and Covered California each year, Covered California closely monitored the public health emergency throughout the fiscal year. Changes in the public health emergency status would trigger significant movements in coverage between Medi-Cal and Covered California. Declared on Jan. 31, 2020<sup>2</sup>, the public health emergency continued throughout fiscal year 2021-22, and has been extended through July 2022<sup>3</sup>. The U.S. Department of Health and

---

<sup>1</sup> Covered California. March 2, 2022. “Premium Rate Shock and Coverage Loss Inevitable if Enhanced Financial Assistance Is Not Extended This Year to Affordable Care Act Health Plans.”

[https://www.coveredca.com/pdfs/news/CoveredCA\\_ARP\\_Expiration\\_Risks\\_Brief\\_3-2-22.pdf](https://www.coveredca.com/pdfs/news/CoveredCA_ARP_Expiration_Risks_Brief_3-2-22.pdf)

<sup>2</sup> Under Section 319 of the PHSA, the secretary can declare a public health emergency if it is determined that a disease or disorder presents a public health emergency, or a public health emergency — including significant outbreaks of an infectious disease or a bioterrorist attack — otherwise exists. Public health emergencies remain in effect for periods of 90 days unless renewed by the secretary or affirmatively terminated before reaching the maximum allowable endpoint.

<sup>3</sup> [Renewal of Determination That a Public Health Emergency Exists \(hhs.gov\)](https://www.hhs.gov/news/2022/07/07/declaration-renewal-determination-public-health-emergency-exists)

Human Services indicated that it would provide states with 60-day advance notice if they intended to end the public health emergency. However, as no notice was provided in May, we expect the public health emergency to be extended again in July. The public health emergency halted Medi-Cal redeterminations, resulting in decreased inflows into Covered California. Before the public health emergency, Medi-Cal inflows averaged roughly 5,000 individuals a month but have been restricted to between 1,000 and 2,000 during the public health emergency.

We expect that the public health emergency will be lifted in July 2023, which means that Medi-Cal redeterminations may restart in October 2023. By October 2023, it is projected that Medi-Cal enrollment will have grown by 2.6 million since the start of the COVID-19 pandemic. We forecast that a significant number of individuals will transition out of Medi-Cal and will require alternative health insurance as redeterminations are reinstated.

As fiscal year 2022-23 begins, Covered California is teaming with the Department of Health Care Services and other stakeholders to ensure that individuals do not lose coverage as they transition from one source of coverage to another. These efforts include modifying the enrollment system, CalHEERS, to implement the auto-enrollment features of California Senate Bill 260<sup>4</sup> (automatic health care coverage enrollment) and developing targeted outreach campaigns directed at those who lose Medi-Cal or other private insurance.

Throughout fiscal year 2021-22, the national and California economies continued to recover from the short recession prompted by the COVID-19 pandemic. California's labor market recovery continued throughout the fiscal year. By April 2022, California regained nearly 90 percent of the 2.7 million jobs lost during March and April of 2020 due to the COVID-19 pandemic. Fewer than 1 million Californians are unemployed for the first time since February 2020<sup>5</sup>. It is expected that Covered California's inflows and outflows from employer-sponsored insurance coverage will return to typical pre-pandemic flow rates, as California's unemployment rate declined to 4.9 percent in March 2022 after peaking at 16.1 percent in May 2020<sup>6</sup>. As we prepare the fiscal year 2022-23 budget, today's labor market will not materially influence forecasted Covered California enrollment in the near term.

## **Fiscal Year 2021-22 Budgetary Outcome**

Covered California's expected outcomes for fiscal year 2021-22 are more favorable than originally budgeted. The fiscal 2021-22 approved budget anticipated that Covered California would recognize an operating loss of \$32.5 million and net position would decline by \$28.0 million. However, due to higher-than-expected enrollment and

---

<sup>4</sup> California SB 260, Chapter 845, Statutes of 2019. [Bill Text: SB-260 Automatic health care coverage enrollment.](#)

<sup>5</sup> California Employment Development Department. April 15, 2022, NR No. 22-17. [California's unemployment falls to 4.9 percent for March 2022](#)

<sup>6</sup> St. Louis Federal Reserve Economic Data. [Unemployment Rate in California \(CAUR\) | FRED | St. Louis Fed \(stlouisfed.org\)](#)

revenues and lower-than-expected expenditures, fiscal year 2021-22 operating income of \$11.2 million is forecasted, and net position will increase by \$13.9 million (**Table 1**).

**Table 1**  
**Covered California Fiscal Year 2021-22 Forecasted Budgetary Outcome**  
**Compared to Fiscal Year 2021-22 Approved Budget**  
**(Dollars in Millions)**

	FY 2021-22	FY 2021-22
	<u>Approved Budget</u>	<u>Actual/ Forecasted</u>
Operating Revenues	\$395.1	\$402.8
Operating/Capital Expenditures	\$427.6	\$391.6
<b>Income/(Loss) From Operations</b>	<b>(\$ 32.5)</b>	<b>\$ 11.2</b>
Non-Operating Income	\$ 4.5	\$ 2.7
<b>Change in Net Position</b>	<b>(\$ 28.0)</b>	<b>\$ 13.9</b>

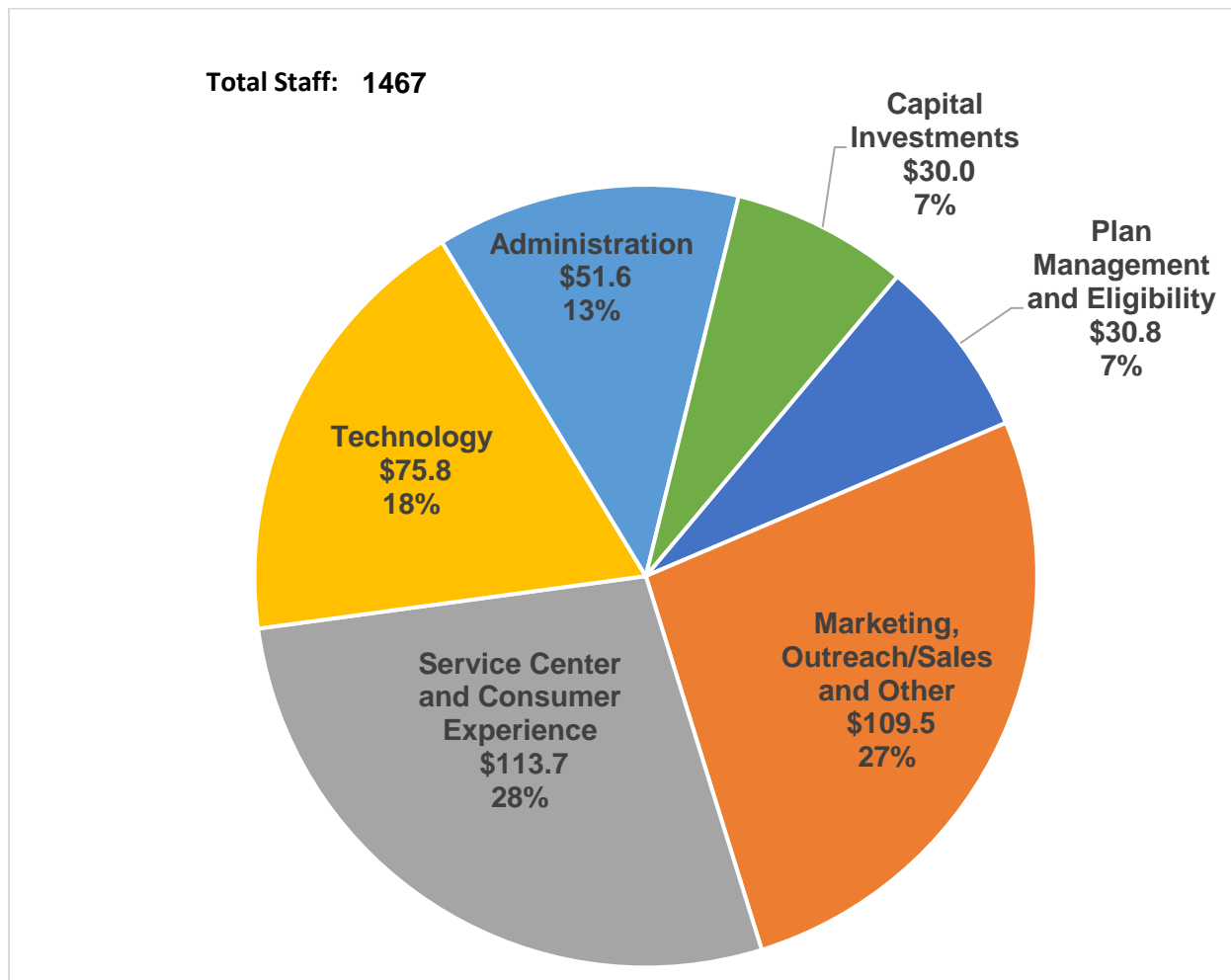
### Highlights of the Fiscal Year 2022-23 Budget

**Comprehensive budget:** Covered California’s operating and capital budget for fiscal year 2022-23 is \$411.4 million, which represents a decrease of \$16.2 million compared to the fiscal year 2021-22 approved budget (**Figure 1**). The decrease primarily relates to technical adjustments made to align the budget more closely with projected actual spending ([see baseline budget discussion in Chapter II](#)). The budget provides 1,467 authorized positions — 26<sup>7</sup> authorized permanent positions more than in the fiscal year 2021-22 approved budget.

---

<sup>7</sup> The fiscal year 2021-22 approved budget included 1,440 positions. One mid-year addition occurred during fiscal year 2021-22, which increased staffing to 1,441. Therefore, total staffing increased by 26.

**Figure 1**  
**Covered California’s Fiscal Year 2022-23 Operating Budget Distribution by Major Functional Area**  
**(Dollars in Millions)**  
**Total: \$411.4 Million**



In fiscal year 2022-23, Covered California will continue its marketing and outreach investments. These investments ensure Californians know about affordable quality health care that is available through California’s exchange. The fiscal year 2022-23 budget includes \$109.3 million for marketing and outreach, which includes \$6.5 million for the Navigator program and \$38.1 million for paid media efforts. The budget also includes \$113.9 million for the Service Center and Consumer Experience divisions.

The fiscal year 2022-23 budget adds funding to support five strategic priorities.

- 1. Improving the consumer experience and facilitating seamless transition to Covered California enrollment:** Covered California is seizing the opportunity presented by the development of a new enrollment portal. A series of

improvements are planned that will address existing system-related defects and inadequacies in the current enrollment portal, leading to a smoother enrollment experience. As part of this strategic initiative, Covered California will develop and provide targeted information, outreach and assistance to consumers and enrollment assisters. Seven Covered California divisions are involved in this effort: CalHEERS; Information Technology; Customer Care; Policy, Eligibility and Research; Marketing; Communications and External Affairs; Service Center; and Outreach and Sales.

The fiscal year 2022-23 budget adds \$8.5 million in capital investments, which, combined with other savings found in the CalHEERS capital budget, will provide \$11.3 million to implement the Plan Choice and Assister Portal (PCAP) project. PCAP replaces the current commercial, off-the-shelf consumer enrollment portal (“Get Insured”) with a state of California owned and designed custom enrollment solution. This expenditure will be funded as a capital investment.

Additional funding has been requested for the fiscal year 2022-23 operating budget to support initiatives, with six divisions related to this strategic priority. Together, this additional funding will total \$4.3 million and add 22 new permanent positions. These expenditures will be partially offset by the elimination of 11 vacant positions, however, with an estimated savings of \$1.1 million and the redirection of \$483,000 from the baseline budget. This will reduce the overall budgetary impact to \$2.7 million and a net increase of 11 additional positions.

2. **Making quality-transformation investments:** Two divisions received \$583,000 to support the addition of six new permanent positions. The Health Equity and Quality Transformation (HEQT) and Plan Management divisions will guide a series of initiatives promoting health care quality, equity, access to care and health plan accountability. HEQT will focus on carrier compliance with the quality, equity, and delivery system transformation provisions of Covered California’s new model contract. The new staff will also aid Covered California in meeting the requirements of California Assembly Bill 929<sup>8</sup> for public reporting of quality, equity, and cost data.
3. **Promoting diversity, equity, and inclusion throughout Covered California:** The Executive Division received \$367,000 in funding to add two additional permanent positions and infrastructure to implement a diversity, equity, and inclusion (DEI) roadmap developed by Deloitte Consulting. The Equal Employment Opportunity Division received \$14,000 to implement a new sexual harassment training program.
4. **Transitioning to hybrid office model/more efficient use of physical space:** Covered California allocated \$5.2 million for capital investments in hardware,

---

<sup>8</sup> California Assembly Bill 929, Chapter 812, Statutes of 2019 (California Health Benefit Exchange: Data Collection). [Bill Text - AB-929 California Health Benefit Exchange: data collection](#)

software, and equipment to support remote work as it seeks to downsize its leased facility space.

- 5. Investing in information technology security, service improvement and systems management:** Covered California received \$2.7 million to add nine new permanent staff and resources to modernize, enhance and strengthen information technology security and improve the management of information technology resources throughout the organization. The Human Resources Branch received \$211,000 to fund two new permanent positions to complete the implementation and provide ongoing support for the Workday Human Capital Management system.

A total of 41 positions are requested for fiscal year 2022-23, which, combined with 15 eliminated vacant positions, results in a net change in authorized positions of 26. The personnel expenditures associated with the eliminated positions totals \$1.5 million, while the 41 positions would add \$4.6 million in personnel expenditures. The net effect for fiscal year 2022-23 would be \$3.1 million. In addition, \$743,000 will be added to the personnel budget for the newly negotiated telework stipend. Overall, personnel expenditures will increase by \$3.9 million.

The above initiatives request a net increase of \$3.9 million in Other Operating Expenditures. Redirection from the operating budget will fund \$1.4 million, while \$2.5 million will represent new funding.

## **Covered California's Fiscal Year 2022-23 Projected Budgetary Financial Outcomes**

Covered California is an enterprise fund and receives no state general fund for operations. Covered California relies on the assessment fees it collects from health plans, which will remain at 3.25 percent of gross premiums for the individual market, and 5.2 percent of gross premiums for the small business market during fiscal year 2022-23.

Covered California's budget is prepared using the current resources focus and modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become "susceptible to accrual," which means they are both measurable and available. Measurable means the amount of the transaction can be determined. Financial statements prepared using the current resources focus do not report long-term assets or liabilities; therefore, the budgetary financial statements should not be used to assess an enterprise fund's financial condition. The annual budget is not prepared, nor is it suitable, for the purpose of understanding the forward-looking financial condition of Covered California. The budgetary financial statements and information are used to:

- Assess how well revenues and expenditures align for the fiscal year.
- Weigh policy priorities against available public resources.

- Establish the cost of programs and the criteria by which these programs will be evaluated for efficiency and effectiveness.
- Provide transparency.
- Provide a spending limitation.
- Be a governing tool, allowing the Board of Directors to review and approve the organization's goals, objectives, and financial plans.
- Inform stakeholders.
- Identify priorities.

This differs from Covered California's official financial statements. As an enterprise fund, Covered California must maintain its official financial statements in accordance with generally accepted accounting principles. This means that the financial statements are prepared using the economic resources focus and accrual basis of accounting. As an enterprise fund, the full accrual basis is used. Revenues are recognized when earned, and expenses are recognized when the related liabilities are incurred. These financial statements present both current and long-term assets and liabilities. They may be used to assess an enterprise fund's financial condition and make forward-looking assessments of financial condition.

As previously noted, Covered California must support its operations, including capital investments, through its carrier assessment fee. Covered California forecasts enrollment and operating revenues as part of the annual budget process. Projecting operating revenues involves forecasting volume, which is indicated by the number of enrollees, and the price component. The price component, in this case, represents the gross premiums charged to consumers who purchase coverage through the exchange. The fiscal year 2022-23 enrollment and revenue forecast incorporated three potential scenarios. These included:

1. Scenario 1: **High** assumes that Congress passes legislation to extend the American Rescue Plan's enhanced subsidies beyond 2022. Additionally, it assumes that the public health emergency will be lifted in October 2022 and that Medi-Cal redeterminations will resume in January 2023.
2. Scenario 2: **Base** assumes that the American Rescue Plan's enhanced federal subsidies are not extended, and the California Legislature restores funding for the former state subsidy program that existed from January 2020 until April 2021, when the American Rescue Plan's subsidies were made available. This scenario assumes that the public health emergency will end in July 2023. It also assumes that Medi-Cal redeterminations will resume in October 2023.
3. Scenario 3: **Low**, like scenario 2, assumes that the American Rescue Plan's enhanced federal subsidies are not extended, and the California Legislature restores funding for the former state subsidy program that existed from January 2020 until April 2021, when the American Rescue Plan's subsidies were made available. Unlike scenario 2, however, scenario 3 assumes a harsher macroeconomic environment, characterized by persistently high inflation and greater levels of



financial stress for lower-income Californians who are battered by rising prices for housing, food, and fuel. This scenario assumes that the public health emergency will end in July 2023. It also assumes that Medi-Cal redeterminations will resume in October 2023.

While Covered California faces several uncertainties that affect enrollment and revenue, the most significant uncertainty concerns whether the American Rescue Plan's enhanced tax credits will be extended. With that in mind, Covered California has constructed the fiscal year 2022-23 budget assuming that the American Rescue Plan's enhanced tax credits will expire at the end of 2022. We feel that this represents a fiscally responsible path given the unclear future. The budget augmentations were closely scrutinized as always, but with a particular focus on how Covered California's financial position would change assuming the American Rescue Plan's enhanced tax credits were not extended beyond 2022. The base forecast assumes the enhanced tax credits expire at the end of 2022, state subsidies are restored, and Medi-Cal redeterminations commence in October 2023. The base forecast assumes that enrollment declines of roughly 150,000 from today's baseline.

Mindful of fiscal prudence, Covered California has also carefully evaluated the financial consequences of several possible outcomes, considering the budgetary implications and possible adjustments to the ongoing budget. The multi-year financial projections and modeling can be reviewed in [Chapter V: Multi-Year Budgetary Projection: Fiscal Year 2022-23 to Fiscal Year 2024-25](#).

In fiscal year 2022-23, Covered California's base projection (scenario 2) assumes \$401.5 million in revenue, including \$375.3 million from the individual market, \$24.7 million from the Covered California for Small Business market, and \$1.5 million in other income. The fiscal year 2022-23 budgeted operating and capital expenditures total \$411.4 million. Operating expenditures total \$381.4 million and capital expenditures total \$30 million. Based on the forecasted operating revenues of \$400.0 million and budgeted operating and capital expenditures of \$411.4 million, Covered California is projected to recognize a loss from operations of \$11.4 million. After considering forecasted interest income of \$1.5 million, net position is forecasted to decrease by \$9.9 million (**Table 2**). Under the base forecast, in which the American Rescue Plan's enhanced tax credits expire, Covered California's budgetary net position decreases in the first two years of the projection period but increases in the final year of the projection period.

The projection assumes that no changes are made to the fiscal year 2023-24 budgeted expenditures, with only workload growth occurring. Workload budget expenditures are assumed to grow by a compound annual growth rate of 3 percent. In addition, it is assumed that gross premiums, from which revenues are generated, grow by 5 percent in 2023, 6 percent in 2024 and 7 percent in 2025. We have taken the position that gross premiums will grow year over year at a higher rate assuming exits occur due to the expiration of the American Rescue Plan's enhanced subsidies. This may result due to changes in the population case mix as younger, healthier populations exit. The

individual market assessment fee is assumed to be 3.25 percent throughout the projection period, and the Covered California for Small Business assessment fee is assumed to be 5.2 percent throughout the projection period.

**Table 2**  
**Projected Fiscal Year 2022-23 Statement of Revenues,**  
**Expenditures and Changes in Net Position, Budgetary Accounting**

**Base Projection**

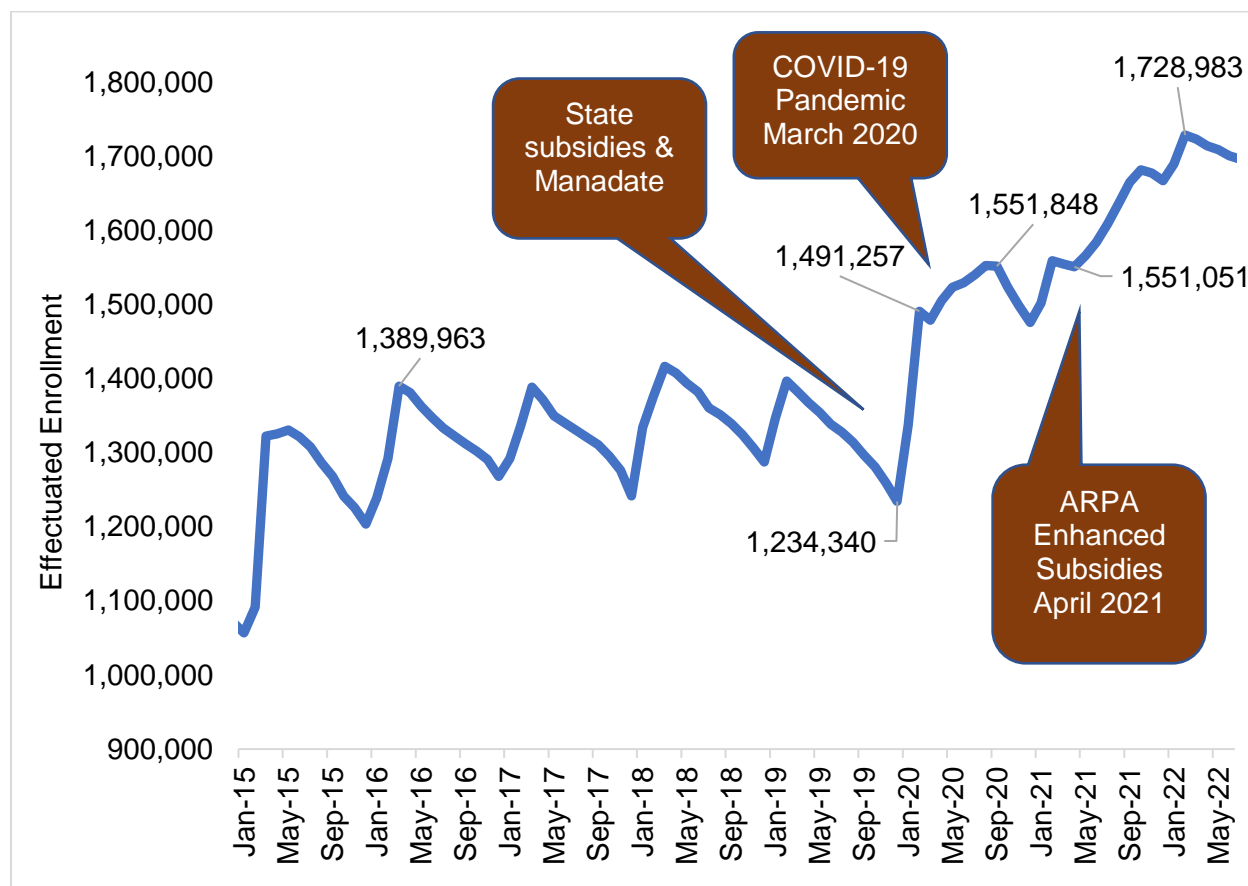
	FY 2022-23 Assumes ARPA Expires/State Subsidies	FY 2023-24 Assumes ARPA Expires/State Subsidies	FY 2024-25 Assumes ARPA Expires/State Subsidies
<b>Operating Revenues</b>			
Individual Market (Med. & Dental)	\$ 375,295,974	\$ 380,289,333	\$ 412,001,082
CCSB (Medi. & Dental)	\$ 24,672,930	\$ 26,753,520	\$ 29,381,285
<b>Total Operating Revenue</b>	<b>\$ 399,968,904</b>	<b>\$ 407,042,853</b>	<b>\$ 441,382,367</b>
<b>Operating Expenditures</b>			
Personnel Expenditures	164,937,260	169,885,378	174,981,939
Other Operating Expenditures	197,009,299	202,919,578	209,007,165
<b>Subtotal</b>	<b>\$ 361,946,559</b>	<b>\$ 372,804,956</b>	<b>\$ 383,989,104</b>
<b>Allocated Expenditures</b>			
Prorata/Supp. Pension/Other	19,419,224	19,613,416	19,809,550
<b>Total Operating Expenditures</b>	<b>\$ 381,365,783</b>	<b>\$ 392,418,372</b>	<b>\$ 403,798,655</b>
<b>Capital Investments</b>			
CalHEERs	\$ 24,773,115	\$ 25,268,577	\$ 25,773,949
Other	\$ 5,226,296	\$ 5,330,822	\$ 5,437,438
<b>Total - Capital Project Expenditures</b>	<b>\$ 29,999,411</b>	<b>\$ 30,599,399</b>	<b>\$ 31,211,387</b>
<b>Total Operating &amp; Capital Expenditures</b>	<b>\$ 411,365,194</b>	<b>\$ 423,017,771</b>	<b>\$ 435,010,042</b>
<b>Income/(Loss) From Operations</b>	<b>\$ (11,396,290)</b>	<b>\$ (15,974,918)</b>	<b>\$ 6,372,325</b>
<b>Non-Operating Income</b>	<b>\$ 1,500,000</b>	<b>\$ 1,500,000</b>	<b>\$ 1,500,000</b>
<b>Change in Net Position</b>	<b>\$ (9,896,290)</b>	<b>\$ (14,474,918)</b>	<b>\$ 7,872,325</b>

**Key Factors That Could Affect the Fiscal Year 2022-23 Budget Forecast**

As Covered California prepares and plans for the fiscal year 2022-23 budget, it recognizes that it is entering another uncertain time. Significant policy changes and macroeconomic events may affect budget assumptions, as occurred in the past three fiscal years. During fiscal year 2019-20, Covered California faced the uncertainty of implementing state subsidies and a mandate. This was followed by a once-in-a-century

pandemic, a macroeconomic shock, and a short-duration recession. Major federal policy changes enacted through the American Rescue Plan in response to the economic shock and job losses also added more uncertainty concerning enrollment. Each of these events prompted changes in Covered California’s historical enrollment patterns. Where enrollment peaked around March each year, in 2020 it continued to grow into September 2020 during the state subsidy, mandate, COVID-19 and economic shock periods. This was then followed by a jump in enrollment driven by the American Rescue Plan’s implementation (**Figure 2**). As we enter fiscal year 2022-23, we again face an uncertain future. Several policy changes may occur that will significantly change the enrollment trajectory, while macroeconomic challenges may loom large when combined with the potential policy changes.

**Figure 2**  
**Trend in Covered California Effectuated Enrollment**



**Renewal of the American Rescue Plan’s enhanced subsidies:** The policy outcome with the greatest impact on enrollment and revenue concerns the extension of the American Rescue Plan’s enhanced subsidies. The enhanced federal subsidies provided substantial affordability support across all income groups. More than 41 percent of the enrolled consumers now receive subsidies covering 90 percent or more of the cost of coverage, increasing 10 percentage points above the prior level receiving such financial support. The American Rescue Plan’s enhanced subsidies expire at the end of 2022.

The expiration of the enhanced subsidies may result in between 150,000 and 250,000 consumers exiting Covered California as they face increased health coverage costs. The loss of enrollment also results in lower Covered California operating revenue.

**Loss of enrollment associated with the expiration of the American Rescue Plan and enrollment mix:** Medical cost trends may be affected by the loss of enrollment. If the American Rescue Plan is not extended and roughly 150,000 to 250,000 individuals exit Covered California, carriers will likely price in a higher case mix. If those who exit tend to be younger, healthier individuals, the risk pool will be modified. Higher year-over-year premium growth will materialize. While carrier reaction and pricing increases may result from such exits, there is also the possibility that individuals may choose to select lower-cost health plan options if prices rise. This would affect the year-over-year growth in the average premium, placing downward pressure on growth. To the extent the year-over-year growth deviates from our projected growth, revenues may be higher or lower depending upon the outcome.

**Renewal of state subsidies:** While authority for the previously established California state subsidy program expires officially at the end of 2022, the governor and Legislature may implement a new subsidy program if the American Rescue Plan's enhanced subsidies expire. Should this occur, it is forecasted that exits from Covered California would be mitigated somewhat by the affordability support offered through state subsidies. However, a state subsidy program may only provide a fraction of the support currently provided through the American Rescue Plan. The American Rescue Plan's enhanced subsidies provide roughly \$1.7 billion in affordability support, while state subsidies may only offer a fraction of that support. The original state subsidies allocated roughly \$400 million annually. Should the governor and Legislature agree on something similar, consumers would still face cost increases after the expiration of the American Rescue Plan; however, they would recognize some affordability support.

**Public health emergency unwinding:** The public health emergency resulted in the halting of Medi-Cal redeterminations — essentially, individuals entered into Medi-Cal, but few exits occurred. The suspension of Medi-Cal redeterminations induced a rising Medi-Cal caseload, which is projected to climb to roughly 14.8 million by October 2022. Since the public health emergency was declared, inflows into Covered California from Medi-Cal have slowed significantly. Resumption of redeterminations will alter the inflows, resulting in additional inflows from Medi-Cal to Covered California as the public health emergency unwinds. However, any projections concerning when the historical Medi-Cal caseload will begin to decline through the resumption of redeterminations are highly uncertain. If the end of the public health emergency occurs either before or after July 2023, when we have assumed it expires, our projection of inflows from Medi-Cal into Covered California will differ from what we project.

**Willingness-to-pay assumptions:** The forecasted enrollment is based on willingness-to-pay assumptions<sup>9</sup>. Willingness to pay represents the maximum price a customer is willing to pay for a product or service. Willingness to pay varies significantly from customer to customer. Population characteristics cause the differences, and there are

---

<sup>9</sup> Finkelstein, Amy, Nathaniel Hendren, and Mark Shepard. 2019. "Subsidizing Health Insurance for Low-Income Adults: Evidence from Massachusetts."

both extrinsic and intrinsic differences. Extrinsic differences include the observable factors such as age, gender, income, education and where people live. The intrinsic differences include differences that are not observable. These may consist of an individual's risk tolerance and desire to fit in with others. Other factors beyond the extrinsic and intrinsic differences also play a factor. These factors may cause an individual's willingness to pay to rise or fall over time. We have utilized willingness-to-pay assumptions to forecast the number of individuals who will enroll once they leave Medi-Cal after eliminating the public health emergency. In addition, we also used these assumptions to identify the number of individuals who will exit Covered California should the price they pay for health care coverage change in response to the expiration of the American Rescue Plan. To the extent that actual individual behavior differs from predicted behavior, forecasted enrollment and revenues will deviate from expectations.

**Inflation's impact on lower-income groups and enrollment:** Inflation in the overall economy is considerably higher than average historical levels. The March 2022 12-month change for the Consumer Price Index for All Urban Consumers (CPI-U) was 8.5 percent, while the core inflation was 6.5 percent<sup>10</sup>. While initial economic forecasts expected that higher inflation would subside to historical levels within a year, more recent economic forecasts note there is uncertainty around this assumption. The Federal Open Market Committee (FOMC) raised the federal funds rate by 25 basis points<sup>11</sup> in March 2022. The FOMC cited strong job gains, a falling unemployment rate and elevated inflation as its reasons. In May, the FOMC raised the federal funds rate again, by 50 basis points<sup>12</sup>. Individuals within the lower-income groups will be disproportionately affected if inflation remains high. Studies have shown that lower-income groups are disproportionately affected by inflation and face higher inflation rates than their higher-income counterparts do<sup>13,14</sup>. Lower-income groups spend a more significant proportion of their income on necessities. Therefore, the lower-income groups will be more price sensitive to the high inflation, which may influence decisions on whether they purchase health coverage<sup>15</sup>. This may affect our forecast for enrollment assuming the American Rescue Plan is not extended. The combination of the American Rescue Plan's expiring and continued high inflation may result in enrollment losses exceeding forecasted losses, resulting in a greater revenue decline.

**Potential macroeconomic challenges:** While the economy has recognized a solid recovery following the height of the COVID-19 pandemic, an uncertain outlook remains. Supply chain disruptions, the war in Ukraine, the potential impact on commodity prices (including food and energy) and Federal Reserve actions pose risks. The nation has recognized a 40-year high in general inflation, with a year-over-year increase of 8.5 percent<sup>16</sup>. Early predictions indicated that inflation would be a short-term phenomenon

---

<sup>10</sup> [Consumer Price Index Summary - 2022 M03 Results \(bls.gov\)](#)

<sup>11</sup> [Federal Reserve Board - Implementation Note issued March 16, 2022](#)

<sup>12</sup> [Federal Reserve Board - Federal Reserve issues FOMC statement](#)

<sup>13</sup> Duke University and University of Texas at Austin. Nov. 15, 2021. Gennetian, Lisa A, Conwell Jordan, Daniels Becca. "How Do Low-Income Families Spend Their Money?"

<sup>14</sup> Unequal Inflation Impacts. Spring 2022 Institute Research Conference. April 5, 2022.

<https://www.minneapolisfed.org/events/2022/spring-2022-institute-research-conference>

<sup>15</sup> Federal Reserve Bank of Minneapolis. April 2022. Argente, David, Lee Munseob. "Cost of Living Inequality Beyond the Great Recession."

<sup>16</sup> U.S. Bureau of Labor Statistics. March 2022. [Consumer Price Index Summary - 2022 M03 Results \(bls.gov\)](#)

and would pass once the supply chain disruptions were eased<sup>17,18</sup>. However, current forecasts indicate greater Federal Reserve action is needed to reduce inflation, requiring interest rate increases.

The Federal Reserve's monetary actions may not result in a soft landing, but instead slow the economy and possibly induce a recession. Federal legislative action in response to a slowing economy may result in renewed marketplace consumer support like the American Rescue Plan, as job loss and employer-sponsored coverage losses occur. Also, job loss may result in changes to the inflows and outflows between employer-sponsored coverage and Covered California. Similarly, inflows and outflows between Covered California and Medi-Cal may be altered. To the extent that these events occur, actual enrollment and revenues may deviate from our forecasted outcomes.

**COVID-19 resurgence:** In the past year, there have been several waves of infection due to variants of the COVID-19 virus. California experienced a surge due to the Delta variant in the late summer of 2021. A more severe wave of infections occurred in January and February of 2022 due to the Omicron variant. While cases of COVID-19 from the Omicron variant have fallen dramatically in California, the recent appearance of the even more transmissible BA.1, BA.2 and BA.3 subvariants and recent outbreaks in Shanghai, China, and elsewhere have caused public health officials to remain on alert. On April 12, 2022, the U.S. Department of Health and Human Services extended the public health emergency for another 90 days. If COVID-19 infections begin to rise and public health interventions must be enacted, it is possible that macroeconomic conditions may deviate from our expectations. The public health emergency may be extended, affecting inflows from Medi-Cal into Covered California. Such an event may result in changes in enrollment inflows and outflows or result in changes in public policy not anticipated in our budget forecast.

**Collective bargaining agreement negotiations:** Covered California is subject to civil service labor agreements that may result in greater personnel expenditures than forecasted throughout the projection period. Roughly 45 percent of Covered California's operating budget is associated with personnel expenditures. Covered California's personnel cost projection would deviate from the budgeted forecast to the extent that labor agreements and wage increases exceed or come in lower than 2.5 percent year-over-year growth. Personnel cost pressures may increase with the current uptick in inflation.

**Cost of goods and services:** Inflation pressure may drive forecasted expenditure growth higher than anticipated in the budget. Covered California, like all organizations, must purchase goods and services that may become more costly if inflation persists.

---

<sup>17</sup> Morningstar. [Fed's Brainard says spike in inflation this year is 'transitory'](#)

<sup>18</sup> New York Post. [Biden says inflation 'temporary,' 'expected,' pushes spending](#)

## II. Covered California's Fiscal Year 2022-23 Operating and Capital Budgets

The program detail for Covered California's fiscal year 2022-23 operating and capital budgets provides information on staffing levels and expenditures for each of Covered California's six functional areas and 20 budget units, comparing the fiscal year 2022-23 budget to the fiscal year 2021-22 approved budget.

We start with an analysis of the fiscal year 2022-23 baseline budget. The baseline budget represents the fiscal year 2021-22 approved budget after making specific adjustments. We summarize and discuss changes made to the fiscal year 2021-22 budget to arrive at the fiscal year 2022-23 baseline budget.

Next, we identify changes made to the fiscal year 2022-23 baseline budget to arrive at the fiscal year 2022-23 budget. We evaluate changes by expenditure category, focusing on Personnel Expenditures, Other Operating Expenditures, and Capital Investment Expenditures. We discuss and highlight the significant differences between the fiscal year 2022-23 baseline budget and the fiscal year 2022-23 budget.

We then provide functional area and budget unit program detail. Each section starts at the functional area and is followed by individual budget unit summaries. **Table 6** presents a key showing each budget unit's functional area. Each budget unit summary includes a brief description of the budget unit and presents its key objectives for fiscal year 2022-23 and significant changes in its budget from the prior budget year. The descriptions explain any material increases in expenditures and staffing included in the budget.

The budget unit operating expenditures are categorized as follows: Personnel Services, which includes salary and benefits, and Other Operating Expenditures, which includes expenditures associated with contracts and all other operational expenditures. Allocated expenditures refer to statewide shared enterprise costs. These expenditures are allocated to each program and are presented as a separate line item within each budget unit's program summary. Capital project expenditures are presented separately and are detailed in a Capital Investments budget unit.

### Covered California's Fiscal Year 2022-23 Baseline Budget

The fiscal year 2022-23 baseline budget totals \$404.9 million, which is \$22.6 million less than the fiscal year 2021-22 approved budget of \$427.6 million (**Table 2**).

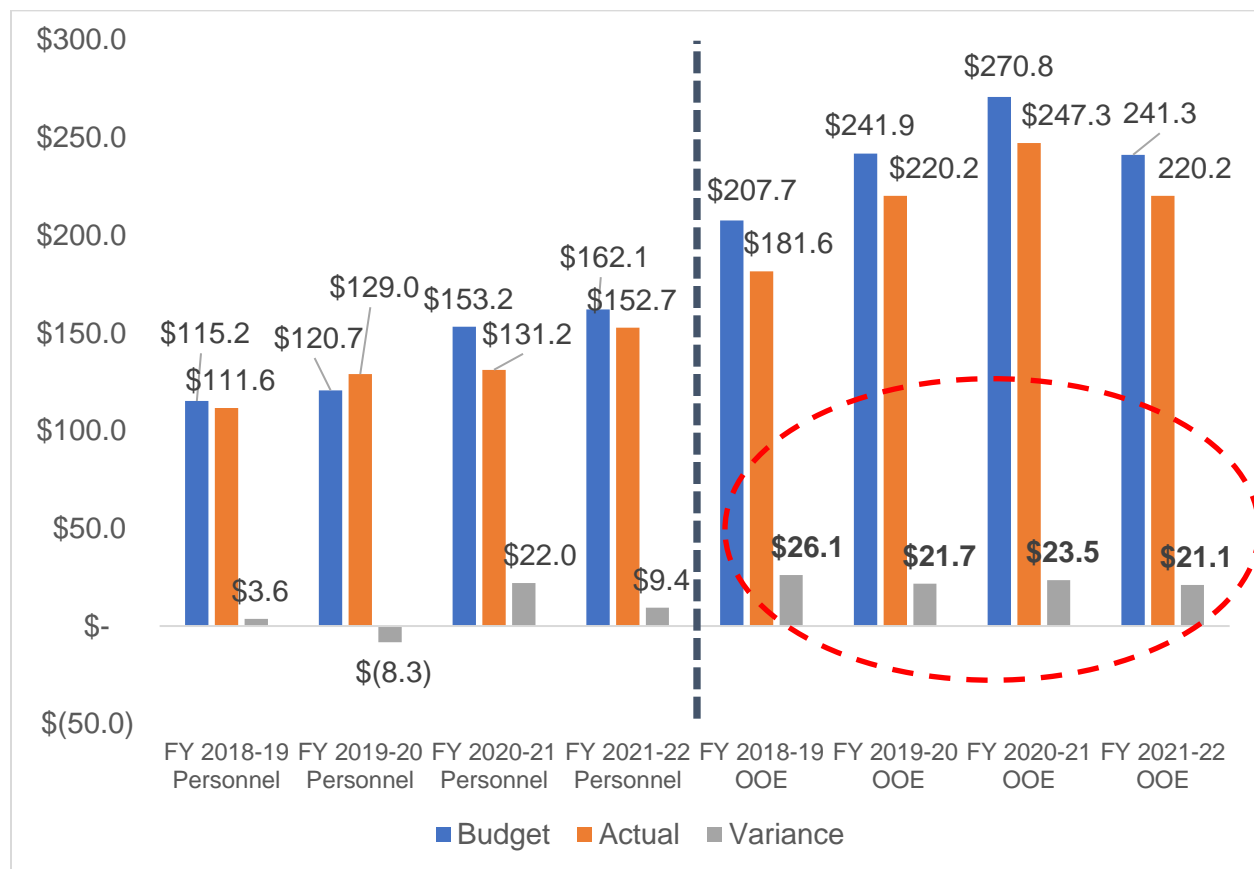
Covered California's annual budget process commences with establishing a baseline budget. The baseline budget represents the prior year's budget adjusted for inflation, one-time expenditures from the prior year that are eliminated in the current budget year, adjustments to personnel expenditures related to negotiated labor agreements, benefit adjustments and vacancy rate assumptions.

This fiscal year's baseline budget underwent a special review. Covered California used an incremental budgeting process for the past 10 years, which tends to accumulate budget line items that need revisiting. As organizations mature, expenditure priorities change, and from time-to-time organizations must reevaluate their baseline budget expenditure priorities. A review of past budget performance, comparing budgeted

expenditures to actual expenditures, disclosed significant yearly favorable budget variances.

The budget evaluation identified that Covered California has consistently recognized favorable budget variances in the Other Operating Expenditures (OOE) category. The favorable budget variance trends, where actual expenditures were less than budgeted expenditures, have averaged roughly \$20 million annually (**Figure 3**). This pattern presented across all budget units; however, the overall dollar volume varied depending on the budget unit's relative size.

**Figure 3**  
**Budget vs. Actual Expenditures: Fiscal Year 2018-19 to Fiscal Year 2021-22**



As part of the fiscal year 2022-23 budget process, Covered California's budget units were asked to examine their individual budget line items and consider whether the baseline budget reflected actual or planned spending. After close scrutiny, certain baseline budgeted expenditures were found not to be reflective of planned expenditures. This budget exercise resulted in an overall baseline budget reduction in OOE of \$28.7 million.

Pro-rata/Supplemental Pension/Other includes state shared-enterprise expenditures, other post-employment expenditures, and the principal payment for supplemental pension expenditures. These expenditures increased by \$1.4 million over the fiscal year 2021-22 total. The state shared-enterprise expenditure category is allocated to Covered California and represents the expenditures associated with general administrative costs



of the state. Covered California has no direct control over these expenditures; they are allocated to Covered California and represent our proportionate share of the overall expenditures.

Each fiscal year, Covered California makes substantial capital investments. In general, these expenditures focus on improvements or modifications to CalHEERS. In addition, other capital investments include leasehold improvements and recent investments in reengineering the workplace (i.e., the [Re]imagine project) as telecommuting becomes a common arrangement. The capital projects baseline budget includes \$16.3 million for CalHEERS modifications and improvements and an additional \$8.5 million for development of the Plan Choice and Assister Portal project (PCAP). Capital investments for the (Re)imagine project totals \$5.2 million, which is a \$2.8 million reduction from the fiscal year 2021-22 total of \$8 million.

Personnel expenditures decreased from \$162.1 million to \$161.1 million. The decrease resulted from the net impact of adjusting the vacancy and benefit rates, a 2.5 percent salary increase, and merit salary adjustments. In fiscal year 2021-22, the vacancy rate was assumed to be 5.8 percent; however, for fiscal year 2022-23 the vacancy rate was adjusted to 8.0 percent to align with actual experience more closely. The benefit rate was also modified to align with the actual benefit rate. The fiscal year 2021-22 benefit rate was assumed to be 58.5 percent; however, the actual rate was 55 percent. Baseline staffing increased by one due to adding one mid-year permanent position to meet workload demands (**Table 3**).

**Table 3  
Covered California's Fiscal Year 2022-23 Baseline Budget**

	<b>Fiscal Year 2021-22</b>	<b>Fiscal Year 2022-23</b>	<b>Difference</b>
	<b>Approved Budget</b>	<b>Baseline Budget</b>	<b>Between FY 2021-22 Approved Budget and FY 2022-23 Baseline</b>
<b>Positions</b>	1440	1441	1
Personnel Expenditures	162,074,821	161,049,943	\$ (1,024,878)
Other Operating Expenditures	<u>223,176,824</u>	<u>194,530,382</u>	<u>\$ (28,646,442)</u>
<b>Subtotal</b>	<b>\$ 385,251,645</b>	<b>\$ 355,580,325</b>	<b>\$ (29,671,320)</b>
<b>Allocated Expenditures</b>			
	-	-	\$ -
Prorata/Supp. Pension/Other	18,069,532	19,419,224	\$ 1,349,692
<b>Total Operating Expenditures</b>	<b>\$ 403,321,177</b>	<b>\$ 374,999,549</b>	<b>\$ (28,321,628)</b>
<b>Capital Investments</b>			
CalHEERs	\$ 16,266,027	\$ 24,773,115	\$ 8,507,088
Other	\$ 8,000,000	\$ 5,226,296	\$ (2,773,704)
<b>Total - Capital Project Expenditures</b>	<b>\$ 24,266,027</b>	<b>\$ 29,999,411</b>	<b>\$ 5,733,384</b>
<b>Total Budgeted Expenditures</b>	<b>\$ 427,587,204</b>	<b>\$ 404,998,960</b>	<b>\$ (22,588,245)</b>

### Fiscal Year 2022-23 Budget Changes

The fiscal year 2022-23 budget added \$6.4 million in additional funding. This includes \$3.9 million in additional personnel funds and \$2.5 million in other operating funds (Table 4).

**Table 4**  
**Fiscal Year 2022-23 Baseline Budget and**  
**Fiscal Year 2022-23 Budget After Budget Augmentations**

	Fiscal Year 2022-23	Fiscal Year 2022-23	Difference
	Baseline Budget	Approved Budget	Between Baseline and Approved FY 2022-23 Budget
<b>Positions</b>	1441	1467	26
Personnel Expenditures	161,049,943	164,937,260	3,887,317
Other Operating Expenditures	<u>194,530,382</u>	<u>197,009,299</u>	<u>2,478,917</u>
<b>Subtotal</b>	<b>\$ 355,580,325</b>	<b>\$ 361,946,559</b>	<b>6,366,234</b>
<b>Allocated Expenditures</b>			
	-	-	-
Prorata/Supp. Pension/Other	<u>19,419,224</u>	<u>19,419,224</u>	<u>-</u>
<b>Total Operating Expenditures</b>	<b>\$ 374,999,549</b>	<b>\$ 381,365,783</b>	<b>\$ 6,366,234</b>
<b>Capital Investments</b>			
CalHEERs	\$ 24,773,115	\$ 24,773,115	
Other	<u>\$ 5,226,296</u>	<u>\$ 5,226,296</u>	
<b>Total - Capital Project Expenditures</b>	<b>\$ 29,999,411</b>	<b>\$ 29,999,411</b>	<b>\$ -</b>
<b>Total Budgeted Expenditures</b>	<b>\$ 404,998,960</b>	<b>\$ 411,365,194</b>	<b>\$ 6,366,234</b>

### Personnel Expenditures

The fiscal year 2022-23 budget for personnel expenses of \$164.9 million represents a \$3.9 million increase over the baseline budget. The increase in personnel expenses results from adding 26 additional positions and the telework stipend (**Table 5**). Total permanent staffing increased by 26 authorized positions over the baseline, from 1,441 to 1,467.

### Staffing Changes

The fiscal year 2022-23 budget eliminated 15 vacant positions from the baseline and added 41 new positions, resulting in a net increase in staffing of 26 (**Table 5**).

**Table 5  
Fiscal Year 2022-23 Budget Changes: Staff and Personnel**

<b>Division</b>	<b>Positions</b>	<b>Dollars</b>
Plan Management	3	\$285,846
Policy, Eligibility and Research	3	\$260,190
Marketing	6	\$780,833
Outreach and Sales	6	\$695,955
Program Integrity	-1	\$-95,981
Communications and External Affairs	1	\$93,918
Communications and External Affairs	-1	\$-272,158
Service Center	6	\$716,686
Service Center	-10	\$-794,884
Information Technology	9	\$1,146,686
Executive	2	\$172,874
Health Equity, Quality Transformation	3	\$285,097
Financial Management Division	-3	\$-338,151
Human Resources	2	\$206,860
Telework Stipend		\$743,546
<b>Total</b>	<b>26</b>	<b>\$3,887,317</b>

### **Other Operating Expenditures**

The fiscal year 2022-23 budget for Other Operating Expenditures (OOE) totals \$197.0 million (**Table 4**). OOE represents all day-to-day operating expenditures. The fiscal year 2022-23 OOE are \$2.5 million more than the baseline expenditures (**Table 6**). OOE includes all contract and operational expenses, such as paid media, CalHEERS, IT enterprise services, the service center surge vendor, Navigators, Covered California for Small Business administration, sales and administrative support, IT contractors and more.

**Table 6**  
**Fiscal Year 2022-23 Other Operating Expenditures**  
**Budget Augmentations**

Item	Dollar Value
PCAP Contracting Services	\$1,200,000
Enterprise-Wide Managing of IT Services	\$711,226
Information Security Data Discovery	\$560,000
Consumer Experience Investment	\$500,000
IT Access Management Automation	\$360,000
Audit Software	\$250,000
Diversity, Equity, and Inclusion Roadmap	\$190,000
Training Software	\$14,280
Equipment for New Staff	\$82,000
Transfer from Baseline Funding	-\$900,000
Reclass to Personnel to Fund New Staff	-\$488,589
<b>Total</b>	<b>\$2,478,917</b>

**Budget Expenditures by Functional Area and Budget Unit**

**Table 7**  
**Functional Budget Area Key to Covered California Budget Units**

Functional Area	Budget Unit
Plan Management, Eligibility and Health Transformation	Plan Management
	Policy, Eligibility and Research
	Health Equity and Quality Transformation
Marketing, Outreach/Sales and Other	Marketing
	Outreach and Sales
	Program Integrity
	Communications and External Affairs
Service Center and Consumer Experience	Service Center
	Ombuds Office
	Customer Care
Technology	CalHEERS
	Information Technology
Administration	Business Services
	Financial Management
	Human Resources
	Office of Legal Affairs
	Covered California University
	Executive Office
	Equal Employment Opportunity Office
Capital Projects	Capital Investment

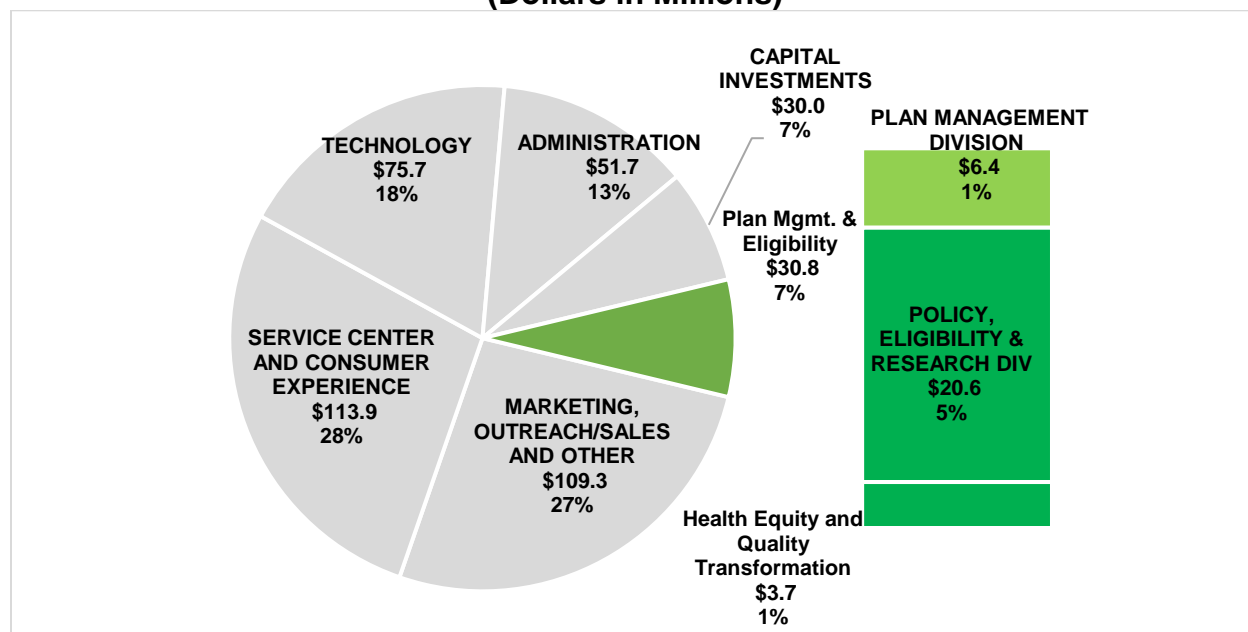
## Plan Management, Eligibility and Health Transformation

The Plan Management, Eligibility and Health Transformation functional area includes the Plan Management Division; the Policy, Eligibility and Research Division; and the Health Equity and Quality Transformation Division. The budget for fiscal year 2022-23 is \$30.8 million.

### Plan Management, Eligibility and Health Transformation: Multi-Year View

	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2022-23
	Approved Budget	Baseline Budget	Approved Budget
<b>Positions</b>	100	101	110
Personnel Expenditures	\$ 14,619,821	\$ 13,903,270	\$ 14,785,433
Other Operating Expenditures	\$ 13,902,830	\$ 14,356,890	\$ 14,374,890
<b>Subtotal</b>	<b>\$ 28,522,651</b>	<b>\$ 28,260,160</b>	<b>\$ 29,160,323</b>
<b>Allocated Expenditures</b>			
Prorata/Supp. Pension/Other	\$ 1,393,948	\$ 1,601,000	\$ 1,633,408
<b>Total Operating Expenditures</b>	<b>\$ 29,916,599</b>	<b>\$ 29,861,161</b>	<b>\$ 30,793,732</b>

### Plan Management, Eligibility and Health Transformation Fiscal Year 2022-23 Budget: \$411.4 Million (Dollars in Millions)



## Plan Management Division

### Budget Unit Description

The Plan Management Division's purpose is to improve the cost, quality and accessibility of health care delivered to consumers by selecting, negotiating with, and holding Covered California's contracted health insurance companies accountable for delivering quality health care while fostering improvements in care delivery that can benefit all Californians<sup>19</sup>.

### Budget Unit: Multi-Year View

	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2022-23
	Approved Budget	Baseline Budget	Approved Budget
<b>Positions</b>	30	30	33
Personnel Expenditures	\$ 4,418,705	\$ 3,976,251	\$ 4,278,246
Other Operating Expenditures	\$ 2,551,783	\$ 1,788,566	\$ 1,794,566
<b>Subtotal</b>	<b>\$ 6,970,487</b>	<b>\$ 5,764,817</b>	<b>\$ 6,072,812</b>
<b>Allocated Expenditures</b>			
Prorata/Supp. Pension/Other	\$ 354,466	\$ 350,118	\$ 364,987
<b>Total Operating Expenditures</b>	<b>\$ 7,324,953</b>	<b>\$ 6,114,935</b>	<b>\$ 6,437,799</b>

### Highlights for Fiscal Year 2022-23 Budget and Key Changes

#### Adjustments to the Baseline

The Plan Management Division reduced its baseline budget by \$1.2 million. Personnel expenditures were reduced by \$442,000, which constituted the net effect of modifying the assumed vacancy rate, the assumed benefit rate, a 2.5 percent salary increase and merit salary adjustments. Baseline Other Operating Expenditures were reduced by \$763,000. The reduction resulted from transferring consulting and contracting dollars to the Health Equity and Quality Transformation Division. Other reductions of the baseline

<sup>19</sup> The director of Plan Management is an exempt position. It will have a monthly salary in fiscal year 2022-23 of \$15,876. This information is reported in compliance with Government Code 100503, Section 2(A).

include eliminating specific budget line items no longer needed or reducing planned expenditures.

### Fiscal Year 2022-23 Budget Adjustments

The Plan Management Division received \$308,000 in additional funding for fiscal year 2022-23 for three new staff who will provide increased capacity to monitor health plan quality of care and network adequacy, develop proposals for more competitive pricing options, and make recommendations for tailoring benefit designs to better meet the needs of Covered California's consumers

### **Key Objectives for Fiscal Year 2022-23**

The Plan Management Division will focus on the following core areas in fiscal year 2022-23:

- Conduct regular negotiating, oversight, and accountability processes for the 12 contracted health plan issuers and six contracted dental plan issuers, as well as consider applications for new health plan issuers.
- Execute 2023 contracts with health plan issuers with changes targeted to promote affordability, quality, and access to care.

In addition to core division functions and ongoing initiatives listed above, Plan Management (including Health Equity and Quality Transformation) anticipates these key new strategies in the upcoming fiscal year:

- Build upon lessons learned from its health plan issuer contracting experience, continue engaging with external stakeholders, and increase alignment with other purchasers to improve the value and quality of care delivered to individual market consumers and Californians in general.
- Monitor contractual requirements in the health plan issuer contracts for the 2023-25 contract term, including implementation of the Quality Transformation Initiative program to drive quality performance improvements from health plan issuers and requirements from contract attachments focused on behavioral health innovation, addressing health equity and promotion of advance primary care, as guided by Covered California's vision for health care in 2030.
- Work with its contracted health plan issuers, aligned purchasers and other interested stakeholders to ensure Covered California enrollees, and Californians in general, receive the best possible health care despite the ongoing COVID-19 pandemic.
- Develop the Quality Transformation Initiative payment methodology, which includes the measurement of quality measures tied to significant financial penalties for poor performance.
- Develop and refresh the dental plan contract for the 2024-26 contract period, focusing on quality and equity initiatives, reductions in disparities, health promotion and targeted measurements to drive improvements in care delivery.



## Policy, Eligibility and Research Division

### Budget Unit Description

The Policy, Eligibility and Research Division, through its Eligibility Branch, ensures appropriate implementation of program-eligibility rules. The Policy and Research Branch provides accurate, complete, and timely policy and data analysis to support evidence-based decision making, with a focus on analyzing both enrollment and the care provided by contracted health insurance companies to support Plan Management's work to hold them accountable<sup>20</sup>.

### Budget Unit: Multi-Year View

	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2022-23
	Approved Budget	Baseline Budget	Approved Budget
<b>Positions</b>	54	54	57
Personnel Expenditures	\$ 7,011,790	\$ 7,059,038	\$ 7,344,420
Other Operating Expenditures	\$ 11,297,830	\$ 12,222,830	\$ 12,228,830
<b>Subtotal</b>	<b>\$ 18,309,620</b>	<b>\$ 19,281,868</b>	<b>\$ 19,573,250</b>
<b>Allocated Expenditures</b>			
Prorata/Supp. Pension/Other	\$ 869,516	\$ 1,055,023	\$ 1,054,986
<b>Total Operating Expenditures</b>	<b>\$ 19,179,136</b>	<b>\$ 20,336,891</b>	<b>\$ 20,628,235</b>

### Highlights for Fiscal Year 2022-23 Budget and Key Changes

#### Adjustments to the Baseline

The Policy, Eligibility and Research Division reduced its baseline budget by \$972,000. Personnel expenditures were reduced by \$47,000, which constituted the net effect of modifying the assumed vacancy rate, assumed benefit rate, a 2.5 percent salary increase and merit salary adjustments. Baseline Other Operating Expenditures were reduced by \$925,000. The reduction was the net effect of absorbing contract dollars

<sup>20</sup> The Policy, Eligibility and Research Division director is an exempt position. It will have a monthly salary in fiscal year 2022-23 of \$16,562. This information is reported in compliance with Government Code 100503, Section 2(A).

from the Marketing Division, eliminating specific budget line items no longer needed and reducing planned expenditures.

### Fiscal Year 2022-23 Budget Adjustments

Covered California is seizing the opportunity presented by the Plan Choice and Assister Portal (PCAP) project to implement improvements that will lead to a smoother consumer experience and address system-related impediments to enrollment. The Policy, Eligibility and Research Division (PERD) received \$291,000 related to this effort for fiscal year 2022-23. The Consumer Experience (CX) survey has cataloged consumer experience issues and offered 20 specific recommendations for improvement. PERD will add three new staff who will collaborate with the IT staff and PCAP contractors to ensure that these recommendations are incorporated into the design, testing and implementation of the new enrollment portal.

### **Key Objectives for Fiscal Year 2022-23**

The Policy, Eligibility and Research Division will focus on the following core areas in fiscal year 2022-23:

- Implement facilitated enrollment experience for individuals losing Medi-Cal coverage and gaining eligibility for subsidized coverage through Covered California (Senate Bill 260, Statutes of 2019).
- Implement 2023 affordability enhancements enacted through federal and state legislation.
- Participate in the development of custom enrollment solution under the Plan Choice and Assister Portal project, including the development of system design to help consumers choose a plan that maximizes their affordability benefits.
- Use Healthcare Evidence Initiative data to support Covered California's equity and quality transformation agenda and to assess member affordability and total cost of care.
- Provide timely analysis and research to policy makers regarding the coverage and care experience of Covered California to inform national and state policy.
- Successfully transition to a new hybrid working environment to maintain employee engagement and satisfaction.

# Health Equity and Quality Transformation Division

## Budget Unit Description

The Health Equity and Quality Transformation Division (HEQT), under the leadership of the chief medical officer, supports Covered California’s mission to “improve health care quality, lower costs and reduce health disparities.”

In partnership with stakeholders and purchaser partners, the HEQT Division provides expertise and analysis — and holds health plan issuers accountable — so that Covered California enrollees and all Californians receive high-quality, equitable care to improve their health. The HEQT is organized into the Population Care, Quality Improvement and Health Informatics and Clinical teams<sup>21</sup>.

## Budget Unit: Multi-Year View

	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2022-23
	Approved Budget	Baseline Budget	Approved Budget
<b>Positions</b>	16	17	20
Personnel Expenditures	\$ 3,189,326	\$ 2,867,981	\$ 3,162,767
Other Operating Expenditures	\$ 53,217	\$ 345,494	\$ 351,494
<b>Subtotal</b>	<b>\$ 3,242,543</b>	<b>\$ 3,213,476</b>	<b>\$ 3,514,262</b>
<b>Allocated Expenditures</b>			
Prorata/Supp. Pension/Other	\$ 169,967	\$ 195,860	\$ 213,435
<b>Total Operating Expenditures</b>	<b>\$ 3,412,510</b>	<b>\$ 3,409,335</b>	<b>\$ 3,727,697</b>

<sup>21</sup> The chief medical officer, director, in the Health Equity Quality Transformation Division is an exempt position. It will have a monthly salary in fiscal year 2022-23 of \$34,563. This information is reported in compliance with Government Code 100503, Section 2(A).

## Highlights for Fiscal Year 2022-23 Budget and Key Changes

### Adjustments to the Baseline

The Health Equity and Quality Transformation Division reduced its baseline budget by \$29,000. Personnel expenditures were reduced by \$321,000, which constituted the net effect of modifying the assumed vacancy rate, assumed benefit rate, a 2.5 percent salary increase and merit salary adjustments. Baseline Other Operating Expenditures were increased by \$292,000. The increase was the result of assuming specific contract services from the Plan Management Division.

### Fiscal Year 2022-23 Budget Adjustments

The Health Equity and Quality Transformation Division received \$301,000 for fiscal year 2022-23 to fund three research positions. These staff will strengthen the division's efforts for ensuring health plan accountability related to the quality, equity, and delivery system transformation provisions of the model contract, which significantly increases the quality and health equity requirements for our health plan issuers.

The new staff will also work in collaboration with the Plan Management Division to implement the "25-2-2" policy of monitoring plans that perform poorly on quality and will conduct quality assessments of new health plan issuers. Finally, new staff will help Covered California meet the requirements of Assembly Bill 929 for public reporting of quality, equity, and cost data.

### **Key Objectives for Fiscal Year 2022-23**

The Health Equity and Quality Transformation Division will focus on the following core areas in fiscal year 2022-23:

- In conjunction with the Plan Management Division, implement and hold contracted health plan issuers accountable for major contractual revisions to Attachment 1 and Attachment 2, taking effect for the 2023-25 contract term. Priority areas include reductions in disparities, behavioral health, value-based payments to support advanced primary care and integrated delivery systems, data exchange and initiatives to address affordability and cost.
- Implement the Quality Transformation Initiative (QTI), a program that ties health plan issuer performance on a parsimonious core set of quality measures to significant financial incentives to spur improved performance. Implementation of the QTI requires establishing performance-assessment processes, developing a payment calculation and collection process in conjunction with the Plan Management and Financial Management divisions, developing a methodology to tie equity metrics to financial incentives, and leveraging the Clinical Leaders' Forum to support QTI core measure improvement.

- Work with contracted health plan issuers, aligned purchasers and other key private and public stakeholders to promote investments in primary care as the foundation of a high-functioning delivery system.
- Improve demographic data collection to support disparities initiatives and develop methodology in consultation with state and national experts and policy makers to create disparities-reduction targets that can be incorporated into the Quality Transformation Initiative.
- Develop a comprehensive framework to use various data sources efficiently and effectively, such as the Quality Rating System, the Healthcare Evidence Initiative (HEI) and other health plan issuer direct submissions to enhance their accountability for quality and health equity performance.
- Advance and expand public reporting on plan performance using newly available data to share learnings from the qualified health plan issuer contract's Attachment 1 requirements with a focus on cost, quality, and health disparities.
- Identify opportunities for alignment with other health information technology initiatives and, in conjunction with Policy, Eligibility, and Research Division, establish a policy to standardize the collection and exchange of health care information.
- Advance and strengthen alignment with Medi-Cal and CalPERS through continued collaboration on priority areas, including disparities, common measures for financial incentives, behavioral health, value-based payments, and population health management.

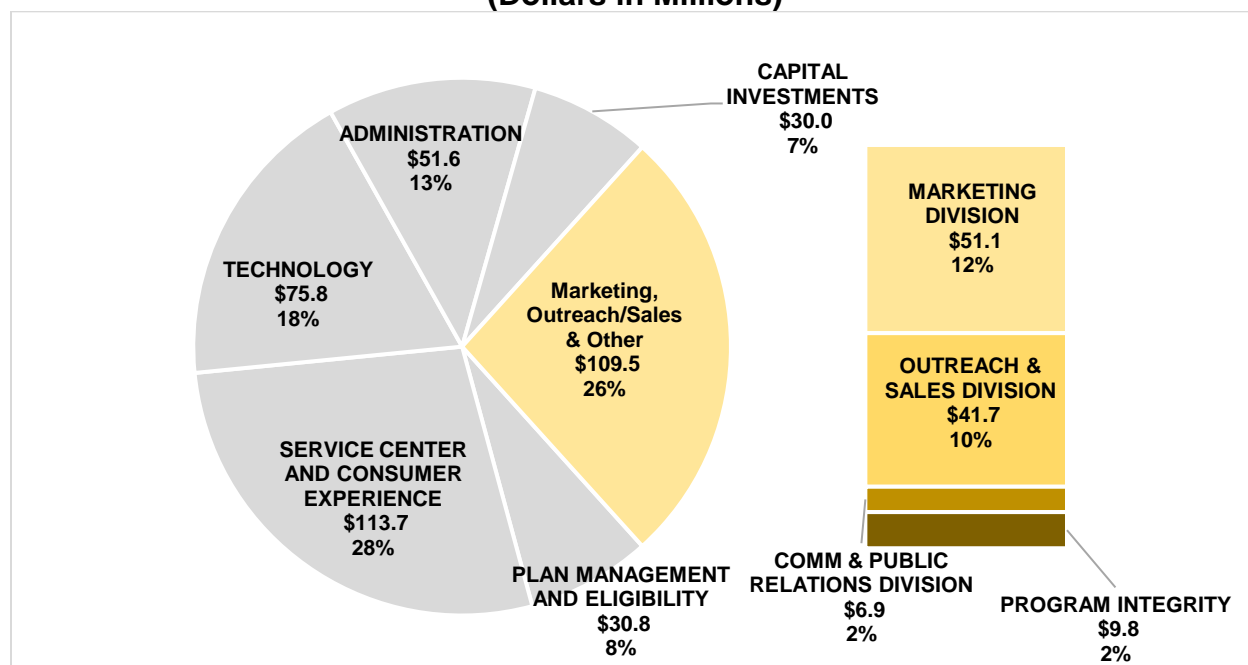
## Marketing, Outreach/Sales and Other

Marketing, Outreach/Sales and Other includes the following divisions: Marketing, Outreach and Sales, Communications and External Affairs, and Program Integrity. The budget for fiscal year 2022-23 is \$109.5 million.

### Marketing, Outreach/Sales and Other: Multi-Year View

	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2022-23
	Approved Budget	Baseline Budget	Approved Budget
<b>Positions</b>	184	182	193
Personnel Expenditures	\$ 24,781,408	\$ 23,882,886	\$ 25,172,703
Other Operating Expenditures	\$ 96,900,868	\$ 78,691,468	\$ 78,967,468
<b>Subtotal</b>	<b>\$ 121,682,276</b>	<b>\$ 102,574,354</b>	<b>\$ 104,140,171</b>
<b>Allocated Expenditures</b>			
Prorata/Supp. Pension/Other	\$ 5,344,512	\$ 5,348,873	\$ 5,341,884
<b>Total Operating Expenditures</b>	<b>\$ 127,026,788</b>	<b>\$ 107,923,227</b>	<b>\$ 109,482,055</b>

### Marketing, Outreach/Sales and Other Fiscal Year 2022-23 Budget: \$411.4 (Dollars in Millions)



## Marketing Division

### Budget Unit Description

The Marketing Division is responsible for implementing Covered California’s comprehensive marketing campaign strategy to motivate Californians to enroll in or renew their health insurance through Covered California. Covered California’s marketing and advertising efforts are anchored in effectively reaching the diverse cultures, regions, ethnicities, and languages of California<sup>22</sup>.

### Budget Unit: Multi-Year View

	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2022-23
	Approved Budget	Baseline Budget	Approved Budget
<b>Positions</b>	29	28	34
Personnel Expenditures	\$ 4,190,973	\$ 4,004,472	\$ 4,802,746
Other Operating Expenditures	\$ 58,584,844	\$ 43,906,950	\$ 43,918,950
<b>Subtotal</b>	<b>\$ 62,775,817</b>	<b>\$ 47,911,422</b>	<b>\$ 48,721,696</b>
<b>Allocated Expenditures</b>			
Prorata/Supp. Pension/Other	\$ 2,593,570	\$ 2,355,660	\$ 2,360,733
<b>Total Operating Expenditures</b>	<b>\$ 65,369,387</b>	<b>\$ 50,267,082</b>	<b>\$ 51,082,429</b>

### Highlights for Fiscal Year 2022-23 Budget and Key Changes

#### Adjustments to the Baseline

The Marketing Division reduced its baseline budget by \$14.8 million. Personnel expenditures were reduced by \$186,000, which constituted the net effect of modifying the assumed vacancy rate, assumed benefit rate, a 2.5 percent salary increase and merit salary adjustments. Baseline Other Operating Expenditures were reduced by \$14.7 million. The reduction was the net effect of transferring contract dollars from the Marketing Division to the Policy, Eligibility and Research Division, eliminating specific budget line items no longer needed or reducing planned expenditures.

<sup>22</sup> The director of the Marketing Division is an exempt position. It will have a monthly salary in fiscal year 2022-23 of \$15,941. This information is reported in compliance with Government Code 100503, Section 2(A).

## Fiscal Year 2022-23 Budget Adjustments

The Marketing Division received \$810,000 in additional funding for fiscal year 2022-23 to add a manager and five new marketing specialists who will spearhead outreach efforts directed at individuals disenrolling from Medi-Cal, losing employer-sponsored insurance, or who are uninsured, as reported by the Franchise Tax Board. Some of the new Marketing personnel will also assist in developing multi-lingual marketing content to improve outreach to populations for whom English is not their primary language.

### **Key Objectives for Fiscal Year 2022-23**

The Marketing Division will focus on the following core areas in fiscal year 2022-23:

- Maximize the efficiency of the Marketing Division's budget by realigning the spending allocations between paid media campaigns and significantly expanded direct response efforts resulting from Senate Bill 260 implementation.
- Develop strategic and tactical plans for open and special enrollment with the primary goals of driving enrollment and retention, while also supporting diversity, equity, and inclusion goals with tailored outreach to key ethnic subpopulations (Hispanic, Asian, Black/African American and LGBTQ) that reflects their social, cultural, and linguistic needs.
- Continue to conduct strategic research projects to gain insight into members, uninsured consumers, and specialized populations. Projects will include message testing, creative concept testing and deep-dive research into areas where further understanding would improve program efficacy and the consumer journey.
- Use consumer lists of historically hard-to-reach populations from new partnerships with other state departments and health insurance companies as prescribed by state law. Covered California will develop and implement a tactical communications plan to deliver specific direct messaging that addresses each of these unique consumer populations' situations to maximize awareness of Covered California as an option for health insurance. These populations include people who have terminated health coverage from insurance carriers in California, people who have paid a tax penalty for not having health insurance, people transitioning from Medi-Cal to Covered California and unemployed people receiving unemployment insurance.



## Outreach and Sales Division

### Budget Unit Description

The purpose of the Outreach and Sales Division is to educate, support, and empower Covered California’s 20,000 sales partners in order to inform, facilitate and expand the number of eligible individuals enrolled in affordable, quality health care coverage. The division oversees contract, compliance, regulatory and policy responsibility for all sales channel partner programs to ensure program integrity and consumer protection. Sales channel partners include independent insurance agents and the Navigator program, which is a partnership with community organizations across the state who have experience in reaching and assisting California’s diverse populations and have proven success enrolling consumers in health care programs. The division also operates the Covered California for Small Business program that helps small businesses get coverage that can better meet the needs of the business and their employees. The Outreach and Sales Division has two components: the individual market and Covered California for Small Business<sup>23</sup>.

### Budget Unit: Multi-Year View

	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2022-23
	Approved Budget	Baseline Budget	Approved Budget
<b>Positions</b>	62	62	68
Personnel Expenditures	\$ 8,135,815	\$ 8,009,979	\$ 8,735,694
Other Operating Expenditures	\$ 34,030,474	\$ 30,928,308	\$ 30,940,308
<b>Subtotal</b>	<b>\$ 42,166,289</b>	<b>\$ 38,938,287</b>	<b>\$ 39,676,002</b>
<b>Allocated Expenditures</b>			
Prorata/Supp. Pension/Other	\$ 1,847,650	\$ 2,012,738	\$ 2,021,584
<b>Total Operating Expenditures</b>	<b>\$ 44,013,939</b>	<b>\$ 40,951,025</b>	<b>\$ 41,697,586</b>

<sup>23</sup> The Outreach and Sales Division director is an exempt position. It will have a monthly salary in fiscal year 2022-23 of \$19,259. This information is reported in compliance with Government Code 100503, Section 2(A).

## **Highlights for Fiscal Year 2022-23 Budget and Key Changes**

### Adjustments to the Baseline

The Outreach and Sales Division reduced its baseline budget by \$3.2 million. Personnel expenditures were reduced by \$125,000, which constituted the net effect of modifying the assumed vacancy rate, assumed benefit rate, a 2.5 percent salary increase and merit salary adjustments. Baseline Other Operating Expenditures were reduced by \$3.1 million. The reduction was the net effect of the elimination of a contract that expired, and the removal of specific budget line items no longer needed or reducing planned expenditures.

### Fiscal Year 2022-23 Budget Adjustments

The Outreach and Sales Division received \$738,000 in additional funding for fiscal year 2022-23 to add six new staff members dedicated to improving services provided to sales agents and other stakeholders participating in Covered California for Small Business. The additional staff will allow the Outreach and Sales Division to meet the increased demand for customer service from key stakeholder groups, perform critical financial and enrollment reconciliation functions, and address program compliance and overall business development functions.

### **Key Objectives for Fiscal Year 2022-23**

The Outreach and Sales Division will focus on the following core areas in the fiscal year 2022-23 budget:

- Continue active outreach, communications, and education programs to more than 20,000 certified enrollers who provide person-to-person enrollment assistance to hundreds of thousands of Californians each year. The program includes improving virtual training programs and providing guidance and education that are especially relevant in today's environment where consumers need help on a real-time basis. In addition, we will continue to support the Navigator program through a competitive selection process to extend the program for 2023-2024 and beyond.
- Execute on the multi-year plan to upgrade Covered California for Small Business's enrollment and eligibility platform and processes. The improved capability will enable the program to efficiently and accurately onboard employer groups, employees and covered dependents and increase the number of Californians who can access health coverage. The plan provides for additional staffing, technology enhancements and long-term cost and quality control.
- Partner with other Covered California divisions and the Department of Health Care Services to educate, support, and empower sales channel partners following the end of the national public health emergency and beyond.

## Communications and External Affairs Division

### Budget Unit Description

The Communications and External Affairs Division serves multiple functions, including developing, coordinating, and executing an extensive program of media relations and public communications that support enrollment; developing an overarching strategy for the public-facing website content on CoveredCA.com; and maintaining federal and state government relations, tribal relations and stakeholder support and engagement<sup>24</sup>.

### Budget Unit: Multi-Year View

	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2022-23
	Approved Budget	Baseline Budget	Approved Budget
<b>Positions</b>	30	29	29
Personnel Expenditures	\$ 4,736,918	\$ 4,122,648	\$ 3,954,097
Other Operating Expenditures	\$ 2,840,550	\$ 2,555,710	\$ 2,557,710
<b>Subtotal</b>	<b>\$ 7,577,468</b>	<b>\$ 6,678,358</b>	<b>\$ 6,511,807</b>
<b>Allocated Expenditures</b>			
Prorata/Supp. Pension/Other	\$ 378,847	\$ 391,193	\$ 375,667
<b>Total Operating Expenditures</b>	<b>\$ 7,956,315</b>	<b>\$ 7,069,551</b>	<b>\$ 6,887,473</b>

### Highlights for Fiscal Year 2022-23 Budget and Key Changes

#### Adjustments to the Baseline

The Communications and External Affairs Division reduced its baseline budget by \$899,000. Personnel expenditures were reduced by \$614,000, which constituted the net effect of modifying the assumed vacancy rate, assumed benefit rate, a 2.5 percent salary increase and merit salary adjustments. Baseline Other Operating Expenditures

<sup>24</sup> The director of Communications and External Affairs is an exempt position. It will have a monthly salary in fiscal year 2022-23 of \$20,282. This information is reported in compliance with Government Code 100503, Section 2(A).

were reduced by \$284,000. The reduction is the result of eliminating specific budget line items no longer needed or reducing planned expenditures.

### Fiscal Year 2022-23 Budget Adjustments

The Communications and External Affairs division received \$106,000 in additional funding for fiscal year 2022-23 to fund the addition of a user experience (UX) design specialist who will develop additional content for the Covered California public website. Web-related projects will include simplifying the “help” experience, developing landing pages for health insurance company information, improving the dental section, redesigning the small-business website, creating a tailored Spanish experience based on user testing and increasing the website’s focus on Covered California’s mission and vision. The Communications and External Affairs Division also eliminated one director position that was originally part of External Affairs. The dollar savings totaled \$272,000.

### **Key Objectives for Fiscal Year 2022-23**

Communications and External Affairs will focus on the following core areas in its fiscal year 2022-23 budget:

- Expand strategies to bolster external relations by expanding existing networks and strengthening outreach and education for both state and federal government officials and stakeholders.
- Fortify efforts to inform federal and state policy makers on policies that leverage and build on the Affordable Care Act and that provide a model for current and future policy change, including the American Rescue Plan as well as state legislative and budget action.
- Promote enrollment through extensive and innovative earned, owned, and paid media efforts designed to educate consumers and the media about Covered California, the availability of premium and cost-sharing subsidies, transitions from Medi-Cal to Covered California, coverage options and the value of coverage.
- Raise awareness of Covered California’s efforts and lessons learned through proactive outreach to national and statewide news outlets as well as prominent health-related outlets.
- Develop a strategic plan to improve the user experience of CoveredCA.com through evidence-based updates aimed at increasing understanding and ease of use.
- Provide communications expertise and support across the organization to further the goals of individual divisions, including writing, designing, and developing messaging for significant publications, such as the budget, annual report, rate booklet, policy issue briefs and external presentations.
- Provide support to the executive director and senior leadership in establishing and maintaining relationships with stakeholders, elective officials, administration leadership, the media and others.

## Program Integrity Division

### Budget Unit Description

The Program Integrity Division consists of two branches. Its Reconciliation of Enrollment and Membership Branch ensures accuracy and alignment of data between Covered California and carrier systems and conducts system testing and performance review of CalHEERS. Its Program Oversight and Compliance Branch conducts internal and external audits and assists all divisions in identifying and remediating enterprise-wide risks. The division encourages accountability, transparency, effectiveness, efficiency, and risk management by independently reviewing key business areas to help ensure compliance with federal and state laws, regulations, and policies<sup>25</sup>.

### Budget Unit: Multi-Year View

	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2022-23
	Approved Budget	Baseline Budget	Approved Budget
<b>Positions</b>	63	63	62
Personnel Expenditures	\$ 7,717,703	\$ 7,745,787	\$ 7,680,166
Other Operating Expenditures	\$ 1,445,000	\$ 1,300,500	\$ 1,550,500
<b>Subtotal</b>	<b>\$ 9,162,703</b>	<b>\$ 9,046,287</b>	<b>\$ 9,230,666</b>
<b>Allocated Expenditures</b>			
Prorata/Supp. Pension/Other	\$ 524,445	\$ 589,282	\$ 583,900
<b>Total Operating Expenditures</b>	<b>\$ 9,687,148</b>	<b>\$ 9,635,569</b>	<b>\$ 9,814,566</b>

### Highlights for Fiscal Year 2022-23 Budget and Key Changes

#### Adjustments to the Baseline

The Program Integrity Division reduced its baseline budget by \$116,000. Personnel expenditures were increased by \$28,000, which constituted the net effect of modifying

<sup>25</sup> The Program Integrity Division director is an exempt position. It will have a monthly salary in fiscal year 2022-23 of \$16,562. This information is reported in compliance with Government Code 100503, Section 2(A).

the assumed vacancy rate, assumed benefit rate, a 2.5 percent salary increase and merit salary adjustments. Baseline Other Operating Expenditures were reduced by \$144,000. The reduction is the result of the eliminating specific budget line items no longer needed or reducing planned expenditures.

### Fiscal Year 2022-23 Budget Adjustments

The Program Integrity division received \$250,000 in funding for fiscal year 2022-23 to aid the Office of Audit Services (OAS) in completing risk-based assessments and audits. The risk-based auditing and audit issues software will streamline the audit process, provide a consolidated audit, and risk platform, track and monitor corrective action plans for internal audits and audits performed by the federal government and state control agencies, and provide data analytics support. Personnel expenditures are decreased by \$65,000 due to the net effect of an increase for the telework stipend and the elimination of one position.

### **Key Objectives for Fiscal Year 2022-23**

The Program Integrity Division will focus on the following core areas in fiscal year 2022-23:

- Ensure the accuracy and consistency of consumer eligibility information between CalHEERS and the carrier systems, particularly those who transition from Medi-Cal to Covered California.
- Streamline and enhance the CalHEERS testing processes to further promote operational efficiencies.
- Refine and enhance data analytics and processes to detect potential fraud, waste, and abuse trends.
- Strengthen the enterprise-wide risk-intelligent culture throughout Covered California.
- Improve and protect organizational value by providing independent and objective assurance, advice, and insight.
- Embed diversity, equity, and inclusion efforts into the new hybrid work environment.

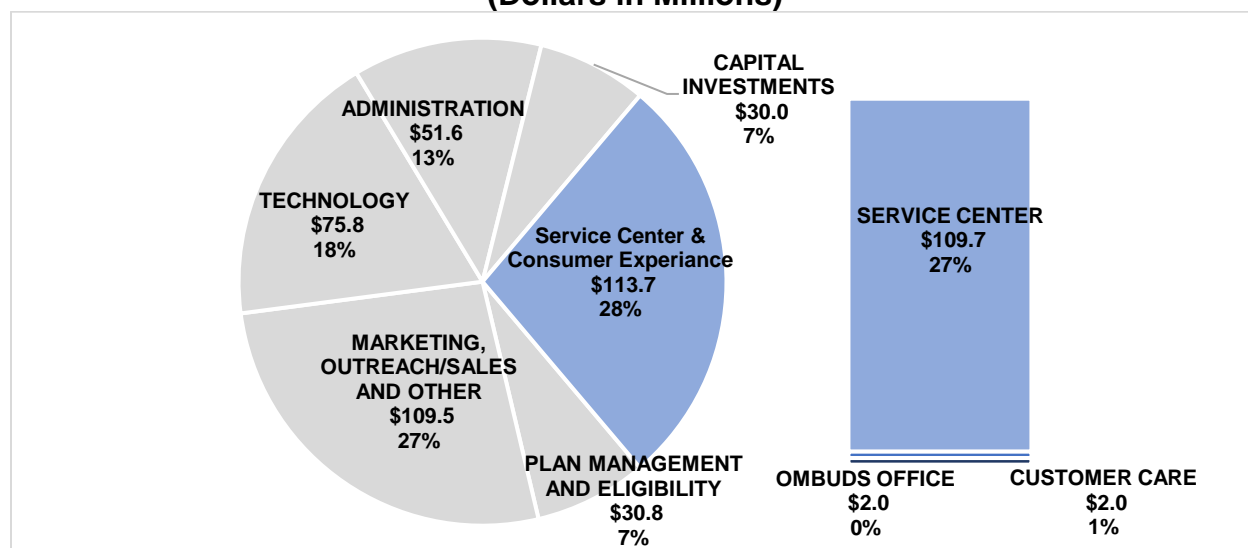
## Service Center and Consumer Experience

Service Center and Consumer Experience includes the following divisions: Service Center, Ombuds Office, and Customer Care. The total budget for fiscal year 2022-23 is \$113.7 million<sup>26</sup>.

### Service Center and Consumer Experience: Multi-Year View

	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2022-23
	Approved Budget	Baseline Budget	Approved Budget
<b>Positions</b>	831	831	827
Personnel Expenditures	\$ 74,955,080	\$ 74,942,809	\$ 75,335,517
Other Operating Expenditures	\$ 38,651,781	\$ 30,853,500	\$ 31,365,500
<b>Subtotal</b>	<b>\$ 113,606,861</b>	<b>\$ 105,796,309</b>	<b>\$ 106,701,017</b>
<b>Allocated Expenditures</b>			
Prorata/Supp. Pension/Other	\$ 6,626,323	\$ 7,127,549	\$ 7,020,856
<b>Total Operating Expenditures</b>	<b>\$ 120,233,184</b>	<b>\$ 112,923,858</b>	<b>\$ 113,721,874</b>

### Service Center and Consumer Experience Fiscal Year 2022-23 Budget \$411.4 (Dollars in Millions)



<sup>26</sup> The Service Center Division director is an exempt position. It will have a monthly salary in fiscal year 2022-23 of \$15,122. This information is reported in compliance with Government Code 100503, Section 2(A).

## Service Center

### Budget Unit Description

The Service Center provides comprehensive pre- and post-enrollment education and support to Covered California consumers by responding to consumer inquiries, enrolling consumers in health plans and promptly resolving challenges that prevent them from receiving health and dental benefits. These efforts ensure consumers receive the right care at the right time at an affordable price, retain coverage and are satisfied with Covered California products and services. The Service Center consists of the following office operational branches:

1. Sacramento Contact Center Operations Branch
2. Fresno Contact Center Operations Branch
3. Internal Compliance and Support Branch
4. Consumer Relations and Resolution Branch
5. Resource Planning and Management Branch
6. Strategic Innovation and Implementation Branch

### Budget Unit: Multi-Year View

	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2022-23
	Approved Budget	Baseline Budget	Approved Budget
<b>Positions</b>	808	808	804
Personnel Expenditures	\$ 71,954,090	\$ 71,951,193	\$ 72,333,565
Other Operating Expenditures	\$ 37,707,781	\$ 30,550,500	\$ 30,562,500
<b>Subtotal</b>	<b>\$ 109,661,871</b>	<b>\$ 102,501,693</b>	<b>\$ 102,896,065</b>
<b>Allocated Expenditures</b>			
Prorata/Supp. Pension/Other	\$ 6,410,763	\$ 6,912,796	\$ 6,786,457
<b>Total Operating Expenditures</b>	<b>\$ 116,072,634</b>	<b>\$ 109,414,489</b>	<b>\$ 109,682,522</b>



## Highlights for Fiscal Year 2022-23 Budget and Key Changes

### Adjustments to the Baseline

The Service Center reduced its baseline budget by \$7.1 million. Personnel expenditures were increased by \$280,000, which constituted the net effect of modifying the assumed vacancy rate, assumed benefit rate, a 2.5 percent salary increase and merit salary adjustments. Baseline Other Operating Expenditures were reduced by \$7.2 million. The reduction is the result of reducing the budget for California Department of Social Services appeals services, a reduction to office expenses and a reduction in Faneuil.

### Fiscal Year 2022-23 Budget Adjustments

The Service Center eliminated 10 vacant technician positions (-\$795,000) and received six new staff (\$728,000) who will use statistical sampling and measurement techniques to investigate and audit customer service responses, develop metrics, and identify areas in need of improvement. In addition, \$461,000 was added to the Service Center budget for telework stipend payments.

### **Key Objectives for Fiscal Year 2022-23 Budget**

The Service Center Division will continue its core focus on effectively responding to as many consumer inquiries as possible by leveraging all available planning tools and resources. Through March 2022 in fiscal year 2021-22, the Service Center provided personal assistance almost 1.7 million times to consumers, and there were an additional 1 million occasions of consumers being served through responses provided by the Integrated Voice Response automated response system that addresses consumers' issues with recorded messages.

For fiscal year 2021-22, consumers registered a very high level of satisfaction in the services provided, stating they were satisfied 96 percent of the time. The Service Center's goal is to maintain the rate at which consumers who complete calls are "very satisfied" at or above the 85 percent mark in the coming year. Additional key deliverables for the upcoming fiscal year are:

- **Open-enrollment support:** The Service Center anticipates almost 1 million consumer contacts during open enrollment through inbound calls, outbound enrollment campaigns and live chat interactions. This forecast is comparable to fiscal year 2021-22 volumes. The division's goal is to meet key performance objectives, improve the consumer experience and enable more consumers to access affordable care. In the very high call volume period of open enrollment, Covered California has always "staffed up" and at the same time recognized that it is not possible to meet daily service goals in a fiscally sound manner. With the surge staffing capacity, the Service Center looks to meet service-level goals and abandonment rates consistent with fiscal year 2021-22.

- **Special-enrollment support:** Early projections anticipate over 1.5 million consumer contacts during the special-enrollment period, which is forecasted to be comparable to fiscal year 2020-21 volumes. Funding should allow the Service Center to have resources where most needed to effectively handle consumer contacts and maintain the abandonment rate from fiscal year 2021-22 of less than 2 percent. There remains a degree of uncertainty in planning for the volumes and types of calls for the coming year, including the unknown impact to call volumes because of the public health emergency unwind (Senate Bill 260) and the proposed IRS rule to fix the “family glitch” and affordability of employer coverage for an employee’s dependents.
- **Ancillary Service Center functions:** In addition to inbound phone and live chat support, the Service Center is responsible for the processing of enrollment verification documents, Licensed Insurance Agent call center overflow support, appeals, escalations, processing of state exemptions and subsidy tax disputes. The funding for additional inbound phone and live chat conversations allows the Service Center to repurpose existing staff to support these ancillary programs during critical periods.

## Ombuds Office

### Budget Unit Description

The Ombuds Office consists of two units. Its Ombuds Affairs Unit provides consumers an objective, unbiased and accessible resource when other resolution or customer service channels have been exhausted. Its Appeals Fulfillment Unit serves as an independent resource to implement Administrative Law Judge decisions following eligibility-determination appeals. Together, these units identify systemic challenges and promote solutions to prevent issues from recurring to improve the experience of Covered California consumers<sup>27</sup>.

### Budget Unit: Multi-Year View

	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2022-23
	Approved Budget	Baseline Budget	Approved Budget
<b>Positions</b>	15	15	15
Personnel Expenditures	\$ 1,798,068	\$ 1,814,482	\$ 1,822,234
Other Operating Expenditures	\$ 52,000	\$ 52,000	\$ 52,000
<b>Subtotal</b>	<b>\$ 1,850,068</b>	<b>\$ 1,866,482</b>	<b>\$ 1,874,234</b>
<b>Allocated Expenditures</b>			
Prorata/Supp. Pension/Other	\$ 111,551	\$ 126,595	\$ 124,488
<b>Total Operating Expenditures</b>	<b>\$ 1,961,620</b>	<b>\$ 1,993,078</b>	<b>\$ 1,998,722</b>

### Highlights for Fiscal Year 2022-23 Budget and Key Changes

#### Adjustments to the Baseline

The Ombuds Office increased its baseline budget by \$16,000. Personnel expenditures were increased by \$16,000, which constituted the net effect of modifying the assumed

---

<sup>27</sup> The Ombuds Office director is an exempt position. It will have a monthly salary in fiscal year 2022-23 of \$11,183. This information is reported in compliance with Government Code 100503, Section 2(A).

vacancy rate, assumed benefit rate, a 2.5 percent salary increase and merit salary adjustments. Baseline Other Operating Expenditures were not adjusted.

### Fiscal Year 2022-23 Budget Adjustments

The Ombuds Office increased its personnel expenditure budget by \$7,000 for telework stipend payments.

### **Key Objectives for Fiscal Year 2022-23**

The Ombuds Office will focus on the following core areas in fiscal year 2022-23:

- Complete a comprehensive Root Cause Analysis to identify systemic issues.
- Revisit the use of Ombuds services internally and externally and promote awareness and understanding, leading to a collaborative culture.
- Provide high-quality customer service by introducing follow-up communications and service-satisfaction surveys.

## Customer Care Division

### Budget Unit Description

The Customer Care Division’s purpose is to optimize and enhance the consumer experience regardless of service channel (e.g., self-serve, through the Covered California Service Center, or via a Licensed Insurance Agent or Certified Enrollment Counselor). Ultimately, this work involves a high level of coordination, transparency, and collaboration throughout the organization to understand and facilitate improvement of the consumer experience during all phases of the consumer journey<sup>28</sup>.

### Budget Unit: Multi-Year View

	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2022-23
	Approved Budget	Baseline Budget	Approved Budget
<b>Positions</b>	8	8	8
Personnel Expenditures	\$ 1,202,922	\$ 1,177,134	\$ 1,179,718
Other Operating Expenditures	\$ 892,000	\$ 251,000	\$ 751,000
<b>Subtotal</b>	<b>\$ 2,094,922</b>	<b>\$ 1,428,134</b>	<b>\$ 1,930,718</b>
<b>Allocated Expenditures</b>			
Prorata/Supp. Pension/Other	\$ 104,009	\$ 88,158	\$ 109,912
<b>Total Operating Expenditures</b>	<b>\$ 2,198,931</b>	<b>\$ 1,516,291</b>	<b>\$ 2,040,629</b>

### Highlights for Fiscal Year 2022-23 Budget and Key Changes

#### Adjustments to the Baseline

The Customer Care Division reduced its baseline budget by \$666,000. Personnel expenditures were decreased by \$26,000, which constituted the net effect of modifying the assumed vacancy rate, assumed benefit rate, a 2.5 percent salary increase and

<sup>28</sup> The Customer Care Division director is an exempt position. The position is currently vacant. This information is reported in compliance with Government Code 100503, Section 2(A).

merit salary adjustments. Baseline Other Operating Expenditures were reduced by \$641,000. The reduction is the result of eliminating a contract that had expired.

### Fiscal Year 2022-23 Budget Adjustments

Covered California is seizing the opportunity presented by the Plan Choice and Assister Portal (PCAP) project to implement improvements that will lead to a smoother consumer experience and address system-related impediments to enrollment. As part of this effort, the Customer Care Division received an additional \$500,000 in funding to renew the annual consumer experience (CX) survey. Working with the contractor, the Customer Care Division will continue to identify consumer experience issues and develop recommendations for improvement that will inform the design of the new enrollment portal. In addition, \$3,000 was added to the personnel budget to make telework stipend payments.

### **Key Objectives for Fiscal Year 2022-23**

The Customer Care Division will focus on the following core areas in fiscal year 2022-23:

- Develop a consumer experience strategic roadmap and implementation plan. Foster organizational alignment on priorities.
- Develop organizational key performance indicators to measure the success of consumer-experience improvement initiatives and return on investment.
- Continue enhancing Covered California's chatbot, Cici, by simplifying and streamlining assistance for the most common consumer inquiries (e.g., providing consumers the ability to reset passwords and usernames, check account and enrollment status, and opt in/opt out functionality for individuals transitioning from Medi-Cal to Covered California).
- Conduct quantitative and qualitative consumer research to gain insight into consumer comprehension and familiarity with specific health care terminology and concepts. Use findings to guide how Covered California communicates complex information to our consumers.

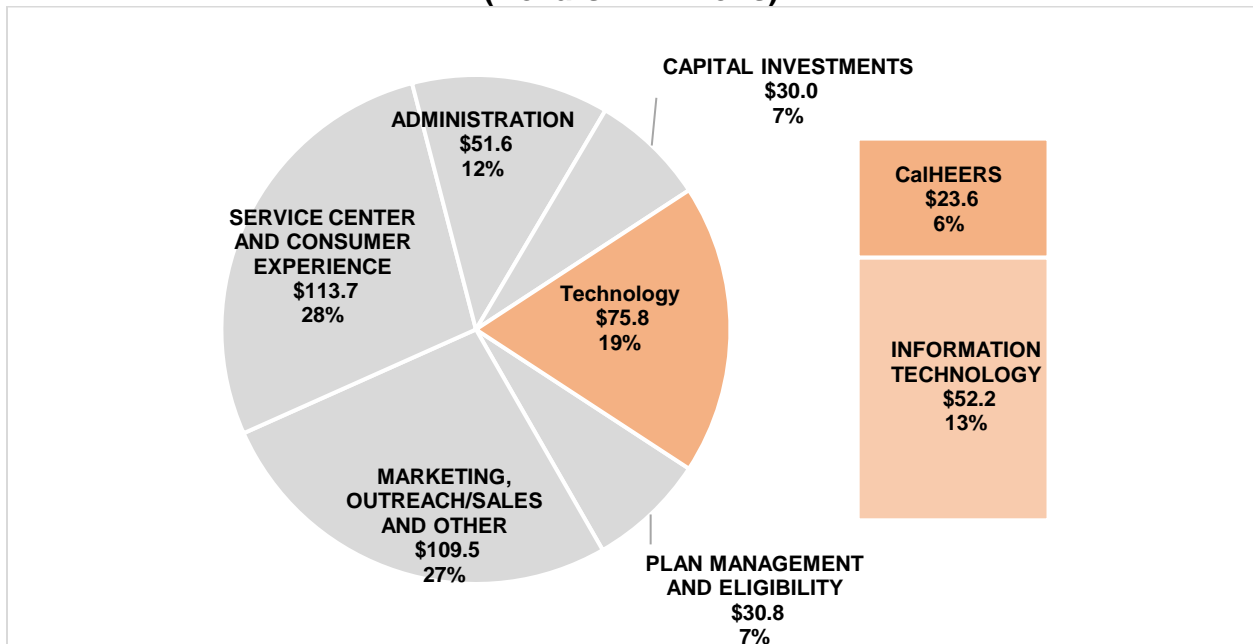
## Technology

Technology includes the Information Technology (IT) Division and the consumer enrollment system, the California Healthcare Eligibility, Enrollment and Retention System (CalHEERS). The total fiscal year 2022-23 budget is \$75.8 million.

### Technology: Multi-Year View

	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2022-23
	Approved Budget	Baseline Budget	Approved Budget
<b>Positions</b>	100	102	112
Personnel Expenditures	\$ 16,497,459	\$ 16,779,017	\$ 18,094,198
Other Operating Expenditures	\$ 53,694,541	\$ 53,650,889	\$ 55,113,526
<b>Subtotal</b>	<b>\$ 70,192,000</b>	<b>\$ 70,429,906</b>	<b>\$ 73,207,724</b>
<b>Allocated Expenditures</b>			
Prorata/Supp. Pension/Other	\$ 2,087,661	\$ 2,463,878	\$ 2,591,859
<b>Total Operating Expenditures</b>	<b>\$ 72,279,661</b>	<b>\$ 72,893,783</b>	<b>\$ 75,799,583</b>

### Technology Fiscal Year 2022-23 Budget: \$411.4 (Dollars in Millions)



# CalHEERS

## Budget Unit Description

The California Healthcare Eligibility, Enrollment and Retention System (CalHEERS) is a single streamlined application for affordable health insurance programs in California. CalHEERS provides health plan eligibility determination and health plan comparison shopping and enrollment for millions of Medi-Cal and Covered California consumers in one convenient web-based solution.

CalHEERS is jointly sponsored by Covered California and the California Department of Health Care Services. California’s Office of Systems Integration oversees the CalHEERS project roadmap, maintenance, and operations on behalf of the sponsoring organizations. The project is governed by an executive steering committee that represents each of the participating agencies and that has guided the project since its inception in 2013.

## Budget Unit: Multi-Year View

	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2022-23
	Approved Budget	Baseline Budget	Approved Budget
<b>Positions</b>			
Personnel Expenditures	\$ -	\$ -	
Other Operating Expenditures	\$ 24,399,041	\$ 24,133,973	\$ 23,645,384
<b>Subtotal</b>	<b>\$ 24,399,041</b>	<b>\$ 24,133,973</b>	<b>\$ 23,645,384</b>
<b>Allocated Expenditures</b>			
Prorata/Supp. Pension/Other	\$ -	\$ -	\$ -
<b>Total Operating Expenditures</b>	<b>\$ 24,399,041</b>	<b>\$ 24,133,973</b>	<b>\$ 23,645,384</b>



## Highlights for Fiscal Year 2022-23 Budget and Key Changes

### Adjustments to the Baseline

CalHEERS reduced its baseline budget by \$265,000. The reduction was the result of decreasing the CDSS SAWS (statewide automated welfare system) budget line item.

### Fiscal Year 2022-23 Budget Adjustments

The CalHEERS operating budget was used to fund three requested positions established in the Information Technology Division. The positions were three Information Technology Specialist III positions. This resulted in a reduction of \$489,000 to the CalHEERS budget.

### **Key Objectives for Fiscal Year 2022-23**

CalHEERS will focus on the following core areas in fiscal year 2022-23:

- Continue to provide an easy to navigate, integrated eligibility determination, enrollment and retention solution providing consumer-centric product features as quickly as possible to support Californians' health plan enrollment.
- Improve consumer plan choice enhancements and the ability of agents and assisters to support consumer health plan enrollment via the Plan Choice and Assister Portal project.
- Cost effectively realize the agility, performance, scalability, and security of last year's transition of CalHEERS from our former on-premises data center to Amazon's AWS cloud infrastructure by redeploying legacy technology components as cloud-native solutions.
- Complete the implementation of auto-enrollment of consumers moving from Medi-Cal to Covered California coverage based on income redeterminations (supported by Senate Bill 260) to ensure that marketplace-eligible individuals who will lose Medi-Cal coverage following the end of the public health emergency have the option to transition seamlessly to a health plan through Covered California.

# Information Technology Division

## Budget Unit Description

The Information Technology Division provides program and project management, technology and information security services supporting health plan eligibility and enrollment, innovation, strategic initiatives, and operations to Covered California consumers, stakeholders, and business divisions, including oversight of the ongoing development and operations of CalHEERS.

Three branches carry out specific functions in the Information Technology Division: Technology Solutions and Program Management, Technology Infrastructure and Operations and the Information Security Office<sup>29</sup>.

## Budget Unit: Multi-Year View

	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2022-23
	Approved Budget	Baseline Budget	Approved Budget
<b>Positions</b>	100	102	112
Personnel Expenditures	\$ 16,497,459	\$ 16,779,017	\$ 18,094,198
Other Operating Expenditures	\$ 29,295,500	\$ 29,516,916	\$ 31,468,142
<b>Subtotal</b>	<b>\$ 45,792,959</b>	<b>\$ 46,295,933</b>	<b>\$ 49,562,340</b>
<b>Allocated Expenditures</b>			
Prorata/Supp. Pension/Other	\$ 2,087,661	\$ 2,463,878	\$ 2,591,859
<b>Total Operating Expenditures</b>	<b>\$ 47,880,620</b>	<b>\$ 48,759,810</b>	<b>\$ 52,154,199</b>

<sup>29</sup> The director of Information Technology is an exempt position. It will have a monthly salary in fiscal year 2022-23 of \$22,750. This information is reported in compliance with Government Code 100503, Section 2(A).

## Highlights for Fiscal Year 2022-23 Budget and Key Changes

### Adjustments to the Baseline

The Information Technology Division increased its baseline budget by \$503,000. Personnel expenditures were increased by \$282,000, which constituted the net effect of modifying the assumed vacancy rate, assumed benefit rate, a 2.5 percent salary increase and merit salary adjustments. Baseline Other Operating Expenditures increased by a net of \$221,000. The net increase is the result of increasing Salesforce software license purchases by \$3 million, absorbing service contracts from Marketing related to Salesforce and other reductions in budget line items.

### Fiscal Year 2022-23 Budget Adjustments

The Information Technology Division received an additional \$3.2 million in funding for fiscal year 2022-23 to address five different proposals and add 10 additional staff. A total of \$1.2 million of the additional funding is requested for a consulting contract associated with the Plan Choice and Assister Portal (PCAP) project. PCAP replaces the current commercial, off-the-shelf “Get Insured” consumer enrollment portal with a state of California owned and designed custom enrollment solution.

The Information Technology Division received \$523,000 to replace the contractors currently staffing the IT service desk with five dedicated employee-IT analysts. The new in-house staff will also enable IT to provide expanded hours of service desk availability, from 6 a.m. to 10 p.m., to support employees working from home.

Additionally, Information Technology received one additional Information Technology specialist at \$152,000. The division purchased ServiceNow software at a cost of \$711,000, which will enable the division to better support and manage the service desk and several other in-house information systems and resources.

To strengthen Covered California’s IT security, the Information Technology Division received \$360,000 for software to automate and better control and manage access to Covered California systems and data. The Information Technology division also received \$560,000 to purchase Information Security, Data Discovery and Data Classification software that will be used to protect our information assets. Data discovery and classification will reduce the probability of unauthorized data disclosure.

The personnel budget was also increased by \$55,000 to pay telework stipends.

## Key Objectives for Fiscal Year 2022-23

The Information Technology Division will focus on the following core areas in fiscal year 2022-23:

- Support the Health Equity and Quality Transformation, Plan Management, and Policy, Eligibility and Research divisions' ability to measure, monitor and collaborate with health insurance companies to advance quality of care standards and improvements on behalf of our enrollees.
- Intentionally promote diversity, equity, and inclusion within Information Technology and across Covered California by elevating diverse perspectives, seeking fairness and equity in our discussions and decisions, and adopting inclusive approaches as we recruit, retain, and promote a dynamic workforce, supportive leadership, and a productive culture.
- Provide Covered California employees and contractors with solutions to thrive in a hybrid work environment as we reimagine the relationships between our physical workplace, technology, organizational change management and human productivity.
- Collaborate with business divisions and our CalHEERS partners and stakeholders to ensure that marketplace-eligible individuals who will lose Medi-Cal coverage following the end of the public health emergency have the option to transition seamlessly to Covered California.
- Provide cost-effective oversight of the ongoing development, maintenance, and operation of CalHEERS, including delivering significant platform enhancements supporting consumer choice and the ability of agents and assisters to support consumer health plan enrollment via the Plan Choice and Assister Portal project and cloud-native technology adoption with our Amazon Web Services cloud infrastructure.
- Secure and safeguard Covered California's brand and reputation by promoting a security program that increases enterprise-wide cybersecurity awareness and enhances security operations and incident management.
- Empower staff to be the Information Technology employer of choice and the most effective technology service provider in the state.

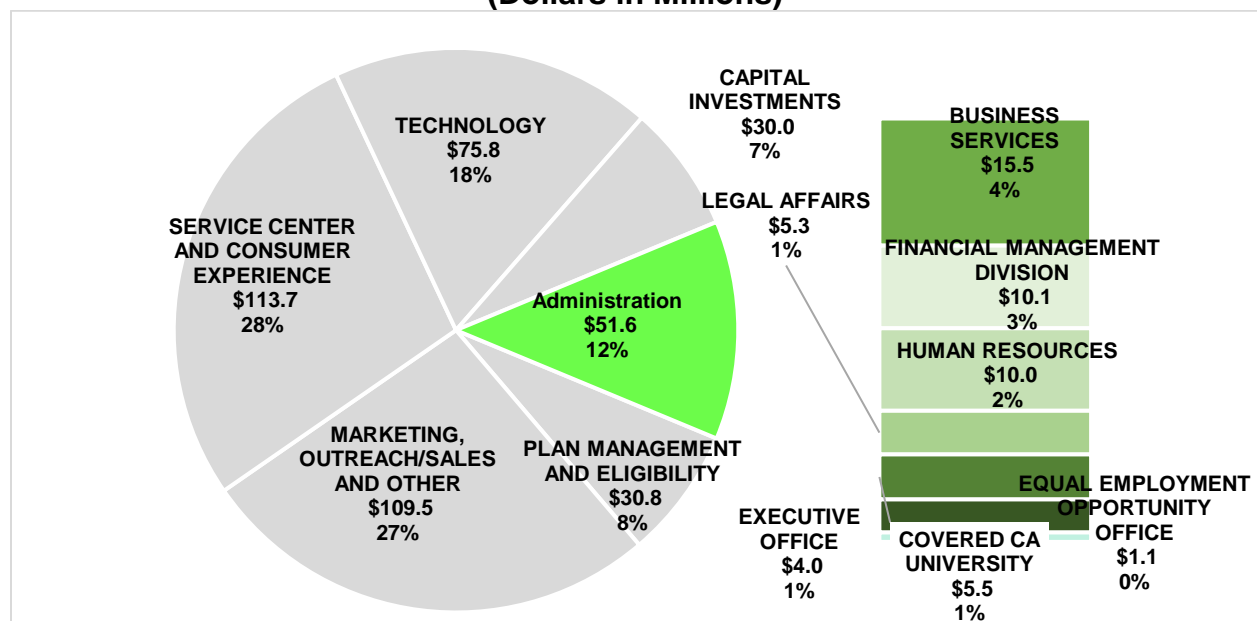
## Administration

Administration includes the following program areas: the Business Services Branch, the Financial Management Division, the Human Resources Branch, the Office of Legal Affairs, Covered California University, the Executive Office, and the Equal Employment Opportunity Office. The total budget for fiscal year 2022-23 is \$51.6 million.

### Administration: Multi-Year View

	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2022-23
	Approved Budget	Baseline Budget	Approved Budget
<b>Positions</b>	225	225	225
Personnel Expenditures	\$ 31,221,053	\$ 31,541,961	\$ 31,549,409
Other Operating Expenditures	\$ 20,026,804	\$ 16,977,635	\$ 17,187,915
<b>Subtotal</b>	<b>\$ 51,247,857</b>	<b>\$ 48,519,596</b>	<b>\$ 48,737,324</b>
<b>Allocated Expenditures</b>			
Prorata/Supp. Pension/Other	\$ 2,617,087	\$ 2,877,924	\$ 2,831,217
<b>Total Operating Expenditures</b>	<b>\$ 53,864,944</b>	<b>\$ 51,397,520</b>	<b>\$ 51,568,540</b>

### Administration Fiscal Year 2022-23 Budget: \$411.4 Million (Dollars in Millions)



## Business Services Branch

### Budget Unit Description

The Business Services Branch is responsible for providing guidance and consultation on contract and purchasing services; carrying out health, safety, and wellness services; providing central support functions for administrative programs enterprise-wide; ensuring facilities are well maintained and secure and managing our physical resources through facilities operations.

### Budget Unit: Multi-Year View

	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2022-23
	Approved Budget	Baseline Budget	Approved Budget
<b>Positions</b>	41	41	41
Personnel Expenditures	\$ 4,838,220	\$ 5,079,091	\$ 5,096,532
Other Operating Expenditures	\$ 10,669,871	\$ 9,597,690	\$ 9,597,690
<b>Subtotal</b>	<b>\$ 15,508,091</b>	<b>\$ 14,676,781</b>	<b>\$ 14,694,222</b>
<b>Allocated Expenditures</b>			
Prorata/Supp. Pension/Other	\$ 724,711	\$ 802,794	\$ 787,603
<b>Total Operating Expenditures</b>	<b>\$ 16,232,802</b>	<b>\$ 15,479,574</b>	<b>\$ 15,481,824</b>

### Highlights for Fiscal Year 2022-23 Budget and Key Changes

#### Adjustments to the Baseline

The Business Services Branch decreased its baseline budget by \$831,000. Personnel expenditures were increased by \$240,000, which constituted the net effect of modifying the assumed vacancy rate, assumed benefit rate, a 2.5 percent salary increase and merit salary adjustments. Baseline Other Operating Expenditures decreased by \$1.1 million. The net decrease is the result of eliminating leases, brokerage fees and reducing security budget line items for facilities that were vacated.

## Fiscal Year 2022-23 Budget Adjustments

The Business Services Branch personnel budget was increased by \$17,000 to pay telework stipends.

### **Key Objectives for Fiscal Year 2022-23**

The Business Services Branch will focus on the following core areas in fiscal year 2022-23:

- Implementing the (Re)imagine transition to a hybrid office model.
- Strategic planning of real estate. Some locations will be decommissioned to consolidate our physical footprint, resulting in a significant, long-term rent savings to Covered California.
- Implementing DocuSign Contract Lifecycle Management (CLM), an electronic contract approval and management workflow system by July 2022. This electronic process will streamline Business Services functions related to contract development and signing.
- Updating and streamlining our Covered California Administrative Manual, forms, and records retention schedules on SharePoint Online to provide current information that is also easy to find.
- Fully implementing the Business Continuity Plan electronic platform to provide emergency communications to our employees (e.g., our employees will be able to confirm they are safely out of harm's way during an emergency). This system will allow us to be more agile while responding to emergencies and notify staff in real time.

# Financial Management Division

## Budget Unit Description

The Financial Management Division plans, implements and guides all Covered California financial activities, including finance, accounting, forecasting, budgeting, and governmental compliance. The division consists of two branches: Accounting and Accounting Systems Operations and Financial Planning and Forecasting Operations. Within those units lie critical accounting functions, including payroll, financial reporting, accounts receivable and payable, financial modeling, financial forecasting, and financial systems<sup>30</sup>.

## Budget Unit: Multi-Year View

	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2022-23
	Approved Budget	Baseline Budget	Approved Budget
<b>Positions</b>	58	58	55
Personnel Expenditures	\$ 7,752,829	\$ 7,800,584	\$ 7,484,396
Other Operating Expenditures	\$ 2,533,991	\$ 2,007,225	\$ 2,007,225
<b>Subtotal</b>	<b>\$ 10,286,820</b>	<b>\$ 9,807,809</b>	<b>\$ 9,491,621</b>
<b>Allocated Expenditures</b>			
Prorata/Supp. Pension/Other	\$ 557,186	\$ 613,090	\$ 578,880
<b>Total Operating Expenditures</b>	<b>\$ 10,844,007</b>	<b>\$ 10,420,899</b>	<b>\$ 10,070,501</b>

## Highlights for Fiscal Year 2022-23 Budget and Key Changes

### Adjustments to the Baseline

The Financial Management Division decreased its baseline budget by \$479,000. Personnel expenditures were increased by \$48,000, which constituted the net effect of modifying the assumed vacancy rate, assumed benefit rate, a 2.5 percent salary

<sup>30</sup> The chief financial officer is an exempt position. It will have a monthly salary in fiscal year 2022-23 of \$20,000. This information is reported in compliance with Government Code 100503, Section 2(A).



increase and merit salary adjustments. Baseline Other Operating Expenditures decreased by \$526,000. The decrease is the result of reducing contract dollars for accounting services.

### Fiscal Year 2022-23 Budget Adjustments

The Financial Management Division eliminated three vacant staff positions for a savings of \$338,000. The Financial Management Division's personnel budget was increased by \$22,000 for telework stipend payments.

### **Key Objectives for Fiscal Year 2022-2023**

The Financial Management Division will focus on the following core areas in fiscal year 2022-23:

- Continue to document and evaluate internal controls over financial reporting.
- Design, develop and implement the continuous reporting of effectuated enrollment, descriptive statistics, terminations, plan selections and average gross premiums through SAS and Tableau.
- Continue to incorporate analytic tools, such as SAS, to better utilize FISCAL accounting data to create actionable information for better decisions.
- Explore SAS analytic tools to refine the enrollment forecasting methodology.
- Continue to explore external datasets that may aid in forecasting enrollment, disenrollment, and potential enrollment populations.
- Update the Financial Management Division strategic plan.
- Migrate the invoice-approval process into DocuSign to better align with the new work environment.

## Human Resources Branch

### Budget Unit Description

The Human Resources Branch provides overall policy direction on human resource management and administrative support functions related to the management of employees via the following units: the Labor Relations Office, Employment and Classification Services (Classification and Research, Career Services and Talent Acquisition), Payroll and Benefits, Performance Management, Digital Innovation and Operations and Disability Management. Each of these units strives to ensure that the branch's core values of creativity, integrity, communication, respect, and community serve as our guiding principles to drive key objectives.

### Budget Unit: Multi-Year View

	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2022-23
	Approved Budget	Baseline Budget	Approved Budget
<b>Positions</b>	54	54	56
Personnel Expenditures	\$ 6,790,197	\$ 7,044,775	\$ 7,250,698
Other Operating Expenditures	\$ 3,555,305	\$ 2,211,482	\$ 2,215,482
<b>Subtotal</b>	<b>\$ 10,345,502</b>	<b>\$ 9,256,257</b>	<b>\$ 9,466,180</b>
<b>Allocated Expenditures</b>			
Prorata/Supp. Pension/Other	\$ 549,613	\$ 576,764	\$ 580,151
<b>Total Operating Expenditures</b>	<b>\$ 10,895,115</b>	<b>\$ 9,833,021</b>	<b>\$ 10,046,331</b>

### Highlights for Fiscal Year 2022-23 Budget and Key Changes

#### Adjustments to the Baseline

The Human Resources Branch decreased its baseline budget by \$1.1 million. Personnel expenditures were increased by \$254,000, which constituted the net effect of modifying the assumed vacancy rate, assumed benefit rate, a 2.5 percent salary increase and merit salary adjustments. Baseline Other Operating Expenditures decreased by \$1.3 million. The decrease is the result of the completion of the contract portion of the Workday Human Capital Management solution.

## Fiscal Year 2022-23 Budget Adjustments

The Human Resources Branch received an additional \$210,000 in funding for fiscal year 2022-23 to add two additional staff to complete the implementation and provide ongoing support for the Human Capital Management. With the adoption of Workday, many manual human resources processes were automated. However, the transition to this system still requires resources to assist with ongoing business process enhancements, new feature requests, change management and maintenance and operation activities. The Human Resources Branch personnel budget was increased by \$18,000 for telework stipend payments.

### **Key Objectives for Fiscal Year 2022-2023**

The Human Resources Branch will focus on the following core areas in fiscal year 2022-23:

- Embed diversity, equity and inclusion into all human resources processes and practices to support the organization's values of building and sustaining a diverse workforce at all levels.
- Encourage a culture of inclusivity, purpose and belonging by increasing team engagement, motivation, and collaboration.
- Implement career development workshops for all Covered California employees.
- Continue to implement and improve the onboarding and offboarding experience with a focus on the new hybrid working environment.
- Evaluate and enhance personnel services provided to ensure our employees experience excellent customer service.
- Review and update human resources policies, processes, and procedures, as needed, to support the needs of employees, supervisors, and departmental stakeholders.
- Continue to focus on employee relations support while accounting for the new hybrid working environment to promote continued connection among employees and their supervisors and foster a results-driven culture.
- Execute efficient and effective recruitment and selection processes and practices to aid the organization's ability to achieve its mission.
- Identify and implement enhancements to Workday to ensure operational efficiency and positive user experience.
- Enhance SharePoint to improve the overall experience that will allow information to be stored, accessed, and shared more efficiently and intuitively for our customers.
- Develop and execute training and materials to improve the Workday user experience.
- Develop and deliver specialized labor relations and performance-management training to supervisors to support positive and effective employee relations.

## Office of Legal Affairs

### Budget Unit Description

The Office of Legal Affairs offers a wide range of legal services to all Covered California staff by providing preventive legal advice and consultation to ensure compliance with laws and to mitigate legal liability. The Office of Legal Affairs interfaces with state and federal regulatory agencies and provides legal advice on a variety of matters pertaining to Covered California and its programs, contracts, and operations. The Office of Legal Affairs ensures that all legal agreements are fulfilled, and that Covered California operates within its legal authority. Additionally, the Office of Legal Affairs provides guidance on any statutes or regulations pertaining to Covered California<sup>31</sup>.

### Budget Unit: Multi-Year View

	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2022-23
	Approved Budget	Baseline Budget	Approved Budget
<b>Positions</b>	24	23	23
Personnel Expenditures	\$ 3,859,074	\$ 3,679,286	\$ 3,683,807
Other Operating Expenditures	\$ 1,380,500	\$ 1,343,000	\$ 1,343,000
<b>Subtotal</b>	<b>\$ 5,239,574</b>	<b>\$ 5,022,286</b>	<b>\$ 5,026,807</b>
<b>Allocated Expenditures</b>			
Prorata/Supp. Pension/Other	\$ 270,043	\$ 297,170	\$ 291,506
<b>Total Operating Expenditures</b>	<b>\$ 5,509,618</b>	<b>\$ 5,319,455</b>	<b>\$ 5,318,313</b>

### Highlights for Fiscal Year 2022-23 Budget and Key Changes

#### Adjustments to the Baseline

The Office of Legal Services decreased its baseline budget by \$217,000. Personnel expenditures decreased by \$179,000, which constituted the net effect of modifying the assumed vacancy rate, assumed benefit rate, a 2.5 percent salary increase and merit

<sup>31</sup> The director of the Office of Legal Affairs is an exempt position. It will have a monthly salary in fiscal year 2022-23 of \$17,861. This information is reported in compliance with Government Code 100503, Section 2(A).

salary adjustments. Baseline Other Operating Expenditures decreased by \$37,000. The decrease is the result of eliminating budget line items no longer needed.

During fiscal year 2021-22, the Office of Legal Services transferred one position to the Executive Office. This resulted in a reduction in baseline staffing from 24 to 23.

### Fiscal Year 2022-23 Budget Adjustments

The Office of Legal Affairs' personnel budget was increased by \$4,521 for telework stipend payments.

### **Key Objectives for Fiscal Year 2022-23**

The Office of Legal Affairs will focus on the following core areas in fiscal year 2022-23:

- Complete a refresh of Covered California's statutorily required criminal background check process for applicants, employees, contractors, agents, and enrollment partners to improve the efficiency and timeliness of reviews and approvals and ensure that consumers have ample access to enrollment assistance.
- Work closely with the Health Consumer Alliance to ensure smooth transitions for consumers losing Medi-Cal coverage and gaining eligibility for subsidies through Covered California as the new auto-enrollment program launches and the public health emergency ends.
- Provide technical assistance and guidance on a potential new state affordability program, the winding down of American Rescue Plan subsidies and any future benefits as initially proposed in the Build Back Better Act as the landscape of various state and federal financial assistance programs continues to shift.
- Refine Covered California's process of analyzing federal regulations and sub-regulatory guidance as well as drafting responsive comment letters based on input from Covered California divisions to better identify whether to comment, the intended audience and the purpose of a comment letter. These improvements will allow for better coordination between divisions and maximize the efficacy of Covered California's comments.
- Continue to refine Covered California's newly established Data Governance Charter and Committee, charged with facilitating the organization's responsible use of millions of sensitive enrollee health records and proprietary provider reimbursement rates received pursuant to Assembly Bill 929 (2019) and the Health Evidence Initiative and ensuring this information is appropriately safeguarded while allowing for useful analysis to inform data-driven policies and research.

# Covered California University

## Budget Unit Description

Covered California University is the enterprise training and knowledge management branch. The branch collaborates with programs and interacts across the organization to leverage subject matter experts in a vast array of disciplines, acts as a consultant on information dissemination and training initiatives, and maintains written materials and training courses that support the organization and its partners. The branch administers the technology that supports information and training, including the Customer Relationship Management Knowledgebase and the Absorb Learning Management System. The branch consists of the following sections: Training Design and Delivery Section, the Knowledge Management Section, and Operations and Special Projects.

## Budget Unit: Multi-Year View

	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2022-23
	Approved Budget	Baseline Budget	Approved Budget
<b>Positions</b>	31	31	32
Personnel Expenditures	\$ 4,101,931	\$ 4,137,699	\$ 4,230,220
Other Operating Expenditures	\$ 850,537	\$ 931,772	\$ 933,772
<b>Subtotal</b>	<b>\$ 4,952,468</b>	<b>\$ 5,069,471</b>	<b>\$ 5,163,992</b>
<b>Allocated Expenditures</b>			
Prorata/Supp. Pension/Other	\$ 275,888	\$ 319,451	\$ 320,052
<b>Total Operating Expenditures</b>	<b>\$ 5,228,357</b>	<b>\$ 5,388,922</b>	<b>\$ 5,484,045</b>

## Highlights for Fiscal Year 2022-23 Budget and Key Changes

### Adjustments to the Baseline

Covered California University increased its baseline budget by \$117,000. Personnel expenditures increased by \$36,000, which constituted the net effect of modifying the assumed vacancy rate, assumed benefit rate, a 2.5 percent salary increase and merit salary adjustments. Baseline Other Operating Expenditures increased by \$81,000. The increase is the result of adding funding for the leadership development academy.

## Fiscal Year 2022-23 Budget Adjustments

Covered California University's budget was increased by \$94,000. One staff position was added, and \$13,000 for telework stipend payments and \$4,000 in equipment costs were included.

### **Key Objectives for Fiscal Year 2022-23**

Covered California University will focus on the following core areas in fiscal year 2022-23:

- Continue to assess learning and development needs to provide knowledge and training services to all Covered California employees, service channels, vendors, and partners through a variety of methods, including instructor-led, virtual instructor-led and eLearning using our learning management system.
- Research, develop and publish approved policy, procedure, and technology changes in the form of task guides, talking points and Salesforce Knowledge articles for use by the department to support consumers.

In addition to its core functions and ongoing initiatives listed above, Covered California University anticipates these key new strategies in the upcoming fiscal year:

- Develop diversity, equity, and inclusion training tracks for all levels of the organization.
- Lead Future of Work change-management efforts to transition to a hybrid workforce, including team charter development by division and a hybrid-centered new employee welcome.
- Develop a manager and supervisor course tailored to our Covered California culture and organizational needs.
- Research and determine requirements for a learning management system upgrade or replacement to expand mixed reality and blended learning capabilities, integrations, and improved data reporting.
- Secure funding and resources for implementation of the Enterprise Content Management system in order to automate content-management workflows.

## Executive Office

### Budget Unit Description

The Executive Office develops organizational strategy and provides leadership direction in concert with the Covered California Board of Directors. Executive Office staff are responsible for Covered California’s day-to-day operations and are tasked with facilitating and supporting Covered California’s employees and a broad community of individuals and groups to provide customers (including staff, the board, stakeholders, and the public) with the direction, information, tools and support they need. The Executive Office does this by mentoring, providing leadership, listening, learning, and adjusting efforts to meet goals and serve consumers. The Office of Organizational Culture, Inclusion and Engagement (OOCIE) provides leadership in the areas of workforce and succession planning; employee engagement; and diversity, equity, and inclusion to ensure Covered California is considered an employer of choice and to create and support a workforce reflective of our core values and the people we serve<sup>32</sup>.

### Budget Unit: Multi-Year View

	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2022-23
	Approved Budget	Baseline Budget	Approved Budget
<b>Positions</b>	11	12	12
Personnel Expenditures	\$ 3,217,457	\$ 2,973,442	\$ 2,974,734
Other Operating Expenditures	\$ 783,600	\$ 649,766	\$ 839,766
<b>Subtotal</b>	<b>\$ 4,001,057</b>	<b>\$ 3,623,208</b>	<b>\$ 3,814,500</b>
<b>Allocated Expenditures</b>			
Prorata/Supp. Pension/Other	\$ 188,022	\$ 202,886	\$ 207,792
<b>Total Operating Expenditures</b>	<b>\$ 4,189,079</b>	<b>\$ 3,826,094</b>	<b>\$ 4,022,292</b>

<sup>32</sup> The Executive Office has five exempt positions. They include the executive director, with a monthly salary in fiscal year (FY) 2022-23 of \$37,500; the chief deputy executive director, Operations, with a monthly salary in FY 2022-23 of \$22,621; the chief deputy executive director, Program, with a monthly salary in FY 2022-23 of \$28,753; the chief deputy executive director, General Counsel, with a monthly salary in FY 2022-23 of \$26,791; and the Administrative Services Division director and deputy chief operations officer with a monthly salary in FY 2022-23 of \$13,313. This information is reported in compliance with Government Code 100503, Section 2(A).



## **Highlights for Fiscal Year 2022-23 Budget and Key Changes**

### Adjustments to the Baseline

The Executive Office decreased its baseline budget by \$377,000. Personnel expenditures decreased by \$244,000, which constituted the net effect of modifying the assumed vacancy rate, assumed benefit rate, a 2.5 percent salary increase and merit salary adjustments. Baseline Other Operating Expenditures decreased by \$134,000. The decrease is the net effect of various reductions in consulting contracts and the addition of strategic planning funding.

### Fiscal Year 2022-23 Budget Adjustments

The Executive Division received \$191,000 in additional funding in fiscal year 2022-23 for software and consulting hours to introduce a diversity, equity, and inclusion (DEI) program at Covered California and implement DEI roadmap recommendations developed by Deloitte Consulting. Once implemented, the initiatives within the DEI roadmap will shape how Covered California recruits, hires, and retains diverse talent across the organization; establish a data-driven approach towards DEI decision making; embed DEI into our organizational culture; and expand organizational foundations for promoting, supporting and driving DEI strategy. Personnel expenditures were increased by \$1,000 for telework stipend payments.

### **Key Objectives for Fiscal Year 2022-23**

The Executive Office will focus on the following core areas in fiscal year 2022-23:

- Update our organization's Workforce and Succession Plan with the goal of ensuring internal business continuity by creating and preparing a pipeline of qualified talent to assume mission-critical positions as they are vacated.
- Prioritize diversity, equity and inclusion in our operational practices, decision making and culture through the implementation of a comprehensive diversity, equity, and inclusion strategic roadmap.
- Promote and measure employee engagement activities to foster a workplace culture where our employees feel inspired, connected and appreciated.

# Equal Employment Opportunity Office

## Budget Unit Description

The Equal Employment Opportunity Office is responsible for implementing, coordinating and monitoring civil rights compliance for Covered California’s workforce and consumers. The Equal Employment Opportunity Office ensures that Covered California is compliant with federal and state laws regarding diversity, equity, and accessibility. The office also partners with other program areas to develop initiatives that increase accessibility and foster diversity. It reports on appointments, brings issues of concern regarding equal employment opportunity to the executive director and recommends appropriate action<sup>33</sup>.

## Budget Unit: Multi-Year View

	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2022-23
	Approved Budget	Baseline Budget	Approved Budget
<b>Positions</b>	6	6	6
Personnel Expenditures	\$ 661,345	\$ 827,084	\$ 829,022
Other Operating Expenditures	\$ 253,000	\$ 236,700	\$ 250,980
<b>Subtotal</b>	<b>\$ 914,345</b>	<b>\$ 1,063,784</b>	<b>\$ 1,080,002</b>
<b>Allocated Expenditures</b>			
Prorata/Supp. Pension/Other	\$ 51,622	\$ 65,769	\$ 65,233
<b>Total Operating Expenditures</b>	<b>\$ 965,967</b>	<b>\$ 1,129,554</b>	<b>\$ 1,145,235</b>

## Highlights for Fiscal Year 2022-23 Budget and Key Changes

### Adjustments to the Baseline

The Equal Employment Opportunity Office increased its baseline budget by \$149,000. Personnel expenditures increased by \$165,000, which constituted the net effect of modifying the assumed vacancy rate, assumed benefit rate, a 2.5 percent salary

<sup>33</sup> The Equal Employment Opportunity Officer is an exempt position. It will have a monthly salary in fiscal year 2022-23 of \$12,019. This information is reported in compliance with Government Code 100503, Section 2(A).

increase and merit salary adjustments. Baseline Other Operating Expenditures decreased by \$16,000. The decrease is the net effect of a contract reduction, elimination of one-time expenditures and increased funding for travel and training.

### Fiscal Year 2022-23 Budget Adjustments

The Equal Employment Opportunity Office received \$14,000 in funding in year one of a three-year contract to provide sexual harassment prevention training, as required under government code 12950.1. This new material will replace the online Department of Fair Employment and Housing (DFEH) sexual harassment prevention training for supervisors and managers with an interactive web-based training from EVERFI. This would provide new material for supervisors and managers who have previously taken the DFEH training while maintaining the flexibility of an on-demand remote platform. Additionally, the EVERFI training is state-specific, so it meets California state requirements. It is updated on an ongoing basis so it would provide the most up-to-date material. Unlike other training that focuses primarily on identifying problematic situations, the EVERFI training focuses on attitudes and actions for prevention. The Equal Employment Opportunity Office's personnel budget was increased by \$2,000 for telework stipend payments.

### **Key Objectives for Fiscal Year 2022-23**

The Equal Employment Opportunity Office will focus on the following core areas in fiscal year 2022-23:

- Complete a comprehensive root-cause analysis process to identify systemic issues.
- Revisit the use of Ombuds services internally and externally and promote awareness and understanding, leading to a collaborative culture.
- Provide high-quality customer service by introducing follow-up communications and service-satisfaction surveys.

## Capital Investments

### Budget Unit Description

The Capital Investments budget unit identifies expenditures that are classified as capital assets. Capital assets for purposes of the capital investment budget unit include expenditures totaling \$5,000 or more that have a useful life greater than one year. This includes tangible and intangible assets. For budgetary accounting, these expenditures are expensed in the year in which the expenditures are incurred. The procurement, design, construction, maintenance, and operation of capital assets, including intangible assets, are vital activities of Covered California. These investments are generally significant and are primarily related to CalHEERS or lease hold improvements.

### Budget Unit: Multi-Year View

	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2022-23
	Approved Budget	Baseline Budget	Approved Budget
Capital Investments - CalHEERS	\$ 16,266,027	\$ 24,773,115	\$ 24,773,115
Capital Investments - Other	\$ 8,000,000	\$ 5,226,296	\$ 5,226,296
<b>Total Investment Expenditures</b>	<b>\$ 24,266,027</b>	<b>\$ 29,999,411</b>	<b>\$ 29,999,411</b>

### Highlights for Fiscal Year 2022-23 Budget and Key Changes

#### Adjustments to the Baseline

Covered California continues to make investments in its future by updating and incorporating enhancements to its systems infrastructure. In fiscal year 2022-23, an \$8.5 million increase in the CalHEERS baseline budget will be added to implement the Plan Choice and Assister Portal (PCAP). PCAP replaces the current commercial, off-the-shelf “Get Insured” consumer enrollment portal with a state of California owned and designed custom enrollment solution.

To ensure that Covered California’s workforce effectively transitions to a hybrid model office, \$5.2 million will be invested in technology infrastructure, representing a \$2.8 million reduction to the Other Capital Investments baseline.

## **Key Objectives for Fiscal Year 2022-23**

Capital Investments will focus on the following core areas in fiscal year 2022-23:

- Continue Implementation of the Plan Choice and Assister Portal (PCAP).
- Continue modifications of CalHEERS to ensure it remains current and effective.
- Continue to design a workspace that enables Covered California's workforce to effectively transition to a hybrid model office.

### III. Fiscal Year 2021-22 Budget Highlights and Projected Year-End Results

The financial results of fiscal year 2021-22 exceeded expectations, with actual/forecasted revenues exceeding budgeted totals and actual/forecasted operating expenditures coming in lower than budgeted. The fiscal year 2021-22 budget projected an operating loss of \$32.5 million and a decline in net position of \$28 million. This was based on projected operating and non-operating revenues of \$399.5 million and operating and capital expenditures of \$427.6 million. Actual/forecasted operating and non-operating revenues are estimated to total \$405.6 million and operating and capital expenditures are estimated to equal \$391.7 million. This results in income from operations of \$11.2 million and an increase in net position of \$13.9 million (**Table 8**).

In fiscal year 2021-22, Covered California reached a significant milestone, enrolling nearly 1.8 million Californians into marketplace coverage. The enrollment represented a record level for the exchange. The remarkable enrollment resulted from the enhanced federal subsidies offered through the American Rescue Plan, signed into law in March of 2021. To facilitate enrollment for Californians seeking to take advantage of the subsidies, Covered California announced a special-enrollment period extending from April through December 2021. In February 2022, effectuated enrollment totaled 1,738,707, representing an increase of 179,503 over the February 2021 total of 1,559,204.

Other notable events occurring in fiscal year 2021-22 included continued economic recovery and falling unemployment rates, several new waves of COVID-19 infections that extended the public health emergency, and rising inflation levels.

#### **Fiscal Year 2021-22 Budget Priorities**

During fiscal year 2021-22, Covered California made investments to support the increased levels of enrollment and consumer service activity that were expected to occur in response to the availability of the American Rescue Plan's enhanced subsidies. In addition, Covered California:

- Funded research efforts to evaluate new consumer affordability proposals.
- Moved forward with the transition to a work-from-home, hybrid office model.
- Initiated a major technology project to replace Covered California's commercial, off-the-shelf enrollment portal with a new, customized, state of California owned and designed enrollment portal.

The fiscal year 2021-22 budget included the following budget adjustments:

- Eliminated \$30 million in one-time marketing expenditures allocated in the fiscal year 2020-21 budget for pandemic outreach.

- Reduced fiscal year 2020-21's enhanced funding for increased customer service support from \$11.6 million to \$3.1 million.
- Recognized the end of the state employee personal leave program (PLP), which reduced employee salaries by 9.23 percent during fiscal year 2020-21.
- Kept the assessment fee on health insurance companies participating in the individual market in 2022 at 3.25 percent.

The fiscal year 2021-22 budget added \$11.7 million in budget augmentations above baseline expenses. These included:

- \$3.9 million to fund the restoration of the previously negotiated 2.5 percent general salary increase suspended in July 2020.
- \$1.9 million to fund 21 new positions associated with workload increases and critical projects.
- \$3.15 million to fund additional customer service "surge" capacity.
- \$940,000 for technical upgrades to Service Center software and systems.
- \$900,000 to support the Health Evidence Initiative.
- \$300,000 to upgrade security and incident response services.

### **Projected Fiscal Year 2021-22 Year-End Results**

The Covered California board-approved budget for fiscal year 2021-22 was \$427.6 million, with \$403.3 million approved for operations and \$24.3 million approved for capital projects. This included 1,440 staff positions (**Table 8**).

Covered California's fiscal year 2021-22 approved comprehensive budget assumed total operating revenues of \$395.1 million and total operating and capital expenditures of \$427.6 million, resulting in a \$32.5 million operating deficit. The budget also assumed \$4.5 million in non-operating revenue, resulting in an overall decrease in net position of \$28 million (**Table 8**).

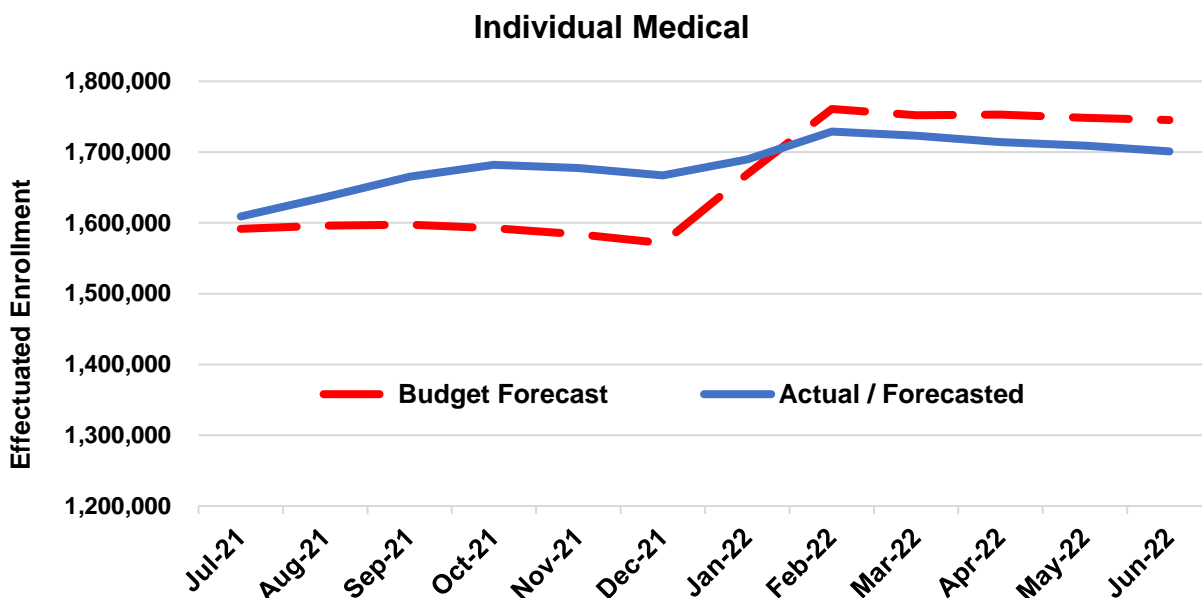
Covered California's forecasted financial outcome for fiscal year 2021-22, as of April 2022, now projects an overall increase in net position of \$13.9 million. The favorable budget variance in operating results is driven by higher-than-forecasted revenue and lower-than-budgeted expenditures.

Based on actual enrollment totals through March 2022, and the forecast for the remainder of the fiscal year, it is estimated that operating revenues will total \$402.9 million, which is \$7.8 million greater than budgeted. This \$7.8 million favorable operating revenue variance is driven by higher-than-projected enrollment and slightly higher fee revenue per member, per month (PMPM).

Covered California realized greater-than-forecasted enrollment during the first six months of the 2021-22 fiscal year (**Figure 4**). The budget had anticipated that half of the expected new enrollments resulting from the American Rescue Plan's subsidies would occur in 2021 and half would occur in 2022. However, the inflow of American Rescue

Plan-related enrollments occurred sooner. During the first half of the fiscal year (July to December), actual enrollment was 4.2 percent greater than the levels forecasted in the budget, while in the second half of the fiscal year (January to June) enrollment is forecasted to be 1.6 percent less than originally predicted. For the full fiscal year, individual medical plan member months are estimated to exceed budgeted member months by 242,973, or 1.2 percent. Per member, per month fee revenue is forecasted to average \$18.66, which is \$0.09 more than the budgeted PMPM of \$18.58.

**Figure 4**  
**Individual Medical Plan Enrollment for Fiscal Year 2021-22;**  
**Budget Forecast Compared to Actual and Forecasted**



Total individual medical plan revenues are forecasted to be \$377.9 million, 2 percent greater than the budgeted total. Individual dental plan and Covered California for Small Business revenues are also forecasted to exceed budget projections by \$429,213 (21 percent) and \$1,135,229 (5 percent), respectively.

Total operating and capital expenditures for fiscal year 2021-22 are projected to equal \$391.6 million, which is \$35.9 million less than the approved budget. Covered California is forecasted to recognize a favorable personnel expenditure variance of \$9.3 million. This favorable budget variance primarily results from a higher-than-anticipated vacancy rate. While the budget assumed a vacancy rate of 5.8 percent, the actual vacancy rate hovered near 10 percent throughout the fiscal year. In addition, the benefit rate used to budget personnel was slightly higher than the actual (58 percent vs. 55.5 percent). The fiscal year 2020-21 personnel expenditure estimate also included the \$260 per month health care cash payment (HCP), negotiated between the state and SEIU. This amount was included in the budget, but the HCP was subsequently eliminated.

Other Operating Expenditures (OOE) are also forecasted to reflect a favorable budget variance of \$22.2 million (or 9.9 percent less than budgeted). This favorable budget variance aligns with past trends, in which actual expenditures do not align with



budgeted expenditures. This represents the fourth year in a row where the favorable budget variance in the OOE category exceeded \$20 million.

As noted, budgeted capital expenditures for fiscal year 2021-22 included \$16.3 million for Covered California's share of improvements to CalHEERS and \$8 million for expenditures related to the transition to a work-from-home/hybrid office model. Combined, the capital investments totaled \$24.3 million. The forecasted capital expenditures for fiscal year 2021-22 are projected to total \$18.8 million, which is \$5.5 million less than budgeted. The favorable budget variance is primarily driven by scheduling delays in implementing a portion of the CalHEERS upgrades, as well as supply chain-related shipping delays of new office equipment.

The budget had projected non-operating revenue from interest earned from the Surplus Money Investment Fund (SMIF) to be \$4.5 million. This forecast was based on an expectation that interest rates would rise throughout the fiscal year in tandem with an improving economy. However, the Federal Reserve continued to keep interest rates low and has only recently moved to raise them; therefore, we now project only \$976,000 in non-operating revenue.

Overall, Covered California's budgetary net position is forecasted to increase by \$13.4 million, \$41.9 million greater than the budgeted decrease in net position of \$28 million (**Table 8**).

**Table 8**  
**Statement of Revenues, Expenditures and Changes in Net Position, Fiscal Year**  
**2021-22**

	FY 2021-22 Approved Budget	FY 2021-22 Actual/Forecasted	Variance
<b>Operating Revenues</b>			
Individual Market (Med. & Dental)	\$ 372,862,785	\$ 379,542,514	\$ 6,679,729
CCSB (Medi. & Dental)	\$ 22,217,771	\$ 23,353,000	\$ 1,135,229
<b>Total Operating Revenue</b>	<b>\$ 395,080,556</b>	<b>\$ 402,895,514</b>	<b>\$ 7,814,958</b>
<b>Operating Expenditures</b>			
Personnel Expenditures	162,074,821	152,723,180	\$ 9,351,641
Other Operating Expenditures	223,176,824	200,896,308	\$ 22,280,516
<b>Subtotal</b>	<b>\$ 385,251,645</b>	<b>\$ 353,619,488</b>	<b>\$ 31,632,157</b>
<b>Allocated Expenditures</b>			
Prorata/Supp. Pension/Other	18,069,532	19,262,677	\$ (1,193,145)
<b>Total Operating Expenditures</b>	<b>\$ 403,321,177</b>	<b>\$ 372,882,165</b>	<b>\$ 30,439,012</b>
<b>Capital Investments</b>			
CalHEERs	\$ 16,266,027	\$ 14,266,027	2,000,000
Other	\$ 8,000,000	\$ 4,500,000	3,500,000
<b>Total - Capital Project Expenditures</b>	<b>\$ 24,266,027</b>	<b>\$ 18,766,027</b>	<b>\$ 5,500,000</b>
<b>Total Operating &amp; Capital Expenditures</b>	<b>\$ 427,587,204</b>	<b>\$ 391,648,192</b>	<b>\$ 35,939,012</b>
<b>Income/(Loss) From Operations</b>	<b>\$ (32,506,648)</b>	<b>\$ 11,247,322</b>	<b>\$ 43,753,970</b>
<b>Non-Operating Income</b>	<b>\$ 4,500,000</b>	<b>\$ 2,675,815</b>	<b>\$ (1,824,185)</b>
<b>Change in Net Position</b>	<b>\$ (28,006,648)</b>	<b>\$ 13,923,137</b>	<b>\$ 41,929,785</b>

## IV. Enrollment and Revenue Forecast

### Introduction

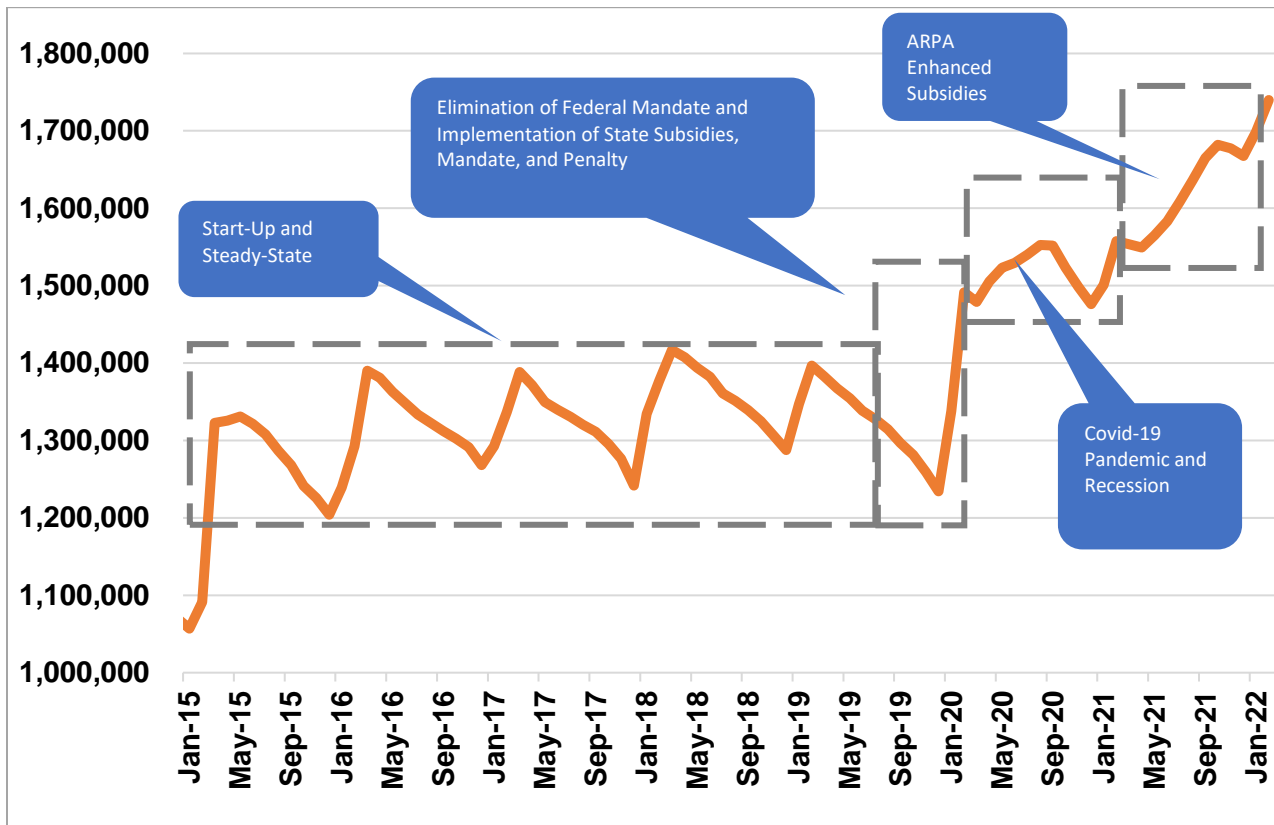
Chapter four provides Covered California's enrollment and revenue projections. It describes the forecasting strategy and includes a discussion of major assumptions incorporated into the models. We discuss three alternate enrollment scenarios based on different outcomes related to the American Rescue Plan extension and future economic trends and provide multi-year enrollment estimates for each scenario. These correspond to high, base, and low forecasts. We discuss the changes in premium growth that we anticipate in the current economic environment, the drivers of premium growth and why premium growth may vary depending on whether the American Rescue Plan is extended or expires. Finally, we provide revenue estimates from the individual medical, individual dental, and Covered California for Small Business lines of operation under each of the three scenarios or forecasts.

Covered California's historical enrollment trajectory has followed four distinct periods between the program's inception in 2014 and the present: a start-up and steady-state phase, a phase characterized by the elimination of the federal mandate and implementation of state subsidies as well as a state mandate and penalty, the COVID-19 pandemic phase, and a phase characterized by enhanced subsidies under the American Rescue Plan. These periods have each reflected strong annual open enrollment gains as well as policy changes that have incentivized marketplace enrollment.

The last three years have been particularly eventful for Covered California. The post-pandemic events that occurred during 2020 and 2021 presented both unprecedented challenges and opportunities. In early 2020, Covered California saw increased enrollment in response to the nation's first state-funded subsidy for marketplace consumers. The COVID-19 pandemic sharply increased unemployment and resulted in additional enrollment from individuals losing employer-sponsored insurance. Finally, the American Rescue Plan's major enhancements to federal premium tax credits dramatically increased affordability for marketplace consumers leading to a third major increase in enrollment (**Figure 1**). The primary uncertainty created by these events concerned how many additional consumers would enroll.

As we approach fiscal year 2022-23, a high uncertainty remains, however, it now centers on how many may disenroll. Uncertainty over the fate of the American Rescue Plan's enhanced subsidies, the indeterminate duration of the public health emergency that has sharply reduced transitions of individuals from Medi-Cal to Covered California, inflationary pressures that may influence potential risk pool changes, and health care cost trends all present downside risks to be considered while developing fiscal year 2022-23 projections.

**Figure 5  
Covered California Effectuated Enrollment Since Inception**



## Forecasting Strategy

Covered California’s enrollment projection incorporates different policy assumptions, each layered onto a base statistical time-series forecast and used to develop final forecasts for various possible scenarios. The forecasting strategy relies on historical data to predict future values using time-series forecasting models.

## Historical Covered California Enrollment Trends

The recurring seasonal properties of Covered California’s historical enrollment trends make time-series models appropriate for forecasting future enrollment. Covered California’s enrollment trend was largely stable between 2015 and 2019. The enrollment trend displayed a regular seasonal pattern, with a peak after each open-enrollment period and a steady decline afterward throughout the year. After open enrollment, the outflows exceed the inflows, resulting in a negative trend. Absent a special-enrollment period, individuals may only enroll if they have a qualifying life event.<sup>34</sup>

<sup>34</sup> Individuals must cite a qualifying life event to enroll for coverage outside of the open-enrollment period. Examples of a life event include loss of coverage, for example due to job loss; change of residence; family or age changes leading to loss of coverage; or changes in income.

Covered California established extended special-enrollment periods (SEPs) in 2020 and 2021 in response to the pandemic and the American Rescue Plan's enhanced subsidies, respectively.

These periods resulted in an enrollment pattern that differed from the normal saw-tooth enrollment pattern observed between 2015 and 2019, with a much greater proportion of new enrollments occurring mid-year during the 2020 and 2021 SEPs and a smaller proportion occurring later during the 2021 and 2022 open-enrollment periods, compared to previous years.

Plan selections and effectuations during the 2022 open-enrollment period were comparable to expectations, while the December 2021 termination rate was lower than expected as the American Rescue Plan's enhanced subsidies contributed to greater renewals. These factors have produced sustained high enrollment going into fiscal year 2022-23. Unless there is some unexpected policy or economic change, the qualifying life event requirement will be in effect throughout plan year 2022. As a result, enrollment is expected to steadily decline throughout 2022 until the open-enrollment coverage begins in January 2023.

### **Base Time-Series Model**

For the fiscal year 2022-2023 individual enrollment forecast, Covered California has employed a time-series forecasting methodology. This methodology captures long-term increases or decreases in enrollment, known seasonal patterns, and fluctuations due to policy, economic and labor market conditions, especially those that affect subsidy amounts. The overarching goal of time-series forecasting is to predict future enrollment as accurately as possible, using historical enrollment data and knowledge of future events. Time-series models range from simple time trend, exponential smoothing, or autocorrelation models to highly sophisticated models such as the Auto-Regressive Integrated Moving Average (ARIMA) model. The ARIMA model factors in the historical trends, seasonal patterns and cyclical or stable enrollment trend in available data to forecast future values of a time series. The ARIMA models are non-structural, data-driven models, and assume the continuation of policies and other factors that contribute to enrollment. Covered California conducted comprehensive data preparation and exploration to determine which time-series model specification would be best suited to predict future enrollment as accurately as possible.

Model building involved examining ARIMA diagnostic statistics to determine whether future values in the series can be predicted based on prior values and exploring goodness-of-fit statistics as part of testing multiple model specifications with varied combinations of autoregressive and moving-average terms. Covered California carefully examined goodness-of-fit statistics that included the Mean Absolute Percent Error (MAPE) and Akaike Information Criterion (AIC), which measure model accuracy, to determine which model best fits the data. For the fiscal year 2022-2023 forecast, Covered California has determined that an ARIMA specification with 12-month seasonality, one autoregressive term and one moving-average term best balance parsimony and model fit.

Covered California validated the ARIMA model by predicting actual enrollment values. The monthly predicted enrollment output that the ARIMA model produced is adjusted for policy and economic changes, as noted in the next section.

Individuals who enroll into Covered California come from four groups: (1) those who lose employer sponsored insurance and need replacement coverage, (2) those who lose Medi-Cal eligibility and Medi-Cal coverage, (3) those who shift over from the unsubsidized, off-exchange individual market, and (4) the previously uninsured. Similarly, those who disenroll from Covered California transition back to one of those four groups.

Based on the time-series-predicted monthly enrollment values, Covered California calculates the monthly effectuations, terminations and plan selections using seasonal historical average patterns. A full base forecast contains both the predicted enrollment values and the enrollment/disenrollment pattern that would be implied by the enrollment values. Covered California adopts a rolling forecast process, through which the approved budget forecast is adjusted to incorporate new enrollment data and reflect the impact of any unexpected policy shifts or abrupt labor market changes. As such, the forecasted enrollment values are updated monthly.

### **Impact of Policy and Economic Changes**

In the second stage of the forecasting process, Covered California incorporates the potential impact of upcoming policy changes, program modifications and economic trends on inflows from and outflows to each of these four groups. Forecasting the effect of policy and economic changes involves using internal and external research to estimate the number of individuals who may be eligible to enroll in Covered California because of the policy change or program modification, and then estimating the number of individuals within that universe willing or likely to enroll in, or disenroll from, a health plan through Covered California. These estimates are applied to predicted values from the ARIMA model. There are three central types of adjustments made in the forecast, as discussed below.

#### *Availability of Federal and State Subsidy Funds*

As noted, the item with the greatest influence over the enrollment trend is action by Congress to either extend the American Rescue Plan's enhanced subsidies beyond 2022 or allow them to expire at the end of the year. In early 2021, prior to the availability of the enhanced subsidies, Covered California applied a set of "willingness to pay" assumptions to estimate the take-up rate, or percentage of additional subsidy-eligible uninsured individuals who were likely to enroll, based on their individual contribution toward their monthly premium. Willingness to pay refers to the maximum price at or below which a consumer will buy a product or a service. In the context of demand for health care services, willingness to pay focuses on the valuation of benefits by consumers and their maximum willingness to pay for it. The willingness to pay estimates were derived from a published article by Finkelstein and colleagues.<sup>35</sup>

---

<sup>35</sup> American Economic Review. 109 (4): 1530-67. 2019. Finkelstein, Amy, Nathaniel Hendren, and Mark Shepard. 2019. "Subsidizing Health Insurance for Low-Income Adults: Evidence from Massachusetts." <https://www.aeaweb.org/articles?id=10.1257/aer.20171455>

To estimate the loss of enrollment following the possible expiration of the American Rescue Plan’s enhanced subsidies, Covered California reversed the process using the dollar increase in individual contribution toward their monthly premium for each existing enrollee. Covered California applied the willingness-to-pay assumptions to estimate the percentage of existing enrollees who would remain enrolled despite the considerable increase in individual contribution toward their premiums resulting from the expiration of the American Rescue Plan’s subsidies.

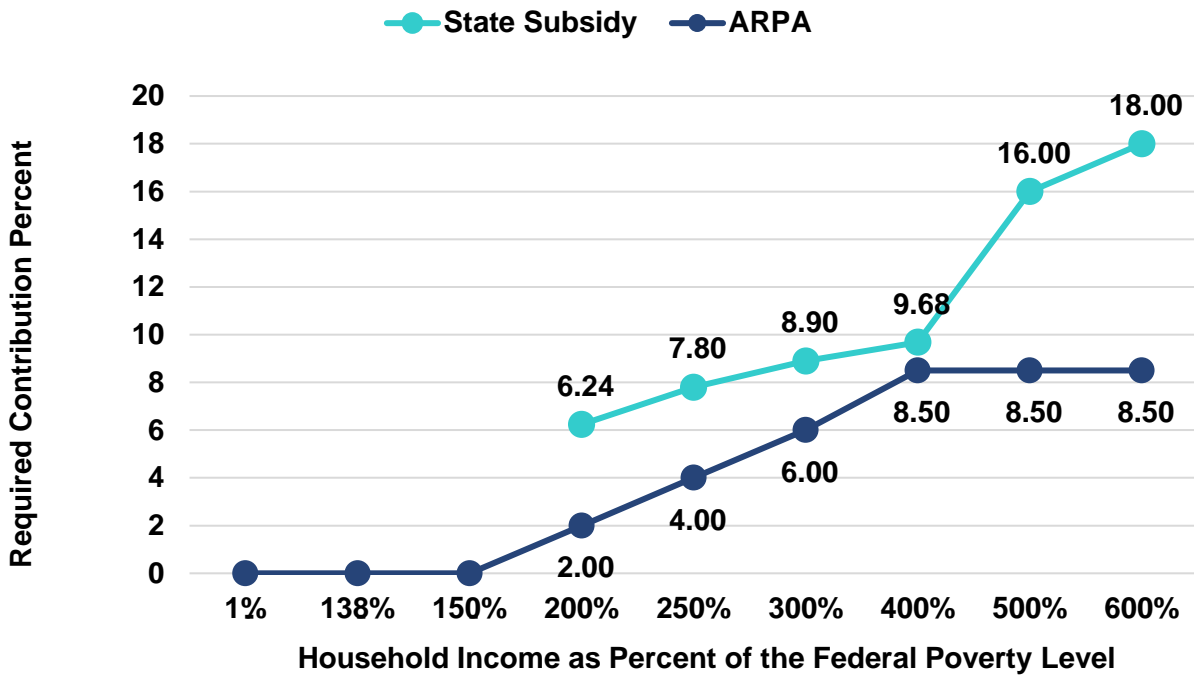
The current estimates of disenrollment following the expiration of the American Rescue Plan’s subsidies are based on a subpopulation of enrollees who first signed up for coverage after April 12, 2021, who remained enrolled in the February 2022 member month and who were receiving a subsidy. These estimates also utilized the willingness-to-pay results of the Finkelstein study, which found that insurance take-up declined by about 25 percent for each \$40 increase in premiums among new enrollees. Projected increases in the average net premium were estimated by household income as a percent of federal poverty level, so the disenrollment estimates account for the differential impact of cost increases for lower-income individuals.

Applying this methodology, Covered California used its own administrative data and the Federal Department of Health and Human Services’ Office of the Assistant Secretary for Planning, and Evaluation (ASPE) projections released on March 23<sup>36</sup> to estimate that between 153,000 and 246,000 current enrollees could disenroll if the American Rescue Plan’s subsidies expire, even if a state subsidy program is reinstated (**Figure 2**). The exact disenrollment number depends on several factors, including but not limited to the extent of inflation and its impact on lower-income individuals. The decrease in enrollment will be less in fiscal year 2022-23 and greater in the next two fiscal years. This is because the decreases would occur during the second half of fiscal year 2022-23.

---

<sup>36</sup> Keith Branham, Christine Eibner, Federico Giroi, Jodi Liu, Kenneth Finegold, Christie Peters, and Benjamin D. Sommers. March 23, 2022. “Projected Coverage and Subsidy Impacts If the American Rescue Plan’s Marketplace Provisions Sunset in 2023.” Table 1, D.

**Figure 6**  
**Maximum Household Income to Be Spent on the Second Lowest-Cost Silver Plan**



Note: Figure 2 displays the state subsidy curve from the California premium assistance program introduced in January 2020. A restored state subsidy program may utilize different income-based contribution requirements.

### Impact of the Expiration of the Public Health Emergency

#### *Medi-Cal Inflows*

On Jan. 31, 2020, U.S. Department of Health and Human Services (HHS) Secretary Alex Azar declared a public health emergency in response to rising numbers of confirmed cases of the novel coronavirus (COVID-19). The HHS secretary may, under section 319 of the Public Health Service (PHS) Act, determine that a disease or disorder presents a public health emergency; or that a public health emergency, including significant outbreaks of infectious disease or bioterrorist attacks, otherwise exists. Since the first announcement, the HHS has renewed the COVID-19 public health emergency nine times.

On March 18, 2020, Congress passed the Families First Coronavirus Response Act (FFCRA). The FFCRFA temporarily increased the federal government’s share of Medicaid costs (known as the federal medical assistance percentage, or FMAP) by 6.2 percent to help states deal with the impact of the COVID-19 public health emergency<sup>37</sup>. As with the temporary FMAP increases implemented during earlier economic downturns, states that accepted the additional federal funds were subject to “maintenance of effort” (MOE) protections that kept them from making their Medicaid eligibility standards and eligibility-determination procedures more restrictive. The MOE included a requirement that prohibited disenrollment in most circumstances. This

<sup>37</sup> The additional funds were retroactively available to states beginning in January 2020 and will continue through the quarter in which the public health emergency period ends.



requirement is commonly referred to as the “continuous coverage requirement” under the FFCRA. This requirement was intended to ensure that state Medicaid prioritize enrolling people who lose their jobs and job-based coverage over requiring people to prove they remain eligible. To ensure Californians continued to receive Medi-Cal coverage during the public health emergency, per Executive Orders N-29-20 and N-71-20, DHCS issued guidance directing counties to delay the processing of Medi-Cal annual renewals, and to defer discontinuances and negative actions, effective March 16, 2020, through the duration of the public health emergency<sup>38</sup>.

Prior to the first public health emergency announcement, roughly 5,000 individuals per month transitioned from the Medi-Cal program to Covered California<sup>39</sup>. After the Families First Coronavirus Response Act suspended Medicaid redeterminations for the duration of the public health emergency, however, inflows from Medi-Cal to Covered California were substantially reduced.

Medicaid enrollment is dynamic in nature, in part because eligibility for most beneficiaries is based on income, which can fluctuate over time. Many low-income adults hold one or more part-time jobs with variable hours or are employed in seasonal work. The fluctuations in income that they experience make them susceptible to coverage interruptions when their Medicaid eligibility is reevaluated. Other individuals losing Medicaid eligibility for income reasons may transition to employer-based coverage for their household. A large percentage, estimated to be as much as a third, may be eligible for marketplace coverage. The Urban Institute notes, “Thus, one-third of adults losing Medicaid coverage after the public health emergency could qualify for subsidized private health coverage in the Marketplaces.”<sup>40</sup>

On April 12, 2022, the U.S. Health and Human Services agency extended the public health emergency for another 90 days, and on May 16, the HHS did not provide the 60-day advance notification to the states that it had indicated it would provide if they intended to end the public health emergency<sup>41</sup>. On May 17, 2022, the Department of Health Services’ public health emergency unwinding plan noted, “The public health emergency is currently set to expire on July 15, 2022, and the U.S. Department of Health and Human Services (HHS) has committed to providing at least a 60-day notice prior to the official end date. As HHS has not yet provided such notice, DHCS expects the public health emergency to be *extended* for at least one additional period.”

Due to this extension, the earliest possible end date for the public health emergency is now Oct. 13, 2022. Assuming that the public health emergency ends then, HHS would provide a 60-day advance notice to states in August. Beginning on Nov. 1, 2022, individuals enrolled in Medi-Cal would have 60 days to reapply for coverage. On Jan. 1, 2023, Medi-Cal eligibility redeterminations would begin, and in February 2023 the first

---

<sup>38</sup> California Department of Health Care Services. Jan. 5, 2022. “Medi-Cal Enrollment Update.” <https://www.dhcs.ca.gov/dataandstats/Documents/Medi-Cal-Enrollment-Data-October-2021.pdf>

<sup>39</sup> Covered California Policy, Eligibility and Research Division. July 2021. “Medi-Cal Transitioner Databook.” Findings based on the 2018 NORC Member Survey Study.

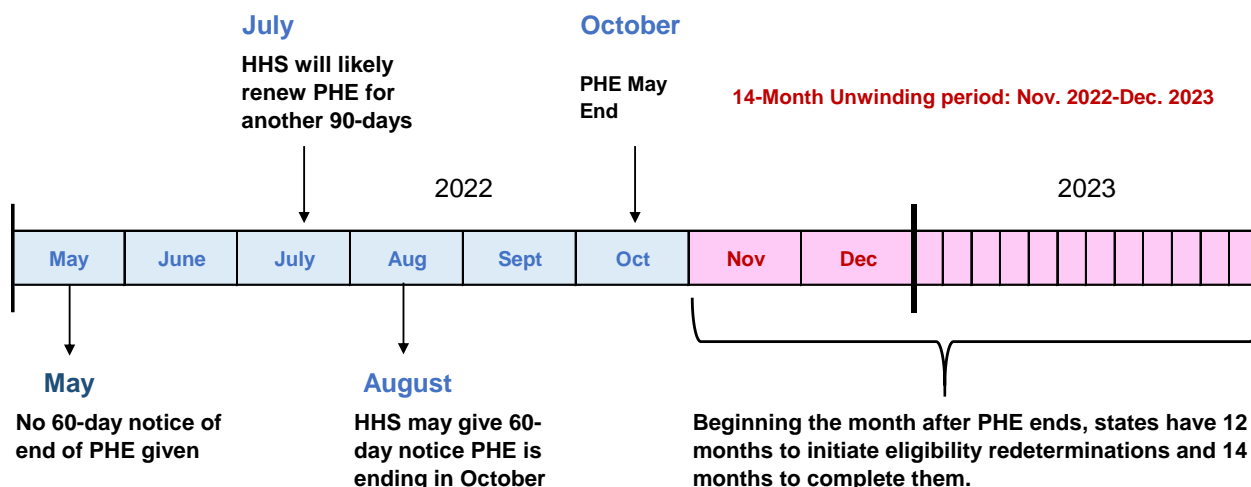
<sup>40</sup> Urban Institute. Sept. 15, 2021. Matthew Buettgens, Andrew Green. “What Will Happen to Unprecedented High Medicaid Enrollment after the Public Health Emergency?” <https://www.urban.org/research/publication/what-will-happen-unprecedented-high-medicare-enrollment-after-public-health-emergency>

<sup>41</sup> HHS Letter to State Governors. Jan. 1, 2021. <https://ccf.georgetown.edu/wp-content/uploads/2021/01/Public-Health-Emergency-Message-to-Governors.pdf>

group deemed to be ineligible would lose coverage. As noted, a portion of these people would be eligible for subsidized coverage from Covered California. Should the public health emergency not end in October 2022, this entire timeline would be pushed back another 90 days.

**Figure 7**

**Timing of HHS Notices and Possible Public Health Emergency Unwinding Period for Medi-Cal  
(If Public Health Emergency Ends in October, Although It Could Be Extended)**



**Source:** Center for Budget and Policy Priorities. May 18, 2022. "Time to Get It Right: State Actions Now Can Preserve Medicaid Coverage When Public Health Emergency Ends."

**Estimating Inflows From Medi-Cal**

Between the pause in redeterminations starting in March 2020, the Medi-Cal population increased from 12.5 million to 14.57 million as of January 2022. It is projected to rise to 14.9 million by October 2022. While the actual date that the public health emergency will end is unknown at this time, as described above, a 14-month eligibility unwinding period will begin the month following its end. Two months are allowed for beneficiaries to reenroll, and 12 additional months are allowed after that for county welfare offices to clear the backlog of eligibility redeterminations that were deferred during the public health emergency due to the continuous coverage requirement.

During the last 12 months of the unwinding period, the Department of Health Care Services (DHCS) projects that a monthly average of 171,000 Medi-Cal beneficiaries will be deemed ineligible for Medi-Cal and likely be seeking other forms of health care coverage, including enrolling with Covered California, and normal volumes of redetermination will resume following the end of the unwinding period.

Growth in the Medi-Cal population during the public health emergency includes both baseline (normal and expected prior to the pandemic) growth as well as growth attributable to the continuous coverage requirement and suspension of eligibility redeterminations. Based on Medi-Cal aid category distribution, it is estimated that

baseline growth accounts for roughly 14 percent of total Medicaid enrollment growth, and the MOE continuous coverage requirement accounts for 86 percent of the overall growth, which is consistent with national statistics<sup>42</sup>. It is expected that adults, including Affordable Care Act adults and adults such as parents who do not qualify for Medicaid based on disability, account for the largest share of the enrollment growth due to the continuous coverage requirement.

After removing individuals lacking satisfactory immigration status, this population is projected to be 137,981. Based on research by the Urban Institute<sup>43</sup>, 66.6 percent would have access to employer-sponsored insurance or coverage for childhood dependents through the Children's Health Insurance Program (CHIP); 27.5 percent of these (37,945) would be eligible for marketplace subsidies and have incomes up to 400 percent of the federal poverty level (FPL) and be eligible for Affordable Care Act subsidies; and 5.9 percent (8,140) would have incomes over 400 percent of the federal poverty level and be eligible for only for the temporary federal subsidies provided under American Rescue Plan. In the case of California's restoring state subsidies for individuals between 400 and 600 percent of federal poverty level, most of the additional 5.9 percent would be eligible for state subsidies instead, which would be less generous, however, compared to those offered under the American Rescue Plan.

Enrollment by subsidy-eligible individuals following the end of the public health emergency is expected to be boosted as result of the implementation of Senate Bill (SB) 260 ("Automatic health care coverage enrollment"). In 2019, to reduce gaps in health care coverage for Californians, the Legislature passed, and the governor signed SB 260, which requires Covered California to automatically enroll eligible individuals who have been terminated from Medi-Cal into the lowest-cost Silver plan in the person's region. Covered California will receive the information from the county Medi-Cal office, which includes income, and enroll the household in the lowest-cost Silver plan with a subsidy based on the verified income. This will occur before the Medi-Cal coverage terminates. Affirmative consent is necessary for the automatic plan selection to effectuate coverage, and the enrolled individual or family will have until the end of the following month to make the first month's premium payment<sup>44</sup>.

Affirmative consent from the enrollee is necessary for the automatic plan selection to effectuate coverage, which may reduce the expected enrollment from SB 260. The theoretical premise underlying SB 260 is that a substantial portion of those transitioning out of Medi-Cal were eligible for large subsidies and yet do not effectuate in Covered California because of real or perceived impediments in transitioning between the two benefit programs. By auto-enrolling individuals losing Medi-Cal coverage, it is hoped that those who did not previously choose to effectuate will consent to being effectuated

---

<sup>42</sup> Kaiser Family Foundation. May 10, 2022. Elizabeth Williams, Robin Rudowitz, and Bradley Corallo. "Fiscal and Enrollment Implications of Medicaid Continuous Coverage Requirement During and After the PHE Ends." <https://www.kff.org/medicaid/issue-brief/fiscal-and-enrollment-implications-of-medicaid-continuous-coverage-requirement-during-and-after-the-phe-ends/>

<sup>43</sup> Urban Institute. Sept. 15, 2021. Matthew Buettgens, Andrew Green. "What Will Happen to Unprecedented High Medicaid Enrollment after the Public Health Emergency?" <https://www.urban.org/research/publication/what-will-happen-unprecedented-high-medicaid-enrollment-after-public-health-emergency>

<sup>44</sup> Covered California. "Fact Sheet: Medi-Cal to marketplace Automatic Enrollment program." <https://hbex.coveredca.com/data-research/library/CoveredCA-Medicaid-to-Marketplace-AutoenrollmentStrategy-FactSheet-v1.pdf>

when the net premium is nominal. As result of SB 260, inflows from Medi-Cal are anticipated to increase relative to inflows during the pandemic<sup>45</sup>.

Covered California used administrative data from 2018 to estimate the volume when redeterminations resume and applied “willingness to pay” assumptions based on anticipated changes in take-up rate in response to increases or decreases in individual contribution. The volume of additional Medi-Cal inflows is estimated to be roughly 15,812 effectuations monthly, assuming that the American Rescue Plan’s level of subsidies are available for the entirety of the forecast period. If the American Rescue Plan is not renewed, inflows are projected to decrease because take-up rates will be lower when subsidies are reduced.

Based on this methodology, about 16,665 monthly effectuations are expected during the public health emergency unwind period if the American Rescue Plan’s subsidies remain in force, falling to 13,994 monthly effectuations under 2020 state subsidy parameters with a sustained macroeconomic recovery, and 9,819 monthly effectuations under state subsidy parameters with a harsher macroeconomic environment characterized by persistent high inflation.

Thereafter, monthly inflows from Medi-Cal should return to normal, and Covered California uses 2018 administrative data to estimate the volume under a normal redetermination process. New effectuations, however, would be higher than in the 2018 reference period, due to the Senate Bill 260 auto-plan-selection policy. Going forward, the monthly enrollment from Medi-Cal beginning in November 2023 is forecasted to be approximately 9,979 if the American Rescue Plan’s subsidies remain available; 8,380 if the American Rescue Plan’s enhanced subsidies expire and state subsidies are reinstated with a sustained macroeconomic recovery; and 6,873 if the American Rescue Plan’s enhanced subsidies expire and state subsidies are reinstated with a harsher macroeconomic environment.

### **Impact of Economic and Labor Market Changes**

Changes in the business cycle ripple through the labor market and may result in movement of individuals from one source of health care coverage to another. For Covered California, these transitions may result in enrollment inflows by certain groups and enrollment outflows by other groups. During stable economic times, individuals transition between Covered California, Medi-Cal, employer-sponsored insurance (ESI) and the individual market off the exchange, and they may even become uninsured for a time.

During economic shocks, Covered California acts as a safety net, providing coverage to individuals when they lose ESI coverage. As the job market changes in response to economic slowdowns, individuals may lose jobs that provide their health care coverage. During the economic recovery period there may be a net outflow to ESI, and individuals will return to work and regain employer-based coverage.

---

<sup>45</sup> New effectuations after the implementation of the SB 260 auto-plan-selection policy are projected to be higher than in the 2019 reference period. Senate Bill No. 260, Chapter 845.  
[https://leginfo.ca.gov/faces/billTextClient.xhtml?bill\\_id=201920200SB260](https://leginfo.ca.gov/faces/billTextClient.xhtml?bill_id=201920200SB260)

According to the Employment Development Department, California’s unemployment rate was 4.6 percent as of April 2022, and more than 91 percent of jobs lost during March and April of 2020 had been regained.<sup>46</sup> While Covered California experienced a net inflow of enrollees transitioning from employer-sponsored insurance in 2020 as unemployment levels spiked, we now expect inflows to return to pre-pandemic levels.

The high and base scenarios assume a continuation of the current economic recovery. They adopt the California Department of Finance (DOF) November 2021 forecast of quarterly California unemployment rate as the economic backdrop. High-quality forecasts of the California economy (e.g., DOF and UCLA Anderson School) mostly concur in their quarterly estimates of California unemployment, with differences of no more than 0.2 percentage points. Under these economic forecasts, inflows and outflows between Covered California and employer-sponsored insurance return to the levels from prior to the pandemic.

The low scenario assumes a harsher economic environment in which persistently high rates of inflation create financial distress for low-income consumers, causing a greater number to terminate coverage in the face of rising individual contributions toward premiums. Most economists consider inflation highly regressive, falling hardest on low-income people<sup>47</sup>. Financial prognosticators are divided as to whether the recent high levels of inflation represent a peak and will soon fall, or whether tight labor markets, supply chain disruptions and commodity shortages will result in inflation remaining high over a longer period. The low scenario assumes the latter and begins with the estimate from a recently released paper from the HHS Assistant Secretary for Planning and Evaluation (ASPE)<sup>48</sup> of 361,000 individuals in California losing individual coverage and becoming uninsured if the American Rescue Plan’s subsidies are not renewed. However, because that estimate does not consider the restoration of the California state subsidy, which will partially mitigate the loss of enrollment, the forecast reduces it by the estimated number of individuals who will retain enrollment due to the state subsidies.

### Individual Medical Enrollment Forecast

As noted, Covered California developed enrollment forecasts based on three scenarios reflecting potential policy and economic outcomes. The assumptions incorporated into each scenario are summarized in **Table 9**.

**Table 9**  
**Summary of Enrollment Assumptions Under Three Possible Scenarios**

Factor	High Scenario	Base Scenario	Low Scenario
<b>American Rescue Plan (ARP) Enhanced Subsidies</b>	ARP subsidies will be extended beyond 2022. This scenario assumes that ARP-incentivized enrollment will retain coverage. Enrollment	ARP subsidies will not be extended, but California’s Legislature restores a state subsidy program and provides funding through fiscal year (FY) 2024-25.	ARP subsidies will not be extended, but California’s Legislature restores a state subsidy program and provides funding through FY 2024-25. This scenario leverages a higher

<sup>46</sup> [https://edd.ca.gov/en/about\\_edd/news\\_releases\\_and\\_announcements/unemployment-april-2022/](https://edd.ca.gov/en/about_edd/news_releases_and_announcements/unemployment-april-2022/)

<sup>47</sup> Federal Reserve Bank of Minneapolis. Feb. 16, 2022. “The Widely Caried Pain of Inflation.”

<sup>48</sup> Keith Branham, Christine Eibner, Federico Giroi, Jodi Liu, Kenneth Finegold, Christie Peters and Benjamin D. Sommers. March 23, 2022. “Projected Coverage and Subsidy Impacts If the American Rescue Plan’s Marketplace Provisions Sunset in 2023.”

Factor	High Scenario	Base Scenario	Low Scenario
	continues at the higher trend.	Enrollment losses materialize, resulting in roughly 153,000 exits.	disenrollment estimate based on projections derived from the ASPE and adjusted to reflect the restoration of the state subsidy. Enrollment losses materialize, resulting in roughly 246,000 exits.
<b>Macroeconomic Environment</b>	Assumes continued recovery, and labor market stabilizes to pre-pandemic levels.	Assumes continued recovery, and labor market stabilizes to pre-pandemic levels.	Assumes a harsher macroeconomic environment, characterized by persistent high inflation and greater financial stress for lower-income Californians.
<b>Medi-Cal Flows/Public Health Emergency</b>	Assumes that the public health emergency will be lifted in October 2022, and that Medi-Cal redeterminations will resume in February 2023. Under the high scenario, the take-up by individuals leaving Medi-Cal and eligible for marketplace coverage is expected to be higher due to the availability of generous American Rescue Plan subsidies that significantly benefit individuals in lower-income groups. Greater inflows by younger adults transitioning from Medi-Cal to Covered California will alter the case mix, influencing premiums slightly downward.	Assumes that the public health emergency will be lifted in July 2023 and that Medi-Cal redeterminations will resume in October 2023. Terminations in response to higher individual contributions are expected to be heavier among younger, healthier enrollees, altering the case mix and resulting in a slightly older and more expensive population.	Assumes that the public health emergency will be lifted in July 2023 and that Medi-Cal redeterminations will resume in October 2023. However, under this scenario, it is assumed that inflows from Medi-Cal to Covered California are somewhat lower relative to the base scenario, reflecting a lower willingness to pay higher individual contributions toward premiums, which is exacerbated by acute financial pressures on individuals in lower-income cohorts. As in the base scenario, terminations in response to higher individual contributions are expected to be heavier among younger, healthier enrollees, altering the case mix and resulting in an older and more expensive population.
<b>Premium Growth Year Over Year</b>	Increases in the average premiums are more modest than in scenarios 1 and 2.	Increases in the average premiums under the base scenario are higher than under the high scenario in 2024 and 2025. This is driven by expectations that the case mix will be modified due to enrollment losses.	Increases in the average premiums under the low scenario are higher than under the high and base scenarios in 2024 and 2025. This is driven by assumptions that the case mix will be modified by enrollment losses, and inflationary pressures will affect willingness-to-pay decisions.
<b>Enrollment Forecast</b>	Average monthly enrollment in fiscal year (FY) 2022-23 is forecasted to be 1,702,271. After that, enrollment settles to a new normal with monthly average covered lives in the 1.7 million range for FY 2022-23 and through 2023-24 and 2024-25.	Average monthly enrollment in FY 2022-23 is forecasted to be 1,612,814, a decrease of 89,457 compared to the high scenario. Under this scenario, the number of covered lives falls back into the level that followed the implementation of the California state marketplace subsidy, with average monthly enrollment in the 1.5 to 1.6 million range for FY 2022-23 and through 2023-24 and 2024-25.	The number of covered lives falls back into the level that preceded the implementation of the California state marketplace subsidy. Average monthly enrollment in FY 2022-23 is forecasted to be 1,565,882, a decrease of 136,389 compared to the high scenario. Average monthly enrollment drops to the 1.4 to 1.5 million range for FY 2022-23, 2023-24 and 2024-25.
<b>Employer-Sponsored</b>	Inflows and outflows from and to ESI are expected to	Inflows and outflows from and to ESI are expected to	Inflows and outflows from and to ESI are expected to return to

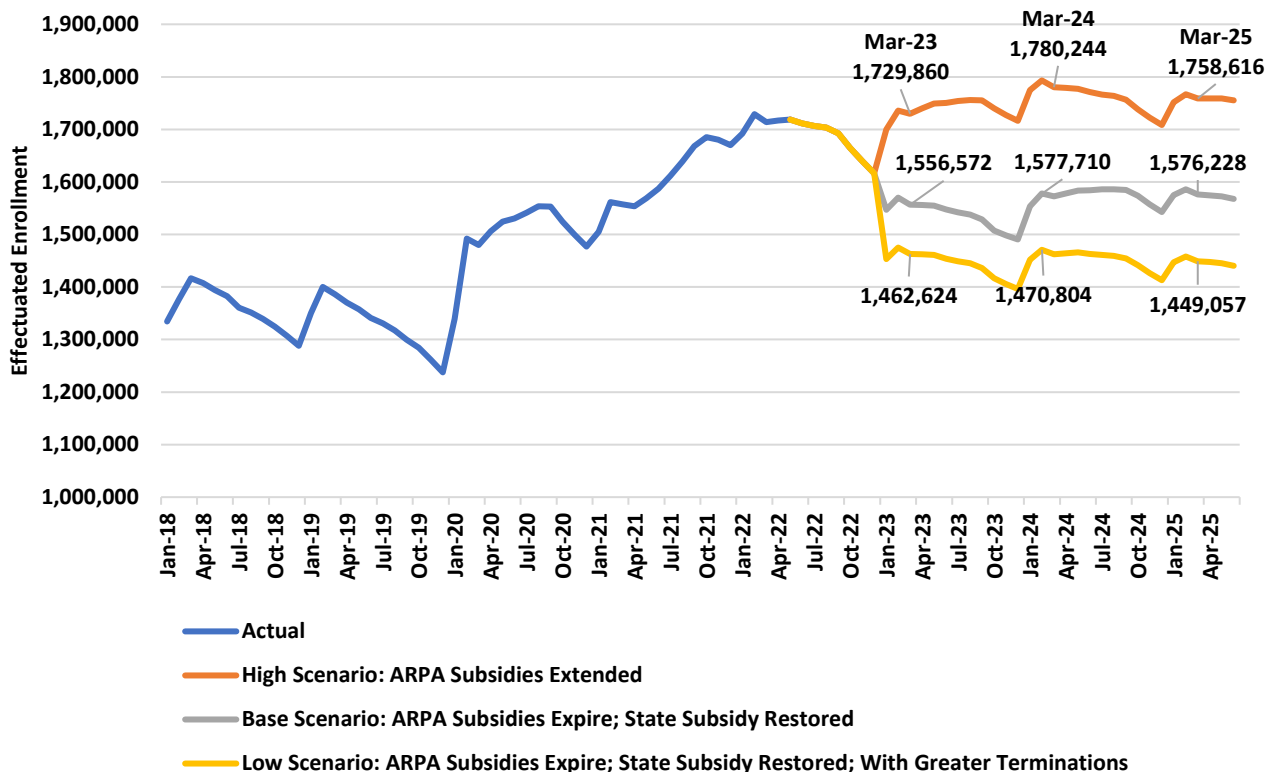
Factor	High Scenario	Base Scenario	Low Scenario
<b>Insurance (ESI) Flows</b>	return to normal rates. The labor market is not projected to materially alter the flow rate of individuals transitioning between jobs and the state of unemployment.	return to normal rates in the near term. The labor market is not projected to materially alter enrollment. However, the higher cost faced by those leaving ESI will deter some from enrolling based on the elastic nature of health insurance in which a higher price means lower consumption.	normal rates in the near term. The labor market is not projected to materially alter enrollment. However, the higher cost faced by those leaving ESI will deter some from enrolling (based on the elastic nature of health insurance in which a higher price means lower consumption). In this case, the willingness to pay and elastic nature will result in slightly lower take-up rates. Individuals will face high inflation and possibly higher insurance costs net of subsidies.
<b>Assessment Fee</b>	3.25 percent of gross premium	3.25 percent of gross premium	3.25 percent of gross premium

In 2020, because of the pandemic-induced recession, Covered California experienced an inflow of roughly 130,000 additional enrollees composed of middle-income consumers who were taking advantage of the state subsidies available for the first time, lower-income consumers complying with the state insurance mandate and penalty, and uninsured workers seeking coverage in a time of medical uncertainty. However, Covered California also experienced net outflows to Medi-Cal and the ranks of the uninsured. Inflows from Medi-Cal to Covered California, typically more than 70,000 annually, were substantially reduced after Medi-Cal redeterminations were suspended due to the pandemic. In fiscal year 2021-22, with the availability of generous American Rescue Plan subsidies, Covered California enrollment reached an all-time high of 1.7 million, with more enrollees than ever paying essentially no premium.

With the looming expiration of the American Rescue Plan’s subsidies beginning in 2023, and the expected resumption of Medi-Cal redeterminations in October 2022, the direction of enrollment inflows and outflows appear to be set to revert to pre-pandemic levels, although the velocity and timing of such a reversal is uncertain and dependent on the strength of replacement subsidies and other potential policy supports.

Considering the uncertainty regarding the size and shape of the subsidy package in plan year 2023 and beyond, Covered California produced three enrollment forecast scenarios based on the availability of federal or state subsidies. The base and low scenarios assume that the American Rescue Plan’s subsidies will not be renewed and that the California Legislature restores the state subsidy. Specifically, the base scenario assumes that the 2021 state subsidy program design is reinstated beginning on Jan. 1, 2023, but there will be comparatively lower levels of disenrollment as inflation subsides and more favorable economic conditions prevail. The high scenario assumes that American Rescue Plan-level subsidies will continue through the end of the forecast period. Finally, the low scenario assumes that Congress will not renew the American Rescue Plan and there are higher levels of disenrollment due to higher levels of inflation that disproportionately affect individuals in lower income groups. Forecasted enrollment is depicted in **Figure 8**.

**Figure 8**  
**Trend in Enrollment with Forecasted Levels for Scenarios 1, 2 and 3; Fiscal Year**  
**2018-19 Through Fiscal Year 2024-25**



**High Scenario: The American Rescue Plan’s Enhanced Subsidies Extended**

In the high scenario, Covered California enrollment settles to a new normal with average monthly enrollment in the 1.7 million to 1.8 million range for each of fiscal year 2022-23, 2023-24 and 2024-25. Covered California projects an average monthly enrollment of 1,702,271 in fiscal year 2022-23, which would be 1.1 percent greater than the 1,683,669 forecasted for fiscal year 2021-22 (**Table 10**).

The high scenario assumes that Congress passes legislation to extend the American Rescue Plan’s enhanced subsidies beyond 2022. Additionally, it assumes that the public health emergency will be lifted in October 2023, and that Medi-Cal redeterminations will resume in January 2023. It is estimated that the Medi-Cal population will have grown to just under 14.9 million by that time, up from 12.5 million in March 2020. As a result, inflows from Medi-Cal to Covered California are expected to be heavier than prior to the pandemic as the Department of Health Care Services conducts its redeterminations and works off the backlog of the 2.9 million beneficiaries that would have been added to the Medi-Cal population since March 2020. Under the high scenario, the take-up by individuals leaving Medi-Cal and eligible for marketplace coverage is expected to be higher due to the availability of generous American Rescue Plan subsidies that significantly benefit individuals in lower-income groups.



Covered California prepared the forecast assuming continuation of the favorable labor market trends and economic recovery from the pandemic, based on the latest publicly available forecast of unemployment rates estimated by the California Department of Finance.

### **Base Scenario: The American Rescue Plan’s Enhanced Subsidies Not Extended, but 2020-Level State Subsidies Restored**

The base scenario assumes that the American Rescue Plan’s enhanced federal subsidies are not extended, and the California Legislature restores funding for the former state subsidy program that was made available from January 2020 through April 2021, when the American Rescue Plan’s subsidies began. In the base scenario, Covered California returns to enrollment levels reflecting the 2020 California Premium Subsidy program but without American Rescue Plan-related enrollment gains. In this scenario, American Rescue Plan-related disenrollment is projected to be roughly 153,000, with monthly average enrollment in the 1.5 million to 1.6 million range for each of fiscal year 2022-23, 2023-24 and 2024-25. If state subsidies are available in accordance with the previous program design, Covered California projects an average monthly enrollment of 1,612,814 in fiscal year 2022-23, which would be 4.2 percent less than the 1,683,669 forecasted for fiscal year 2021-22 (**Table 10**). Average monthly enrollment would fall further in fiscal year 2023-24 and fiscal year 2024-25 to an estimated 1,546,130 and 1,573,479, respectively.

The base scenario assumes that the public health emergency will be lifted in July 2023 and that Medi-Cal redeterminations will resume in October 2023. However, under this scenario, it is assumed that inflows from Medi-Cal to Covered California are somewhat lower relative to the high scenario, reflecting a lower willingness to pay higher individual contributions due to the relatively less generous level of assistance provided by the state subsidy program compared to the American Rescue Plan’s subsidies.

Terminations in response to higher individual contributions are expected to be heavier among younger, healthier enrollees, altering the case mix and resulting in a somewhat older population. Consequently, estimates of increases in the average premiums under the base scenario are higher than under the high scenario in 2024 and 2025.

### **Low Scenario: The American Rescue Plan’s Enhanced Subsidies Not Extended; More Disenrollment**

In the low scenario, Covered California projects an average monthly enrollment of 1,565,882 in fiscal year 2022-23, which would represent a 7.0 percent decrease from the monthly average of 1,683,669 forecasted for fiscal year 2021-22 (**Table 10**).

The low scenario, like the base scenario, assumes that the American Rescue Plan’s enhanced federal subsidies are not extended, and the California Legislature restores funding for the former state subsidy program that was made available from January 2020 through April 2021, when the American Rescue Plan’s subsidies were made available. However, the low scenario assumes that the impact of the American Rescue Plan’s expiration at the end of plan year 2022 is of a magnitude comparable to that projected by the Federal Department of Health and Human Services’ Office of the Assistant Secretary for Planning and Evaluation (ASPE) on March 23, 2022. With a likely state subsidy program backfill, Covered California analyses indicate that 115,000

of the 361,000 ASPE-projected terminations may be averted. In this scenario, American Rescue Plan-related disenrollment is projected to be roughly 246,000. This disenrollment calculation reflects the possibility of a harsher macroeconomic environment, characterized by persistent high inflation, and greater levels of financial stress for lower-income Californians, battered by rising prices for housing, food, and fuel. Under this scenario, the number of covered lives falls back into the level that preceded the implementation of the California state marketplace subsidy, with average monthly enrollment in the 1.4 to 1.5 million range for fiscal years 2022-23, 2023-24 and 2024-25.

As with the base scenario, the low scenario assumes that the public health emergency will be lifted in July 2023 and that Medi-Cal redeterminations will resume in October 2023. However, under the low scenario, it is assumed that inflows from Medi-Cal to Covered California are somewhat lower relative to the high and base scenarios, reflecting lower willingness to pay higher individual contributions, which is exacerbated by acute financial pressures from inflation affecting individuals in lower-income cohorts.

As in the base scenario, terminations in response to higher individual contributions are expected to be heavier among younger, healthier enrollees. This will alter the case mix and result in an older and more expensive population. Consequently, estimates of increases in the average premiums under the low scenario are higher than under the high and base in plan years 2024 and 2025.

**Table 10**  
**Individual Medical Plan Enrollment Forecasts**  
**Effectuated Enrollment (Average Monthly Enrollment)**

Scenario	High	Base	Low
Fiscal Year 2021-22	1,683,669	1,683,669	1,683,669
Fiscal Year 2022-23	1,702,271	1,612,814	1,565,882
Fiscal Year 2023-24	1,760,277	1,546,130	1,429,198
Fiscal Year 2024-25	1,750,474	1,573,479	1,445,235

Note: Fiscal year 2021-22 actual/forecasted values are the same across the three scenarios because actual values replace forecasts for all months except May and June 2022. For these months, the policy and economic context do not differ among the three scenarios.

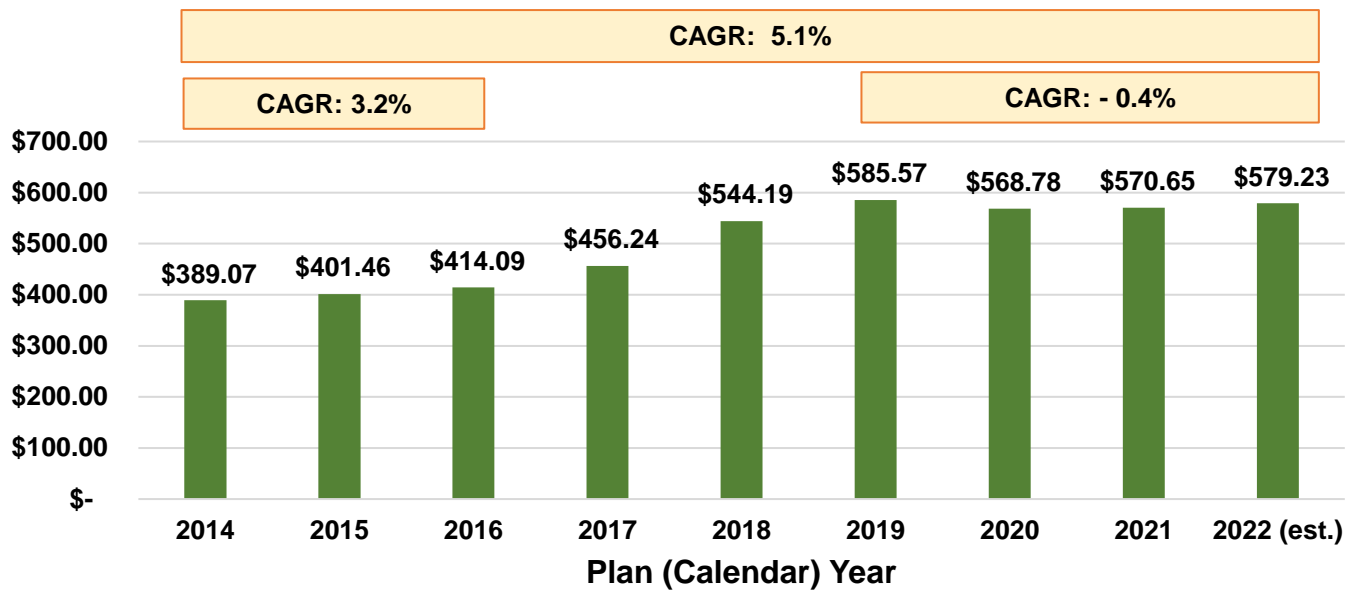
## Covered California Premium Projection

The projection of changes in premiums is a critical element of the overall process of projecting revenue. A comprehensive review of literature and analysis of relevant economic and medical expenditures and costs data was conducted to arrive at recommended assumptions for premium growth rates for the next three fiscal years.

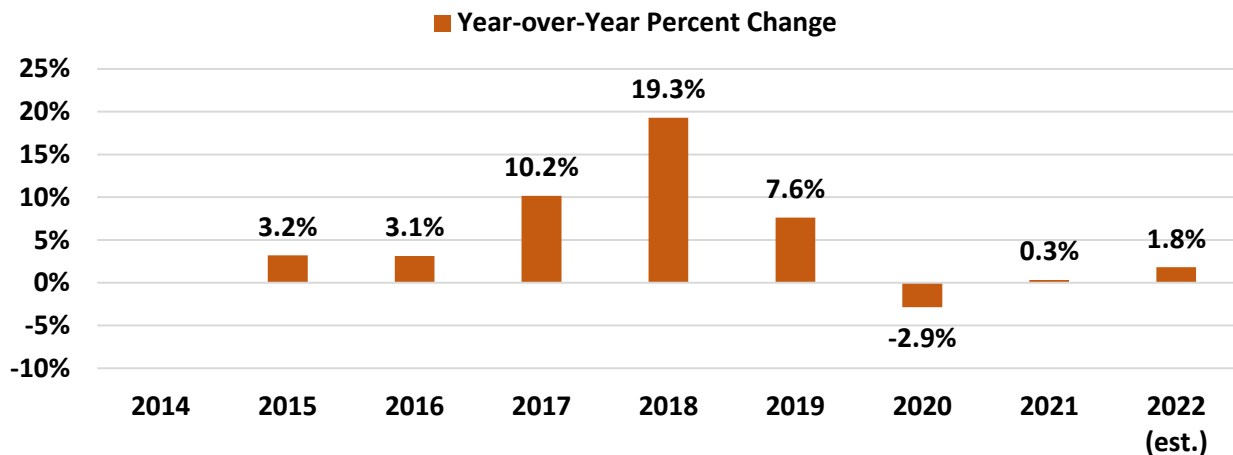
Covered California has observed several distinct patterns of premium growth, as demonstrated in figures 5 and 6. In 2015 and 2016, average gross premiums rose at a moderate 3.2 percent annual pace. However, between 2017 and 2019, average gross premiums rose at a much steeper pace: 10.2 percent in 2017 and 19.3 percent in 2018. This reflected the combined impact of medical inflation and federal policy changes related to the Affordable Care Act. Specifically, the large changes during this period resulted from “Silver loading” in which health insurers raised rates in response to a reduction in federal support for Affordable Care Act-mandated cost-sharing reductions, which are administered based on incomes relative to the federal poverty level.

Between 2020 and 2022, premium growth was largely flat. Actual Covered California premiums decreased by 2.9 percent in 2020 and increased by only 0.3 percent in 2021. The average compound annual growth rate (CAGR) was -0.4 percent between 2019 and 2022. A small increase in the number of younger enrollees, the availability of a greater number of participating carriers in most Covered California market areas leading to greater competition, and a substantial decrease in elective medical care and utilization in response to the COVID-19 pandemic were all contributing factors to the absence of significant premium growth. Since Covered California’s inception (2014 to 2022), the CAGR was 5.1 percent.

**Figure 9**  
**Average Gross Premium by Year, Plan Year 2014 Through 2022**



**Figure 10**  
**Percent Change in Average Gross Premium, Plan Year 2014 Through 2022**

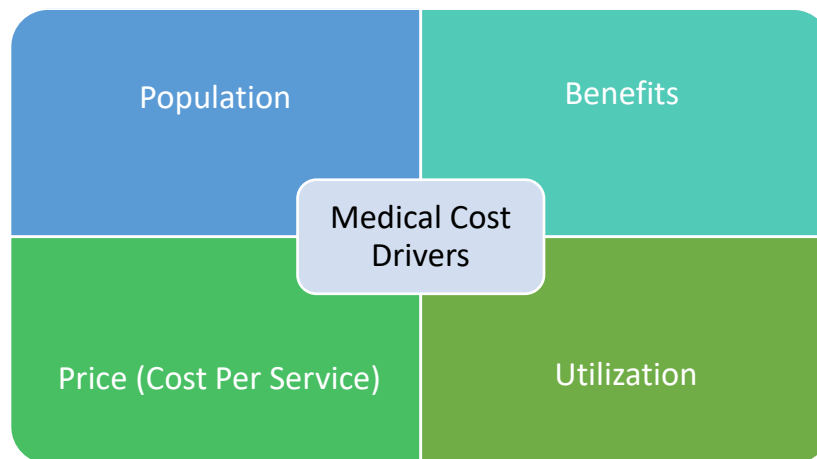


### Changes in Medical Cost Drivers

The medical cost trend is defined as the projected percentage increase in the cost to treat patients from one year to the next, assuming that benefits remain the same. Insurance companies use these projections to calculate health plan premiums for the

coming year.<sup>49</sup> Overall, health care cost trends are driven by four factors: population, benefits, price (cost per service) and utilization.

**Figure 11**  
**Medical Cost Drivers**



## Population

Health care premiums reflect the underlying health characteristics of the covered population. A population composed of a large proportion of children and younger non-elderly adults will generate less medical spending than a population largely composed of older adults having a greater prevalence of chronic health conditions would.

Should the American Rescue Plan’s enhanced subsidies not be extended, we would expect those disenrolling in response to higher contributions toward premiums to include a larger proportion of younger enrollees. This would shift the case mix of the remaining enrolled population, who would be somewhat older and possibly more expensive on average.

In California, geography also plays a role<sup>50</sup>. Over half of the Covered California enrollee population resides in Los Angeles and Southern California, and this proportion has increased slightly between 2019 and 2021. Because premiums are significantly lower in Southern California than they are in Northern California, the observed shift in the regional distribution of the population may result in changes in average gross premiums.

<sup>49</sup> Health Affairs Sponsored Post. Trine Tsouderos, Gurpreet Singh, and In Sung Yuh. “Medical Cost Trend: Behind The Numbers 2022.” <https://www.healthaffairs.org/sponsored-content/medical-cost-trend-behind-the-numbers-2022>

<sup>50</sup> California Health Care Foundation. Feb. 1, 2017. Jeffrey Rideout “In California, What’s Driving the Variation in Total Cost of Care — Volume or Price?”

## **Benefits**

Covered California offers standardized benefits in terms of services that are covered by plans. However, there is variation in the level of medical cost sharing by enrollees<sup>51</sup>. Metal tiers with greater levels of cost sharing have lower premiums and metal tiers with less cost sharing have higher premiums.

Covered California's enrolled population displays a high degree of price sensitivity to premiums. Shifts from higher-priced to lower-priced metal tiers (i.e., Silver to Bronze), as well as shifts from a higher-priced to a lower-priced health plan within the same metal tier could occur in response to an increase in individual premiums following the expiration of the American Rescue Plan. This would have the effect of lowering average premiums. Should the American Rescue Plan's enhanced subsidies expire, the downward impact on premiums from actions by consumers to seek out lower-priced coverage could offset the upward impact from changes in the case mix.

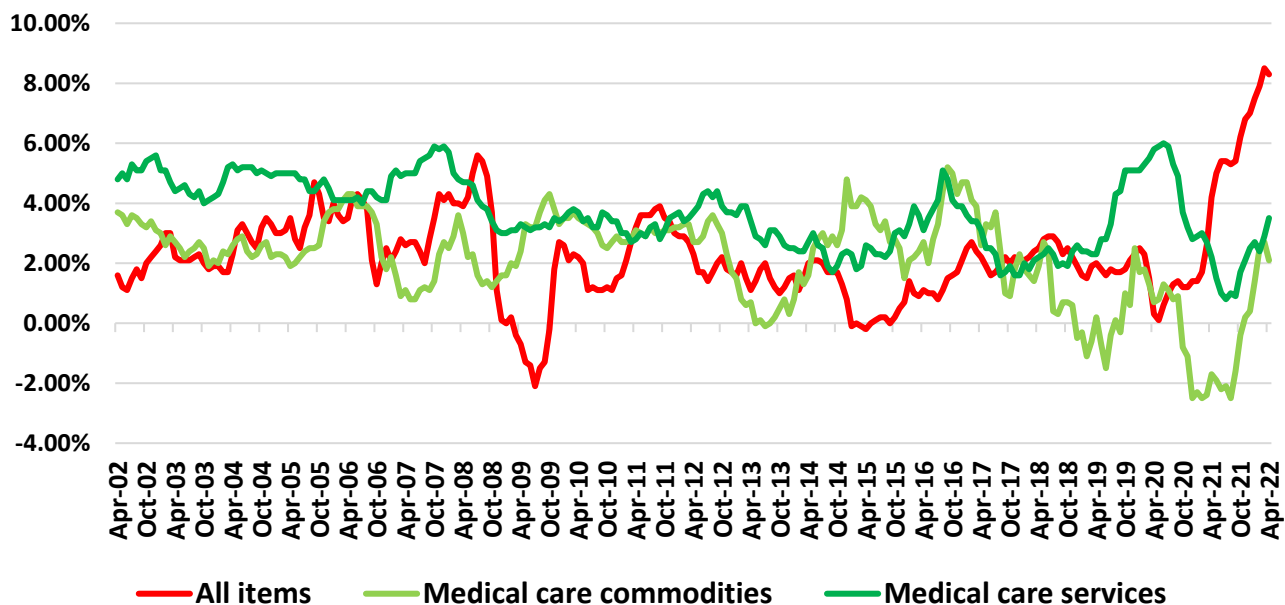
## **Price (Cost Per Service)**

Since 1960, the cost of health insurance premiums has risen faster than both inflation and wage growth. Sustained medical inflation is the result of the cost of goods, services, salaries, and wages paid to providers, pharmaceuticals, medical equipment and supplies and increased administrative costs. Multiple projections, produced by the Bureau of Labor Statistics, by the Centers for Medicare and Medicaid Services (CMS) and several private research entities converge on approximately 4 to 5 percent premium growth in 2023 to 2025.

---

<sup>51</sup> Covered California. "2021 Patient-Centered Benefit Designs and Medical Cost Shares."  
<https://www.coveredca.com/pdfs/2021-Health-Benefits-table.pdf>

**Figure 12**  
**Twelve-Month Percentage Change, Consumer Price Index**



Source: Bureau of Labor Statistics, 12-month percentage change. Consumer Price Index, selected categories. <https://www.bls.gov/charts/consumer-price-index/consumer-price-index-by-category-line-chart.htm>

Figure 12 displays the decrease in medical commodities and medical service indices that began in April 2020. The medical commodities component includes categories such as pharmaceuticals and medical equipment. Medical services include professional services, hospital and related services and health insurance.

The pandemic resulted in both upward and downward pressures on the medical cost trend. Laboratory costs for COVID-19 testing and increased hospitalizations associated with COVID-19 involving more intensive levels of care exerted upward pressures. This was offset by a sharp decrease in elective care. Decreases in these indices appear to have bottomed out in the first half of 2021.

Factors contributing to recent escalating medical cost increases include staffing shortages in certain sectors within the health care industry, such as hospitals and nursing facilities. The Bureau of Labor Statistics April 2022 Employment Situation report notes that employment in the health care sector is down by 250,000, or 1.5 percent, since February 2020<sup>52</sup>. It is likely that the combination of a tight health care workforce, and high general inflation may be sufficient to push labor costs higher and eventually be reflected in health care premiums. To the extent that general inflation remains high,

<sup>52</sup> Bureau of Labor Statistics. April 2022. "The Employment Situation." <https://www.bls.gov/news.release/pdf/empsit.pdf>

including prices for such basics as food, fuel, and housing, this will create upward additional pressure on labor costs.

## Utilization

Utilization of medical services decreased significantly in 2020 following the onset of the COVID-19 pandemic. Ambulatory visits declined, many elective procedures were postponed, and many people delayed or went without medical care they otherwise would have received. A major increase in the use of telemedicine also contributed to the sharp drop in in-person health-system encounters. Over the past year, medical utilization appears to be returning to normal levels. “Implicit utilization” (spending growth minus changes in prices) suggests that overall health sector utilization increased by 3.2 percent year over year in February 2022, with a 12-month average increase of 2.9 percent<sup>53</sup>.

## Premium Growth Estimates

During the past two to three fiscal years, a combination of factors has operated to hold down Covered California premiums. General inflation has been low. The state health care mandate, marketplace subsidy and tax penalty brought in younger enrollees. The availability of more participating carriers created competition and gave enrollees lower-cost plans to choose from. Lastly, the decline in utilization during the pandemic also sharply reduced insurers’ medical costs. Now, premiums appear poised to return to higher, long-term levels of growth, driven by higher prices (cost per service) and higher utilization. As noted, these estimates converge around 5 percent.

The assumptions included in the three forecast scenarios will result in different case mix outcomes, with a younger case mix in the high scenario and increasingly older case mix outcomes in the low scenario. For this reason, we have developed different premium-growth estimates for the three scenarios.

### *High Scenario: Premium Growth Assumptions: The American Rescue Plan’s Enhanced Subsidies Extended*

In the high scenario, Covered California projects that average monthly premiums will increase by 3.0 percent in plan year 2023, 4.0 percent in plan year 2024 and 5.0 percent in plan year 2025 (**Table 11**). The continuation of generous American Rescue Plan-level subsidies beyond plan year 2022 will likely result in retained enrollment and a stable case mix of the enrollee population. Because this forecast reflects a continuation of the current labor market recovery, the major contributor to increases in premium

---

<sup>53</sup> Altarum. April 2022. “Health Sector Economic Indicators Briefs.” <https://altarum.org/publications/april-2022-health-sector-economic-indicators-briefs>



growth rates is slow, but there is steady growth in the cost of delivering health care services.

*Base Scenario: Premium Growth Assumptions: The American Rescue Plan’s Enhanced Subsidies Not Extended; Less Disenrollment*

In the base scenario, Covered California projects that average monthly premiums will increase by 5.0 percent in plan year 2023, 6.0 percent in plan year 2024 and 7.0 percent in plan year 2025 (**Table 11**). The non-renewal of the American Rescue Plan’s enhanced subsidies beyond plan year 2022 will likely result in the disenrollment of approximately 153,000 enrollees as of December 2022, which will shift the composition of Covered California’s case mix. It is likely that younger and healthier enrollees will disenroll at higher rates, leaving behind a Covered California population that is older and comparatively expensive to insure. In response, plans are likely to raise rates.

*Low Scenario: Premium Growth Assumptions: The American Rescue Plan’s Enhanced Subsidies Not Extended; More Disenrollment*

In the low scenario, Covered California projects that average monthly premiums will increase by 5.0 percent in plan year 2023, 7.0 percent in plan year 2024 and 10.0 percent in plan year 2025 (**Table 11**). As stated previously, the non-renewal of enhanced American Rescue Plan-level subsidies beyond plan year 2022 will likely result in the disenrollment of approximately 246,000 enrollees as of December 2022, which will drastically shift the composition of Covered California’s case mix. It is likely that the loss of younger and healthier enrollees will be even more pronounced, leaving behind a Covered California population that is even older and comparatively expensive to insure. In response, plans are likely to raise rates substantially.

**Table 11  
Projected Premium Growth Rates: Individual Medical and Dental**

<b>Scenario</b>	<b>High</b>	<b>Base</b>	<b>Low</b>
Plan Year 2022	1.8%	1.8%	1.8%
Plan Year 2023	3.0%	5.0%	5.0%
Plan Year 2024	4.0%	6.0%	7.0%
Plan Year 2025	5.0%	7.0%	10.0%

Overall, Covered California’s operating revenue is derived from assessment fees set at a fixed percent of the monthly premium paid by each Covered California enrollee. The individual market assessment fee is currently set at 3.25 percent of premium. If the average monthly premium increases or decreases, Covered California’s per-member-per-month revenue will increase or decrease proportionally.

## Individual Medical Revenue Forecast

Covered California’s revenue is the product of both volume and price. Volume is reflected in the level of enrollment. Price is the average gross premiums paid multiplied by the percent fee assessed on those premiums. The forecast assumes that the assessment fee remains at 3.25 percent during plan year 2023, unchanged from 2022.

- At the high forecast, individual medical premiums are expected to total \$390.6 million in fiscal year 2022-23, \$418.0 million in fiscal year 2023-24 and \$434.4 million in fiscal year 2024-25.
- At the base forecast, individual medical premiums are expected to total \$373.2 million in fiscal year 2022-23, \$378.1 million in fiscal year 2023-24 and \$409.7 million in fiscal year 2024-25.
- At the low forecast, individual medical premiums are expected to total \$362.0 million in fiscal year 2022-23, \$354.8 million in fiscal year 2023-24 and \$385.4 million in fiscal year 2024-25. Forecasted assessment revenue is shown in **Table 12**.

**Table 12**  
**Individual Medical Plan Assessments**

Scenario	High	Base	Low
Fiscal Year 2021-22	\$377,054,129	\$377,054,129	\$377,054,129
Fiscal Year 2022-23	\$390,587,263	\$373,180,550	\$361,969,583
Fiscal Year 2023-24	\$418,047,840	\$378,147,531	\$354,827,789
Fiscal Year 2024-25	\$434,417,732	\$409,680,292	\$385,402,610

Note: Fiscal year 2021-22 actual/forecasted values are the same across the three scenarios because actual values replace forecasts for all months except May and June 2022. For these months, the policy and economic context do not differ among the three scenarios.

## Covered California’s Individual Dental Plans for Children and Families

Covered California offers individual dental plans for children and families. Children’s dental benefits are automatically included in the health plans offered through Covered California. For children who are insured by both a health plan and a family dental plan, the two plans will coordinate benefits. Dental coverage is not an essential health benefit for adults, however, so adult dental coverage is offered separately from health insurance plans.

Covered California offers two types of dental plans: HMO (health maintenance organization) plans and PPO (preferred provider organization) plans. The participating dental plans are:

1. Delta Dental of California
2. Blue Cross: Dental
3. Blue Shield California Physicians' Service: Dental
4. Liberty Dental Plan of California
5. California Dental Network
6. Dental Health Services

The Covered California assessment fee for individual dental plans is the same for individual medical plans. It is currently 3.25 percent and remains at 3.25 percent in 2022. Forecasted enrollment and estimated revenue from individual dental plans are presented below (**Table 13**: Individual Dental Plan Enrollment Forecasts Effectuated Enrollment, and **Table 14**: Individual Dental Plan Assessments).

**Table 13**  
**Individual Dental Plan Enrollment Forecasts**  
**Effectuated Enrollment**  
**(Average Monthly Enrollment)**

Scenario	High	Base	Low
Fiscal Year 2021-22	258,876	258,876	258,876
Fiscal Year 2022-23	235,259	222,895	216,409
Fiscal Year 2023-24	243,275	213,679	199,549
Fiscal Year 2024-25	241,920	217,459	199,735

#### Individual Dental Revenue Forecast

**Table 14**  
**Individual Dental Plan Assessments**

Scenario	High	Base	Low
Fiscal Year 2021-22	\$2,488,385	\$2,488,385	\$2,488,385
Fiscal Year 2022-23	\$2,212,728	\$2,115,424	\$2,052,819
Fiscal Year 2023-24	\$2,368,371	\$2,141,802	\$2,009,696
Fiscal Year 2024-25	\$2,461,144	\$2,320,789	\$2,182,768

## Covered California for Small Business

Covered California for Small Business is California's version of the Small Business Health Options Program (also known as SHOP) established under the Affordable Care Act. It is a small-group health insurance program for employers with 100 or fewer employees who want to provide health and dental insurance to their employees. In most states, small-group plans can be sold only to employers with 50 or fewer employees. California is one of only four states where small group plans can be sold to employers with up to 100 employees.

Under the Affordable Care Act, the same fundamental set of regulations that apply to the individual market are also applied to the small-group market. These include: no exclusion for preexisting conditions, modified community rating (meaning that insurers cannot vary rates based on health status), a standard set of essential health benefits, and a limit on the percentage of premium that insurers can devote to profits or overhead, known as a minimum "medical loss ratio."

Certain employers who offer insurance through Covered California for Small Business may be eligible for a federal tax credit. The maximum tax credit available is 50 percent of premium expenses as a for-profit employer. The maximum credit for tax-exempt employers is 35 percent. This credit applies to two consecutive tax years. To be eligible for the tax credit, the business must have fewer than 25 full-time equivalent employees, the employees must have an average annual wage of less than \$56,000 per year<sup>54</sup>, and employers must contribute at least 50 percent of the cost of insurance coverage for each employee<sup>55</sup>.

Covered California for Small Business is one of several sources of health insurance within California's small-group market. California's small-group market is estimated to provide coverage for over 2.3 million covered lives<sup>56</sup>. In 2021, Covered California for Small Business provided insurance for roughly 3 percent of the small-group market.

In 2022, Covered California for Small Business offered plans from four health insurance companies and four dental insurance companies that are available to small employers for year-round enrollment. Employers can now select to offer up to four metal tiers (Bronze, Silver, Gold and Platinum), allowing them to tailor health insurance to their budgets and employees' specific needs. This was a major recent program design change, as in previous years employers could only select to offer their employees two metal tiers. Employers may purchase health insurance with the help of a registered agent or broker.

In calendar year 2021 the medical weighted average premium rate increase was 2.2 percent for CCSB. In calendar year 2022, the forecasted premium increase is 4.0 percent. At end of fiscal year 2021-22, CCSB medical enrollment is forecasted to be 73,323, an increase of 3,485 compared to fiscal year 2020-21.

---

<sup>54</sup> This limit has been adjusted for inflation since 2014.

<sup>55</sup> Internal Revenue Service. "Small Business Health Care Tax Credit and the SHOP Marketplace."

<sup>56</sup> California Health Care Foundation. Sept. 19, 2021. Katherine Wilson, Wilson Analytics. "Unexpected Growth in California Health Insurance During COVID-19 Recession."

## Covered California for Small Business Enrollment and Revenue Forecast

Covered California continues to make changes to improve to its small-business marketplace's retention rate. These include expanding and enhancing the product offering from participating carriers and allowing participating employer groups to choose multi-carrier offerings to increase health insurance options for their employees.

Moving forward, efforts will focus on expanding the network of brokers offering Covered California for Small Business. As the number of groups enrolling in the program grows, retention of existing groups will become a critical area of focus.

The budget incorporates premium growth of 4 percent on average in plan years 2022-25. The estimates capture both estimated medical inflation and the impact of policy shifts that affect the Covered California case mix and are consistent with the Centers for Medicare and Medicaid Services' (CMS) forecast of medical inflation. The CMS National Health Expenditure Projections incorporate Affordable Care Act marketplace plans and estimate 4 to 5 percent growth for private health insurance spending in each of 2023, 2024 and 2025.

Covered California for Small Business operating revenue is derived from assessment fees set at a fixed percent of the monthly premium paid by each Covered California for Small Business enrollee. The small-group assessment fee is currently set at 5.2 percent of premium.

For fiscal year 2022-23, three enrollment and revenue forecast scenarios for Covered California for Small Business have been developed. The scenarios are driven by estimates of small-business participant retention and termination. The high estimate would reflect higher employer group retention and lower terminations, while the low estimate reflects comparatively lower levels of employer group retention and higher levels of termination. In the high scenario forecast, Covered California for Small Business projects end of fiscal year 2022-23 medical enrollment of 81,600. Under the high scenario forecast, revenue is projected to be \$25.7 million.

In the mid scenario forecast, Covered California for Small Business projects the average medical enrollment of 73,942, which is 1 percent higher than the average enrollment forecasted for end of fiscal year 2021-22 (**Table 15**). In the mid scenario forecast, Covered California for Small Business revenue is projected to be \$24.7 million for fiscal year 2022-23 (**Table 17**).

In the low scenario forecast, Covered California for Small Business projects the end of fiscal year 2022-23 enrollment of 68,087 and with revenue of \$23.2 million.

**Table 15**  
**Covered California for Small Business Enrollment Forecasts**  
**Medical Effectuated Enrollment (Average Monthly Enrollment)**

<b>Scenario</b>	<b>High</b>	<b>Base</b>	<b>Low</b>
Fiscal Year 2021-22	73,180	73,180	73,180
Fiscal Year 2022-23	77,099	73,942	69,447
Fiscal Year 2023-24	84,263	77,217	68,196
Fiscal Year 2024-25	92,642	81,583	68,724

**Table 16**  
**Covered California for Small Business Premium Growth**

<b>Scenario</b>	<b>High</b>	<b>Base</b>	<b>Low</b>
Plan Year 2022	4.0%	4.0%	4.0%
Plan Year 2023	4.0%	4.0%	4.0%
Plan Year 2024	4.0%	4.0%	4.0%
Plan Year 2025	4.0%	4.0%	4.0%

As displayed in **Table 17** below, Covered California for Small Business generates revenue from three lines of business: small-group medical plans, small-group dental plans and small-group COBRA. In fiscal year 2022-23, the small-group medical product will generate approximately 98 percent of total Covered California for Small Business revenue.

**Table 17  
Covered California for Small Business Forecasted Revenue**

<b>Scenario / Product</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>	<b>FY 2023-24</b>	<b>FY 2024-25</b>
	Actual / Forecasted	Projected	Projected	Projected
<b>High</b>	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Medical	\$22,867,473	\$25,223,365	\$28,672,407	\$32,783,422
Dental	\$141,272	\$145,322	\$164,530	\$186,334
COBRA	<u>\$344,255</u>	<u>\$364,896</u>	<u>\$366,122</u>	<u>\$402,529</u>
<b>Total</b>	<b>\$23,353,000</b>	<b>\$25,733,583</b>	<b>\$29,203,059</b>	<b>\$33,372,286</b>
<b>Base</b>	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Medical	\$22,867,473	\$24,183,581	\$26,268,131	\$28,863,670
Dental	\$141,272	\$139,417	\$150,842	\$164,153
COBRA	<u>\$344,255</u>	<u>\$349,931</u>	<u>\$334,548</u>	<u>\$353,462</u>
<b>Total</b>	<b>\$23,353,000</b>	<b>\$24,672,930</b>	<b>\$26,753,520</b>	<b>\$29,381,285</b>
<b>Low</b>	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Medical	\$22,867,473	\$22,704,261	\$23,192,284	\$24,308,136
Dental	\$141,272	\$131,003	\$133,300	\$138,358
COBRA	<u>\$344,255</u>	<u>\$328,555</u>	<u>\$294,105</u>	<u>\$296,385</u>
<b>Total</b>	<b>\$23,353,000</b>	<b>\$23,163,819</b>	<b>\$23,619,690</b>	<b>\$24,742,879</b>

**Table 18** presents total forecasted revenue under the base scenario estimates for the individual medical, individual dental and the mid-range forecast for Covered California Small Business combined.

**Table 18**  
**Assessment Fee Revenue**

<b>Market</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>	<b>FY 2023-24</b>	<b>FY 2024-25</b>
<b>Individual Medical</b>	\$377,054,129	\$373,180,550	\$378,147,531	\$409,680,292
<b>Individual Dental</b>	\$2,488,385	\$2,115,424	\$2,141,802	\$2,320,789
<b>Covered California for Small Business</b>	\$23,353,000	\$24,672,930	\$26,753,520	\$29,381,285
<b>Total Assessment Fee Revenue</b>	<b>\$402,895,514</b>	<b>\$399,968,904</b>	<b>\$407,042,853</b>	<b>\$441,382,367</b>



## V. Multi-Year Budgetary Projection: Fiscal Year 2022-23 to Fiscal Year 2024-25

Covered California's multi-year financial plan projects revenue and expenditures for three years into the future, spanning fiscal year 2022-23 through fiscal year 2024-25. The multi-year financial plan allows executives, the board, and other stakeholders to see the implications of decisions and consider a longer time horizon with respect to the budget.

This multi-year budget projection helps policy makers evaluate expenditure commitments, enrollment trends and revenue trends. The multi-year financial plan also highlights anticipated fiscal risks and opportunities. The projection identifies significant known fiscal conditions and projects future budget conditions. Finally, the multi-year projection is a strategic planning tool.

The multi-year budget projection does not include any proposed balancing solutions or modified service levels. The budgetary outcomes reflect those that would occur assuming expenditures trends based on the fiscal year 2022-23 baseline projected forward as a workload budget.

### **Scenario 1: High: American Rescue Plan Extended Projection Detail**

Scenario 1 is characterized by the continuation of generous American Rescue Plan-level subsidies beyond plan year 2022. Average monthly enrollment in fiscal year 2022-23 is forecasted to be 1,702,271. After that, enrollment settles to a new normal with monthly average covered lives in the 1.70 to 1.75 million range for fiscal year 2022-23, through 2023-24 and 2024-25.

Scenario 1 assumes that the public health emergency will be lifted in October 2022, and that Medi-Cal redeterminations will resume in January 2023. It is estimated that the Medi-Cal population will have grown to just under 14.9 million by that time, up from 12.5 million in March 2020. As a result, Medi-Cal inflows to Covered California are expected to be heavier than before the pandemic as the Department of Health Care Services conducts its redeterminations and works off the backlog. Under scenario 1, the take-up by individuals leaving Medi-Cal and eligible for marketplace coverage is expected to be higher due to the availability of generous American Rescue Plan subsidies that significantly benefit individuals in lower-income groups.

Scenario 1 reflects increases in the average premiums of 3 percent in 2023, 4 percent in 2024, and 5 percent in 2025. Authorized permanent positions are assumed to remain at the fiscal year 2022-23 budget, totaling 1,467 throughout the projection period.

The scenario 1 enrollment forecast assumes the assessment on individual market premiums to be 3.25 percent for 2023 and throughout the remainder of the projection period. The Covered California for Small Business plan assessment is assumed to remain at 5.2 percent of the premium for the forecast duration. Under the scenario 1

forecast, individual medical plan average monthly enrollment is forecasted to be 1,702,271 in fiscal year 2022-23, 1,760,277 in fiscal year 2023-24 and 1,750,474 in fiscal year 2024-25.

### **Scenario 1: High: Projected Budgetary Outcomes: Statement of Revenue, Expenditures and Changes in Net Position**

Revenues and other income are projected to be greater than operating and capital expenditures in fiscal year 2022-23. Covered California is projected to generate \$418.5 million in operating revenue, while operating and capital expenditures total \$411.4 million. This results in a projected operating income of \$7.2 million. Other income is projected to total \$1.5 million. Consequently, Covered California's net position is projected to increase by \$8.7 million (**Table 19**).

**Table 19**  
**Scenario 1: High: American Rescue Plan Extended**  
**Covered California Budgetary Projections, Statement of Revenue,**  
**Expense, and Net Income/(Loss)**  
**For Fiscal Year (FY) 2022-23, FY 2023-24 and FY 2024-25**

	FY 2022-23	FY 2023-24	FY 2024-25
	Assumes ARPA Continues	Assumes ARPA Continues	Assumes ARPA Continues
<b>Operating Revenues</b>			
Individual Market (Med. & Dental)	\$ 392,799,990	\$ 420,416,211	\$ 436,878,876
CCSB (Medi. & Dental)	<u>\$ 25,733,583</u>	<u>\$ 29,203,059</u>	<u>\$ 33,372,286</u>
<b>Total Operating Revenue</b>	<b>\$ 418,533,573</b>	<b>\$ 449,619,270</b>	<b>\$ 470,251,162</b>
<b>Operating Expenditures</b>			
Personnel Expenditures	164,937,260	169,885,378	174,981,939
Other Operating Expenditures	<u>197,009,299</u>	<u>202,919,578</u>	<u>209,007,165</u>
<b>Subtotal</b>	<b>\$ 361,946,559</b>	<b>\$ 372,804,956</b>	<b>\$ 383,989,104</b>
<b>Allocated Expenditures</b>			
Prorata/Supp. Pension/Other	19,419,224	19,613,416	19,809,550
<b>Total Operating Expenditures</b>	<b>\$ 381,365,783</b>	<b>\$ 392,418,372</b>	<b>\$ 403,798,655</b>
<b>Capital Investments</b>			
CalHEERs	\$ 24,773,115	\$ 25,268,577	\$ 25,773,949
Other	<u>\$ 5,226,296</u>	<u>\$ 5,330,822</u>	<u>\$ 5,437,438</u>
<b>Total - Capital Project Expenditures</b>	<b>\$ 29,999,411</b>	<b>\$ 30,599,399</b>	<b>\$ 31,211,387</b>
<b>Total Operating &amp; Capital Expenditures</b>	<b>\$ 411,365,194</b>	<b>\$ 423,017,771</b>	<b>\$ 435,010,042</b>
<b>Income/(Loss) From Operations</b>	<u>\$ 7,168,380</u>	<u>\$ 26,601,499</u>	<u>\$ 35,241,120</u>
<b>Non-Operating Income</b>	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
<b>Change in Net Position</b>	<b><u>\$ 8,668,380</u></b>	<b><u>\$ 28,101,499</u></b>	<b><u>\$ 36,741,120</u></b>

In fiscal year 2023-24, operating revenues are projected to rise to \$449.6 million, while operating and capital expenditures rise to \$423.0 million. This results in a projected operating income of \$26.6 million. Other revenue is projected to total \$1.5 million. Consequently, Covered California's net position is projected to increase by \$28.1 million. Authorized positions are assumed to remain at the fiscal year 2022-23 budgeted level of 1,467.

In fiscal year 2024-25, operating revenues are projected to rise to \$470.3 million, while operating and capital expenditures rise to \$435.0 million. This results in a projected operating income of \$35.2 million. Other revenue is projected to total \$1.5 million. Consequently, Covered California's net position is projected to increase by \$36.7 million. Authorized positions are assumed to remain at the fiscal year 2022-23 budgeted level of 1,467.

### **Scenario 1: High: Projected Working Capital and Liquidity**

Covered California is classified as an enterprise fund, representing a type of proprietary fund identified within Government Accounting Standards Board pronouncements. Enterprise funds are used to report any activity for which a fee is charged to external users for goods or services. Covered California accounts for financial transactions in much the same way a private enterprise would. Accrual accounting and the economic-resources measurement focus is used to record and report accounting transactions. This means that enterprise funds and the financial statements used to convey results focus on the long term, including short-term assets and liabilities and long-term assets and liabilities. As a result, evaluating net position does not provide a valid measure of an enterprise fund's liquidity, or ability to meet current financial obligations as they come due. However, because enterprise funds distinguish between current and non-current assets and liabilities, it is possible to calculate working capital.

Working capital represents the difference between current assets and liabilities, providing a valid measure for evaluating liquidity. Enterprise funds must maintain adequate working capital levels to mitigate current and future risks and ensure stable services and fees. **Table 20** presents Covered California's projected working capital for fiscal years 2022-23, 2023-24 and 2024-25. Working capital increases each year throughout the projection period, growing to \$515.2 million by fiscal year 2024-25.

**Table 20  
Scenario 1: High  
Projected Working Capital**

	FY 2022-23	FY 2023-24	FY 2024-25
	Assumes ARPA Continues	Assumes ARPA Continues	Assumes ARPA Continues
Beginning Working Capital	\$ 441,711,218	\$ 450,379,598	\$ 478,481,097
Change in Working Capital	\$ 8,668,380	\$ 28,101,499	\$ 36,741,120
Ending Working Capital	<u>\$ 450,379,598</u>	<u>\$ 478,481,097</u>	<u>\$ 515,222,218</u>

**Scenario 2: Base: American Rescue Plan’s Enhanced Subsidies Expire:  
Projection Detail**

Scenario 2 assumes that the American Rescue Plan’s enhanced federal subsidies are not extended, and the California Legislature restores funding for the former state subsidy program that was made available from January 2020 until April 2021, when the American Rescue Plan’s subsidies began. Average monthly enrollment in fiscal year 2022-23 is forecasted to be 1,612,814, a decrease of 89,457 compared to scenario 1. Under this scenario, the number of covered lives falls back to the level that followed the California state marketplace subsidy implementation, with average monthly enrollment in the 1.5 to 1.6 million range for fiscal year 2022-23, through 2023-24 and 2024-25.

Unlike scenario 1, scenario 2 assumes that the public health emergency will be extended beyond October 2022 and not lifted until July 2023, and that Medi-Cal redeterminations will resume in October 2023. However, under this scenario, it is assumed that inflows from Medi-Cal to Covered California are somewhat lower relative to scenario 1, reflecting a lower willingness to pay higher individual contributions toward premiums.

Terminations in response to higher individual contributions are expected to be heavier among younger, healthier enrollees, altering the case mix and resulting in a slightly older and more expensive population. Consequently, estimates of increases in the average premiums under scenario 2 are higher than under scenario 1 in 2025. Under scenario 2, premiums are forecasted to rise by 3 percent in 2023, 6 percent in 2024 and 7 percent in 2025. Authorized permanent positions are assumed to remain at the fiscal year 2022-23 budget totaling 1,467 throughout the projection period.

This enrollment forecast assumes the assessment on individual market premiums to be 3.25 percent for 2023 and throughout the remainder of the projection period. The Covered California for Small Business plan assessment is assumed to remain at 5.2 percent of the premium for the forecast duration. Under the scenario 2 forecast,

individual medical plan average monthly enrollment is forecasted to be 1,612,814 in fiscal year 2022-23, 1,546,130 in fiscal year 2023-24 and 1,573,479 in fiscal year 2024-25.

### **Scenario 2: Base: Projected Budgetary Outcomes: Statement of Revenue, Expenditures and Changes in Net Position**

Operating and capital expenditures are projected to be greater than revenues in fiscal year 2022-23. Covered California is projected to generate \$400.0 million in operating revenue, while operating and capital expenditures total \$411.4 million. This results in a projected operating loss of \$11.4 million. Other income is projected to total \$1.5 million. Consequently, Covered California's net position is projected to decrease by \$9.9 million.

In fiscal year 2023-24, operating revenues are projected to rise to \$407.0 million, while operating and capital expenditures rise to \$423.0 million. This results in a projected operating loss of \$16.0 million. Other revenue is projected to total \$1.5 million. Consequently, Covered California's net position is projected to decrease by \$14.5 million. Authorized positions are assumed to remain at the fiscal year 2022-23 budgeted level of 1,467.

In fiscal year 2024-25, operating revenues are projected to rise to \$441.4 million, while operating and capital expenditures rise to \$435.0 million (**Table 21**). This results in a projected operating income of \$6.4 million. Other revenue is projected to total \$1.5 million. Consequently, Covered California's net position is projected to increase by \$7.9 million. Authorized positions are assumed to remain at the fiscal year 2022-23 budgeted level of 1,467.

**Table 21**  
**Scenario 2: Base: American Rescue Plan Extended**  
**Covered California Budgetary Projections, Statement of Revenue,**  
**Expense and Net Income/(Loss)**  
**For Fiscal Year (FY) 2022-23, FY 2023-24 and FY 2024-25**

	FY 2022-23	FY 2023-24	FY 2024-25
	Assumes ARPA Expires/State Subsidies	Assumes ARPA Expires/State Subsidies	Assumes ARPA Expires/State Subsidies
<b>Operating Revenues</b>			
Individual Market (Med. & Dental)	\$ 375,295,974	\$ 380,289,333	\$ 412,001,082
CCSB (Medi. & Dental)	\$ 24,672,930	\$ 26,753,520	\$ 29,381,285
<b>Total Operating Revenue</b>	<b>\$ 399,968,904</b>	<b>\$ 407,042,853</b>	<b>\$ 441,382,367</b>
<b>Operating Expenditures</b>			
Personnel Expenditures	164,937,260	169,885,378	174,981,939
Other Operating Expenditures	197,009,299	202,919,578	209,007,165
<b>Subtotal</b>	<b>\$ 361,946,559</b>	<b>\$ 372,804,956</b>	<b>\$ 383,989,104</b>
<b>Allocated Expenditures</b>			
Prorata/Supp. Pension/Other	19,419,224	19,613,416	19,809,550
<b>Total Operating Expenditures</b>	<b>\$ 381,365,783</b>	<b>\$ 392,418,372</b>	<b>\$ 403,798,655</b>
<b>Capital Investments</b>			
CalHEERs	\$ 24,773,115	\$ 25,268,577	\$ 25,773,949
Other	\$ 5,226,296	\$ 5,330,822	\$ 5,437,438
<b>Total - Capital Project Expenditures</b>	<b>\$ 29,999,411</b>	<b>\$ 30,599,399</b>	<b>\$ 31,211,387</b>
<b>Total Operating &amp; Capital Expenditures</b>	<b>\$ 411,365,194</b>	<b>\$ 423,017,771</b>	<b>\$ 435,010,042</b>
<b>Income/(Loss) From Operations</b>	<b>\$ (11,396,290)</b>	<b>\$ (15,974,918)</b>	<b>\$ 6,372,325</b>
<b>Non-Operating Income</b>	<b>\$ 1,500,000</b>	<b>\$ 1,500,000</b>	<b>\$ 1,500,000</b>
<b>Change in Net Position</b>	<b>\$ (9,896,290)</b>	<b>\$ (14,474,918)</b>	<b>\$ 7,872,325</b>

**Scenario 2: Base: Projected Working Capital and Liquidity**

**Table 22** presents Covered California’s projected working capital for fiscal years 2022-23, 2023-24 and 2024-25. Under this scenario, Covered California’s working capital declines slightly for the first two years of the projection period, but increases in the last year of the projection. Working capital declines from \$441.7 million at the start of fiscal year 2022-23 to \$425.2 million at the end of fiscal year 2024-25.

**Table 22**  
**Scenario 2: Base**  
**Projected Working Capital**

	FY 2022-23	FY 2023-24	FY 2024-25
	Assumes ARPA Expires/State Subsidies	Assumes ARPA Expires/State Subsidies	Assumes ARPA Expires/State Subsidies
Beginning Working Capital	\$ 441,711,218	\$ 431,814,928	\$ 417,340,010
Change in Working Capital	\$ (9,896,290)	\$ (14,474,918)	\$ 7,872,325
Ending Working Capital	<u>\$ 431,814,928</u>	<u>\$ 417,340,010</u>	<u>\$ 425,212,336</u>

**Scenario 3: Low: American Rescue Plan’s Enhanced Subsidies Expire With Greater Losses of Enrollment**

Scenario 3, like scenario 2, assumes that the American Rescue Plan’s enhanced federal subsidies are not extended, and the California Legislature restores funding for the former state subsidy program that was made available from January 2020 until April 2021, when the American Rescue Plan’s subsidies began. Unlike scenario 2, however, scenario 3 assumes a harsher macroeconomic environment, characterized by persistent high inflation, slower economic growth, and greater levels of financial stress for lower-income Californians, battered by rising prices for housing, food, and fuel. Under this scenario, the number of covered lives falls back into the level that preceded the implementation of the California state marketplace subsidy, with average monthly enrollment in the 1.4 to 1.5 million range for fiscal year 2022-23, 2023-24 and 2024-25. Average monthly enrollment in fiscal year 2022-23 is forecasted to be 1,565,882, a decrease of 136,389 compared to scenario 1.

As with Scenario 2, Scenario 3 assumes that the public health emergency will be lifted in July 2023 and that Medi-Cal redeterminations will resume in November 2023. Under this scenario, however, it is assumed that inflows from Medi-Cal to Covered California are somewhat lower relative to scenarios 1 and 2, reflecting a lower willingness to pay increased individual contributions toward premiums, exacerbated by acute financial pressures on individuals in lower-income cohorts.

As in scenario 2, terminations in response to higher individual contributions are expected to be heavier among younger, healthier enrollees, but even more so. This will alter the case mix and result in an even older and more expensive population. Consequently, estimates of increases in average premiums under scenario 3 are higher than under scenarios 1 and 2 in 2024 and 2025. Under scenario 3, premiums are forecast to rise by 3 percent in 2023, 7 percent in 2024 and 10 percent in 2025.



Authorized permanent positions are assumed to remain at the fiscal year 2022-23 budget level, totaling 1,467 throughout the projection period.

The scenario 3 forecast assumes that the assessment on individual market premiums to be 3.25 percent for 2023 and throughout the remainder of the projection period. The Covered California for Small Business plan assessment is assumed to remain at 5.2 percent of the premium for the forecast duration. Under the scenario 3 forecast, individual medical plan average monthly enrollment is forecasted to be 1,565,882 in fiscal year 2022-23, 1,546,130 in fiscal year 2023-24 and 1,445,235 in fiscal year 2024-25.

### **Scenario 3: Low: Projected Budgetary Outcomes: Statement of Revenue, Expenditures and Changes in Net Position**

Operating and capital expenditures are projected to be greater than revenues in fiscal year 2022-23. Covered California is projected to generate \$387.2 million in operating revenue, while operating and capital expenditures total \$411.4 million. This results in a projected operating loss of \$24.2 million. Other income is projected to total \$1.5 million. Consequently, Covered California's net position is projected to decrease by \$22.7 million (**Table 23**).

In fiscal year 2023-24, operating revenues are projected to rise to \$380.5 million, while operating and capital expenditures rise to \$423.0 million. This results in a projected operating loss of \$42.6 million. Other revenue is projected to total \$1.5 million. Consequently, Covered California's net position is projected to decrease by \$41.1 million. Authorized positions are assumed to remain at the fiscal year 2022-23 budgeted level of 1,467.

In fiscal year 2024-25, operating revenues are projected to rise to \$412.3 million, while operating and capital expenditures rise to \$435.0 million. This results in a projected operating loss of \$22.7 million. Other revenue is projected to total \$1.5 million. Consequently, Covered California's net position is projected to decrease by \$21.2 million. Authorized positions are assumed to remain at the fiscal year 2022-23 budgeted level of 1,467.

**Table 23**  
**Scenario 3: Low: American Rescue Plan Extended**  
**Covered California Budgetary Projections, Statement of Revenue,**  
**Expense and Net Income/(Loss)**  
**For Fiscal Year (FY) 2022-23, FY 2023-24 and FY 2024-25**

	FY 2022-23 Assumes ARPA Expires/Assumes Greater Enrollment Losses	FY 2023-24 Assumes ARPA Expires/Assumes Greater Enrollment Losses	FY 2024-25 Assumes ARPA Expires/Assumes Greater Enrollment Losses
<b>Operating Revenues</b>			
Individual Market (Med. & Dental)	\$ 364,022,402	\$ 356,837,486	\$ 387,585,378
CCSB (Medi. & Dental)	\$ 23,163,819	\$ 23,619,690	\$ 24,742,879
<b>Total Operating Revenue</b>	<b>\$ 387,186,221</b>	<b>\$ 380,457,176</b>	<b>\$ 412,328,257</b>
<b>Operating Expenditures</b>			
Personnel Expenditures	164,937,260	169,885,378	174,981,939
Other Operating Expenditures	197,009,299	202,919,578	209,007,165
<b>Subtotal</b>	<b>\$ 361,946,559</b>	<b>\$ 372,804,956</b>	<b>\$ 383,989,104</b>
<b>Allocated Expenditures</b>			
Prorata/Supp. Pension/Other	19,419,224	19,613,416	19,809,550
<b>Total Operating Expenditures</b>	<b>\$ 381,365,783</b>	<b>\$ 392,418,372</b>	<b>\$ 403,798,655</b>
<b>Capital Investments</b>			
CalHEERs	\$ 24,773,115	\$ 25,268,577	\$ 25,773,949
Other	\$ 5,226,296	\$ 5,330,822	\$ 5,437,438
<b>Total - Capital Project Expenditures</b>	<b>\$ 29,999,411</b>	<b>\$ 30,599,399</b>	<b>\$ 31,211,387</b>
<b>Total Operating &amp; Capital Expenditures</b>	<b>\$ 411,365,194</b>	<b>\$ 423,017,771</b>	<b>\$ 435,010,042</b>
<b>Income/(Loss) From Operations</b>	<b>\$ (24,178,973)</b>	<b>\$ (42,560,595)</b>	<b>\$ (22,681,785)</b>
<b>Non-Operating Income</b>	<b>\$ 1,500,000</b>	<b>\$ 1,500,000</b>	<b>\$ 1,500,000</b>
<b>Change in Net Position</b>	<b>\$ (22,678,973)</b>	<b>\$ (41,060,595)</b>	<b>\$ (21,181,785)</b>

### Scenario 3: Low: Projected Working Capital and Liquidity

**Table 24** presents Covered California’s scenario 3 projected working capital for fiscal years 2022-23, 2023-24 and 2024-25. Under scenario 3, Covered California’s working capital declines over the projection period. Working capital would decrease to \$356.8 million by the end of the projection period.

**Table 24**  
**Scenario 3: Low**  
**Projected Working Capital**

	FY 2022-23 Assumes ARPA Expires/Assumes Greater Enrollment Losses	FY 2023-24 Assumes ARPA Expires/Assumes Greater Enrollment Losses	FY 2024-25 Assumes ARPA Expires/Assumes Greater Enrollment Losses
Beginning Working Capital	\$ 441,711,218	\$ 419,032,245	\$ 377,971,650
Change in Working Capital	\$ (22,678,973)	\$ (41,060,595)	\$ (21,181,785)
Ending Working Capital	\$ 419,032,245	\$ 377,971,650	\$ 356,789,866

## **Appendix: Trend in Budgeted and Actual Operating Expenditures: Fiscal Year 2018-19 Through Fiscal Year 2020-21**

This appendix presents budgeted and actual expenditures for Covered California between fiscal year 2018-19 and fiscal year 2020-21. Presented are totals for Covered California overall as well as the five functional areas and each budget unit.

The expenditures presented include only the operational expenditures. Capital expenditures are not presented.

## Covered California

### Trend in Budgeted and Actual Expenditures

	Fiscal Year 2018-19	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2020-21	Fiscal Year 2021-22
	Approved Budget	Actual	Approved Budget	Actual	Approved Budget	Actual	Approved Budget
<b>Positions</b>	1,399	1,399	1,386	1,391	1,419	1,420	1,440
Personnel Expenditures	115,211,883	111,583,748	120,675,946	129,019,978	153,150,835	131,161,809	162,074,821
Other Operating Expenditures	<u>207,743,074</u>	<u>181,633,524</u>	<u>241,888,325</u>	<u>220,158,563</u>	<u>270,750,974</u>	<u>247,324,273</u>	<u>223,176,824</u>
<b>Subtotal</b>	<b>\$ 322,954,957</b>	<b>\$ 293,217,272</b>	<b>\$ 362,564,271</b>	<b>\$ 349,178,541</b>	<b>\$ 423,901,809</b>	<b>\$ 378,486,083</b>	<b>\$ 385,251,645</b>
<b>Allocated Expenditures</b>							
Prorata/Supp. Pension/Other	17,288,904	15,791,642	16,581,620	16,081,622	16,276,753	15,546,753	18,069,532
<b>Total Operating Expenditures</b>	<b><u>\$ 340,243,861</u></b>	<b><u>\$ 309,008,914</u></b>	<b><u>\$ 379,145,891</u></b>	<b><u>\$ 365,260,163</u></b>	<b><u>\$ 440,178,561</u></b>	<b><u>\$ 394,032,836</u></b>	<b><u>\$ 403,321,177</u></b>

## Plan Management, Eligibility and Health Transformation

The Plan Management, Eligibility and Health Transformation functional area includes the Plan Management Division; the Policy, Eligibility and Research Division; and the Health Equity and Quality Transformation Division.

### Trend in Budgeted and Actual Expenditures

	Fiscal Year 2018-19	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2020-21	Fiscal Year 2021-22
	Approved Budget	Actual	Approved Budget	Actual	Approved Budget	Actual	Approved Budget
<b>Positions</b>	75	75	87	89	100	100	100
Personnel Expenditures	\$ 8,059,380	\$ 7,237,170	\$ 10,019,900	\$ 9,371,551	\$ 13,095,880	\$ 8,837,442	\$ 14,619,821
Other Operating Expenditures	\$ 7,489,207	\$ 7,384,818	\$ 8,203,840	\$ 8,163,920	\$ 12,944,981	\$ 11,124,066	\$ 13,902,830
<b>Subtotal</b>	<b>\$ 15,548,587</b>	<b>\$ 14,621,988</b>	<b>\$ 18,223,740</b>	<b>\$ 17,535,471</b>	<b>\$ 26,040,861</b>	<b>\$ 19,961,508</b>	<b>\$ 28,522,651</b>
<b>Allocated Expenditures</b>							
Prorata/Supp. Pension/Other	\$ 925,513	\$ 846,586	\$ 993,793	\$ 934,973	\$ 1,115,935	\$ 944,685	\$ 1,393,948
<b>Total Operating Expenditures</b>	<b>\$ 16,474,100</b>	<b>\$ 15,468,574</b>	<b>\$ 19,217,533</b>	<b>\$ 18,470,444</b>	<b>\$ 27,156,796</b>	<b>\$ 20,906,194</b>	<b>\$ 29,916,599</b>

## Plan Management Division

The Plan Management Division's purpose is to improve the cost, quality and accessibility of health care delivered to consumers by selecting, negotiating with, and holding Covered California's contracted health insurance companies accountable for delivering quality health care while fostering improvements in care delivery that can benefit all Californians.

### Trend in Budgeted and Actual Expenditures

	Fiscal Year 2018-19	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2020-21	Fiscal Year 2021-22
	Approved Budget	Actual	Approved Budget	Actual	Approved Budget	Actual	Approved Budget
<b>Positions</b>	34	34	41	41	46	46	30
Personnel Expenditures	\$ 3,952,995	\$ 3,627,085	\$ 5,107,007	\$ 5,020,012	\$ 6,473,194	\$ 4,403,023	\$ 4,418,705
Other Operating Expenditures	\$ 2,038,022	\$ 2,903,173	\$ 2,281,522	\$ 1,636,340	\$ 2,355,000	\$ 1,491,992	\$ 2,551,783
<b>Subtotal</b>	<b>\$ 5,991,017</b>	<b>\$ 6,530,258</b>	<b>\$ 7,388,529</b>	<b>\$ 6,656,352</b>	<b>\$ 8,828,194</b>	<b>\$ 5,895,015</b>	<b>\$ 6,970,487</b>
<b>Allocated Expenditures</b>							
Prorata/Supp. Pension/Other	\$ 419,566	\$ 383,785	\$ 418,240	\$ 371,552	\$ 411,893	\$ 316,188	\$ 354,466
<b>Total Operating Expenditures</b>	<b>\$ 6,410,583</b>	<b>\$ 6,914,043</b>	<b>\$ 7,806,769</b>	<b>\$ 7,027,904</b>	<b>\$ 9,240,087</b>	<b>\$ 6,211,202</b>	<b>\$ 7,324,953</b>

## Policy, Eligibility and Research Division

The Policy, Eligibility and Research Division, through its Eligibility Branch, ensures appropriate implementation of program-eligibility rules. The Policy and Research Branch provides accurate, complete, and timely policy and data analysis to support evidence-based decision making, with a focus on analyzing both enrollment and the care provided by contracted health insurance companies to support Plan Management’s work to hold them accountable.

### Trend in Budgeted and Actual Expenditures

	Fiscal Year 2018-19	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2020-21	Fiscal Year 2021-22
	Approved Budget	Actual	Approved Budget	Actual	Approved Budget	Actual	Approved Budget
<b>Positions</b>	41	41	46	48	54	54	54
Personnel Expenditures	\$ 4,106,385	\$ 3,610,086	\$ 4,912,893	\$ 4,351,539	\$ 6,622,686	\$ 4,434,420	\$ 7,011,790
Other Operating Expenditures	\$ 5,451,185	\$ 4,481,645	\$ 5,922,318	\$ 6,527,580	\$ 10,589,981	\$ 9,632,074	\$ 11,297,830
<b>Subtotal</b>	<b>\$ 9,557,570</b>	<b>\$ 8,091,730</b>	<b>\$ 10,835,211</b>	<b>\$ 10,879,119</b>	<b>\$ 17,212,667</b>	<b>\$ 14,066,494</b>	<b>\$ 18,309,620</b>
<b>Allocated Expenditures</b>							
Prorata/Supp. Pension/Other	\$ 505,947	\$ 462,800	\$ 575,553	\$ 563,421	\$ 704,042	\$ 628,498	\$ 869,516
<b>Total Operating Expenditures</b>	<b>\$ 10,063,517</b>	<b>\$ 8,554,531</b>	<b>\$ 11,410,764</b>	<b>\$ 11,442,540</b>	<b>\$ 17,916,709</b>	<b>\$ 14,694,992</b>	<b>\$ 19,179,136</b>



## Health Equity and Quality Transformation Division

The Health Equity and Quality Transformation Division (HEQT), under the leadership of the chief medical officer, supports Covered California’s mission to “improve health care quality, lower costs and reduce health disparities.”

In partnership with stakeholders and purchaser partners, the HEQT Division provides expertise and analysis — and holds health plan issuers accountable — so that Covered California enrollees and all Californians receive high-quality, equitable care to improve their health. The HEQT is organized into the Population Care, Quality Improvement and Health Informatics and Clinical teams

### Trend in Budgeted and Actual Expenditures

	Fiscal Year 2018-19	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2020-21	Fiscal Year 2021-22
	Approved Budget	Actual	Approved Budget	Actual	Approved Budget	Actual	Approved Budget
<b>Positions</b>	0	0	0	0	0	0	16
Personnel Expenditures	\$ -	\$ -	\$ -	\$ -		\$ -	\$ 3,189,326
Other Operating Expenditures	\$ -	\$ -	\$ -	\$ -		\$ -	\$ 53,217
<b>Subtotal</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,242,543</b>
<b>Allocated Expenditures</b>							
Prorata/Supp. Pension/Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 169,967
<b>Total Operating Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,412,510</b>

## Marketing, Outreach/Sales and Other

Marketing, Outreach/Sales and Other includes the following divisions: Marketing, Outreach and Sales, Communications and External Affairs, and Program Integrity.

### Trend in Budgeted and Actual Expenditures

	Fiscal Year 2018-19	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2020-21	Fiscal Year 2021-22
	Approved Budget	Actual	Approved Budget	Actual	Approved Budget	Actual	Approved Budget
<b>Positions</b>	175	175	181	182	184	184	184
Personnel Expenditures	\$ 17,577,272	\$ 17,336,432	\$ 18,983,826	\$ 18,547,108	\$ 22,840,489	\$ 18,710,229	\$ 24,781,408
Other Operating Expenditures	\$ 88,740,500	\$ 75,429,731	\$ 94,551,529	\$ 99,055,899	\$ 128,762,072	\$ 117,608,024	\$ 96,900,868
<b>Subtotal</b>	<b>\$ 106,317,772</b>	<b>\$ 92,766,163</b>	<b>\$ 113,535,355</b>	<b>\$ 117,603,007</b>	<b>\$ 151,602,561</b>	<b>\$ 136,318,252</b>	<b>\$ 121,682,276</b>
<b>Allocated Expenditures</b>							
Prorata/Supp. Pension/Other	\$ 2,184,531	\$ 1,975,366	\$ 5,225,570	\$ 5,313,642	\$ 5,391,656	\$ 5,324,205	\$ 5,344,512
<b>Total Operating Expenditures</b>	<b>\$ 108,502,303</b>	<b>\$ 94,741,529</b>	<b>\$ 118,760,925</b>	<b>\$ 122,916,649</b>	<b>\$ 156,994,217</b>	<b>\$ 141,642,458</b>	<b>\$ 127,026,788</b>

## Marketing Division

The Marketing Division is responsible for implementing Covered California’s comprehensive marketing campaign strategy to motivate Californians to enroll in or renew their health insurance through Covered California. Covered California’s marketing and advertising efforts are anchored in effectively reaching the diverse cultures, regions, ethnicities, and languages of California.

### Trend in Budgeted and Actual Expenditures

	Fiscal Year 2018-19	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2020-21	Fiscal Year 2021-22
	Approved Budget	Actual	Approved Budget	Actual	Approved Budget	Actual	Approved Budget
<b>Positions</b>	26	26	27	27	29	29	29
Personnel Expenditures	\$ 2,804,216	\$ 3,021,873	\$ 3,147,948	\$ 3,169,506	\$ 3,915,546	\$ 3,377,016	\$ 4,190,973
Other Operating Expenditures	\$ 58,617,000	\$ 47,409,004	\$ 63,054,992	\$ 69,565,816	\$ 89,343,702	\$ 83,313,168	\$ 58,584,844
<b>Subtotal</b>	<b>\$ 61,421,216</b>	<b>\$ 50,430,877</b>	<b>\$ 66,202,940</b>	<b>\$ 72,735,322</b>	<b>\$ 93,259,248</b>	<b>\$ 86,690,184</b>	<b>\$ 62,775,817</b>
<b>Allocated Expenditures</b>							
Prorata/Supp. Pension/Other	\$ 320,845	\$ 293,483	\$ 2,836,927	\$ 3,089,059	\$ 3,083,071	\$ 3,187,038	\$ 2,593,570
<b>Total Operating Expenditures</b>	<b>\$ 61,742,061</b>	<b>\$ 50,724,360</b>	<b>\$ 69,039,867</b>	<b>\$ 75,824,381</b>	<b>\$ 96,342,319</b>	<b>\$ 89,877,223</b>	<b>\$ 65,369,387</b>

## Outreach and Sales Division

The purpose of the Outreach and Sales Division is to educate, support, and empower Covered California’s 20,000 sales partners in order to inform, facilitate and expand the number of eligible individuals enrolled in affordable, quality health care coverage. The division oversees contract, compliance, regulatory and policy responsibility for all sales channel partner programs to ensure program integrity and consumer protection. Sales channel partners include independent insurance agents and the Navigator program, which is a partnership with community organizations across the state who have experience in reaching and assisting California’s diverse populations and have proven success enrolling consumers in health care programs. The division also operates the Covered California for Small Business program that helps small businesses get coverage that can better meet the needs of the business and their employees. The Outreach and Sales Division has two components: the individual market and Covered California for Small Business.

### Trend in Budgeted and Actual Expenditures

	Fiscal Year 2018-19	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2020-21	Fiscal Year 2021-22
	Approved Budget	Actual	Approved Budget	Actual	Approved Budget	Actual	Approved Budget
<b>Positions</b>	58	58	62	62	62	62	62
Personnel Expenditures	\$ 5,896,992	\$ 5,933,639	\$ 6,338,698	\$ 6,566,794	\$ 7,605,435	\$ 6,642,636	\$ 8,135,815
Other Operating Expenditures	\$ 26,168,000	\$ 24,990,296	\$ 26,957,037	\$ 26,246,156	\$ 35,164,620	\$ 30,500,511	\$ 34,030,474
<b>Subtotal</b>	<b>\$ 32,064,992</b>	<b>\$ 30,923,936</b>	<b>\$ 33,295,735</b>	<b>\$ 32,812,950</b>	<b>\$ 42,770,055</b>	<b>\$ 37,143,147</b>	<b>\$ 42,166,289</b>
<b>Allocated Expenditures</b>							
Prorata/Supp. Pension/Other	\$ 740,730	\$ 654,693	\$ 1,556,329	\$ 1,508,458	\$ 1,549,094	\$ 1,477,511	\$ 1,847,650
<b>Total Operating Expenditures</b>	<b>\$ 32,805,722</b>	<b>\$ 31,578,628</b>	<b>\$ 34,852,064</b>	<b>\$ 34,321,408</b>	<b>\$ 44,319,149</b>	<b>\$ 38,620,657</b>	<b>\$ 44,013,939</b>

## Communications and External Affairs Division

The Communications and External Affairs Division serves multiple functions, including developing, coordinating, and executing an extensive program of media relations and public communications that support enrollment; developing an overarching strategy for the public-facing website content on CoveredCA.com; and maintaining federal and state government relations, tribal relations and stakeholder support and engagement.

### Trend in Budgeted and Actual Expenditures

	Fiscal Year 2018-19	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2020-21	Fiscal Year 2021-22
	Approved Budget	Actual	Approved Budget	Actual	Approved Budget	Actual	Approved Budget
<b>Positions</b>	28	28	29	30	30	30	30
Personnel Expenditures	\$ 3,228,519	\$ 2,842,748	\$ 3,252,646	\$ 3,206,696	\$ 4,226,080	\$ 3,140,866	\$ 4,736,918
Other Operating Expenditures	\$ 2,717,000	\$ 2,340,173	\$ 2,805,500	\$ 2,837,955	\$ 2,808,750	\$ 3,005,257	\$ 2,840,550
<b>Subtotal</b>	<b>\$ 5,945,519</b>	<b>\$ 5,182,920</b>	<b>\$ 6,058,146</b>	<b>\$ 6,044,651</b>	<b>\$ 7,034,830</b>	<b>\$ 6,146,123</b>	<b>\$ 7,577,468</b>
<b>Allocated Expenditures</b>							
Prorata/Supp. Pension/Other	\$ 345,525	\$ 316,059	\$ 330,578	\$ 320,729	\$ 309,750	\$ 289,084	\$ 378,847
<b>Total Operating Expenditures</b>	<b>\$ 6,291,044</b>	<b>\$ 5,498,979</b>	<b>\$ 6,388,724</b>	<b>\$ 6,365,380</b>	<b>\$ 7,344,580</b>	<b>\$ 6,435,207</b>	<b>\$ 7,956,315</b>

## Program Integrity Division

The Program Integrity Division consists of two branches. Its Reconciliation of Enrollment and Membership Branch ensures accuracy and alignment of data between Covered California and carrier systems and conducts system testing and performance review of CalHEERS. Its Program Oversight and Compliance Branch conducts internal and external audits and assists all divisions in identifying and remediating enterprise-wide risks. The division encourages accountability, transparency, effectiveness, efficiency, and risk management by independently reviewing key business areas to help ensure compliance with federal and state laws, regulations, and policies.

### Trend in Budgeted and Actual Expenditures

	Fiscal Year 2018-19	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2020-21	Fiscal Year 2021-22
	Approved Budget	Actual	Approved Budget	Actual	Approved Budget	Actual	Approved Budget
<b>Positions</b>	63	63	63	63	63	63	63
Personnel Expenditures	\$ 5,647,545	\$ 5,538,172	\$ 6,244,534	\$ 5,604,112	\$ 7,093,428	\$ 5,549,710	\$ 7,717,703
Other Operating Expenditures	\$ 1,238,500	\$ 690,258	\$ 1,734,000	\$ 405,972	\$ 1,445,000	\$ 789,088	\$ 1,445,000
<b>Subtotal</b>	<b>\$ 6,886,045</b>	<b>\$ 6,228,430</b>	<b>\$ 7,978,534</b>	<b>\$ 6,010,084</b>	<b>\$ 8,538,428</b>	<b>\$ 6,338,798</b>	<b>\$ 9,162,703</b>
<b>Allocated Expenditures</b>							
Prorata/Supp. Pension/Other	\$ 777,431	\$ 711,132	\$ 501,736	\$ 395,396	\$ 449,742	\$ 370,573	\$ 524,445
<b>Total Operating Expenditures</b>	<b>\$ 7,663,476</b>	<b>\$ 6,939,562</b>	<b>\$ 8,480,270</b>	<b>\$ 6,405,480</b>	<b>\$ 8,988,170</b>	<b>\$ 6,709,371</b>	<b>\$ 9,687,148</b>

## Service Center and Consumer Experience

Service Center and Consumer Experience includes the following divisions: Service Center, Ombuds Office and Customer Care.

### Trend in Budgeted and Actual Expenditures

	Fiscal Year 2018-19	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2020-21	Fiscal Year 2021-22
	Approved Budget	Actual	Approved Budget	Actual	Approved Budget	Actual	Approved Budget
<b>Positions</b>	858	858	818	819	822	822	831
Personnel Expenditures	\$ 57,071,243	\$ 53,537,329	\$ 55,803,827	\$ 62,645,590	\$ 70,466,465	\$ 63,831,453	\$ 74,955,080
Other Operating Expenditures	\$ 37,217,705	\$ 34,891,077	\$ 36,380,991	\$ 36,682,846	\$ 43,930,841	\$ 45,450,134	\$ 38,651,781
<b>Subtotal</b>	<b>\$ 94,288,948</b>	<b>\$ 88,428,405</b>	<b>\$ 92,184,818</b>	<b>\$ 99,328,436</b>	<b>\$ 114,397,306</b>	<b>\$ 109,281,587</b>	<b>\$ 113,606,861</b>
<b>Allocated Expenditures</b>							
Prorata/Supp. Pension/Other	\$ 10,587,870	\$ 9,684,939	\$ 6,038,135	\$ 6,022,252	\$ 5,964,364	\$ 5,792,015	\$ 6,626,323
<b>Total Operating Expenditures</b>	<b>\$ 104,876,818</b>	<b>\$ 98,113,344</b>	<b>\$ 98,222,953</b>	<b>\$ 105,350,688</b>	<b>\$ 120,361,670</b>	<b>\$ 115,073,602</b>	<b>\$ 120,233,184</b>

## Service Center

The Service Center provides comprehensive pre- and post-enrollment education and support to Covered California consumers by responding to consumer inquiries, enrolling consumers in health plans and promptly resolving challenges that prevent them from receiving health and dental benefits. These efforts ensure consumers receive the right care at the right time at an affordable price, retain coverage and are satisfied with Covered California products and services. The Service Center consists of the following office operational branches: Sacramento Contact Center Operations Branch, Fresno Contact Center Operations Branch, Internal Compliance and Support Branch, Consumer Relations and Resolution Branch, Resource Planning and Management Branch, and Strategic Innovation and Implementation Branch.

### Trend in Budgeted and Actual Expenditures

	Fiscal Year 2018-19	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2020-21	Fiscal Year 2021-22
	Approved Budget	Actual	Approved Budget	Actual	Approved Budget	Actual	Approved Budget
<b>Positions</b>	838	838	798	798	799	799	808
Personnel Expenditures	\$ 55,256,331	\$ 51,906,770	\$ 53,782,586	\$ 60,327,941	\$ 67,583,347	\$ 61,304,363	\$ 71,954,090
Other Operating Expenditures	\$ 36,988,705	\$ 34,803,392	\$ 35,671,991	\$ 36,429,890	\$ 43,489,841	\$ 44,893,747	\$ 37,707,781
<b>Subtotal</b>	<b>\$ 92,245,036</b>	<b>\$ 86,710,162</b>	<b>\$ 89,454,577</b>	<b>\$ 96,757,831</b>	<b>\$ 111,073,188</b>	<b>\$ 106,198,110</b>	<b>\$ 109,661,871</b>
<b>Allocated Expenditures</b>							
Prorata/Supp. Pension/Other	\$ 10,341,067	\$ 9,459,182	\$ 5,870,611	\$ 5,866,848	\$ 5,793,510	\$ 5,629,025	\$ 6,410,763
<b>Total Operating Expenditures</b>	<b>\$ 102,586,103</b>	<b>\$ 96,169,345</b>	<b>\$ 95,325,188</b>	<b>\$ 102,624,679</b>	<b>\$ 116,866,698</b>	<b>\$ 111,827,135</b>	<b>\$ 116,072,634</b>



## Ombuds Office

The Ombuds Office consists of two units. Its Ombuds Affairs Unit provides consumers an objective, unbiased and accessible resource when other resolution or customer service channels have been exhausted. Its Appeals Fulfillment Unit serves as an independent resource to implement Administrative Law Judge decisions following eligibility-determination appeals. Together, these units identify systemic challenges and promote solutions to prevent issues from recurring to improve the experience of Covered California consumers.

### Trend in Budgeted and Actual Expenditures

	Fiscal Year 2018-19	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2020-21	Fiscal Year 2021-22
	Approved Budget	Actual	Approved Budget	Actual	Approved Budget	Actual	Approved Budget
<b>Positions</b>	13	13	13	13	15	15	15
Personnel Expenditures	\$ 1,090,055	\$ 1,131,910	\$ 1,181,028	\$ 1,495,552	\$ 1,779,841	\$ 1,446,445	\$ 1,798,068
Other Operating Expenditures	\$ 215,000	\$ 85,701	\$ 117,000	\$ 14,075	\$ 52,000	\$ 33,359	\$ 52,000
<b>Subtotal</b>	<b>\$ 1,305,055</b>	<b>\$ 1,217,611</b>	<b>\$ 1,298,028</b>	<b>\$ 1,509,627</b>	<b>\$ 1,831,841</b>	<b>\$ 1,479,804</b>	<b>\$ 1,850,068</b>
<b>Allocated Expenditures</b>							
Prorata/Supp. Pension/Other	\$ 160,422	\$ 146,741	\$ 88,986	\$ 92,803	\$ 100,606	\$ 87,172	\$ 111,551
<b>Total Operating Expenditures</b>	<b>\$ 1,465,477</b>	<b>\$ 1,364,353</b>	<b>\$ 1,387,014</b>	<b>\$ 1,602,430</b>	<b>\$ 1,932,447</b>	<b>\$ 1,566,976</b>	<b>\$ 1,961,620</b>

## Customer Care Division

The Customer Care Division’s purpose is to optimize and enhance the consumer experience regardless of service channel (e.g., self-serve, through the Covered California Service Center, or via a Licensed Insurance Agent or Certified Enrollment Counselor). Ultimately, this work involves a high level of coordination, transparency, and collaboration throughout the organization to understand and facilitate improvement of the consumer experience during all phases of the consumer journey.

### Trend in Budgeted and Actual Expenditures

	Fiscal Year 2018-19	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2020-21	Fiscal Year 2021-22
	Approved Budget	Actual	Approved Budget	Actual	Approved Budget	Actual	Approved Budget
Positions	7	7	7	8	8	8	8
Personnel Expenditures	\$ 724,857	\$ 498,649	\$ 840,213	\$ 822,097	\$ 1,103,277	\$ 1,080,645	\$ 1,202,922
Other Operating Expenditures	\$ 14,000	\$ 1,984	\$ 592,000	\$ 238,881	\$ 389,000	\$ 523,028	\$ 892,000
<b>Subtotal</b>	<b>\$ 738,857</b>	<b>\$ 500,632</b>	<b>\$ 1,432,213</b>	<b>\$ 1,060,978</b>	<b>\$ 1,492,277</b>	<b>\$ 1,603,673</b>	<b>\$ 2,094,922</b>
<b>Allocated Expenditures</b>							
Prorata/Supp. Pension/Other	\$ 86,381	\$ 79,015	\$ 78,538	\$ 62,601	\$ 70,247	\$ 75,818	\$ 104,009
<b>Total Operating Expenditures</b>	<b>\$ 825,238</b>	<b>\$ 579,647</b>	<b>\$ 1,510,751</b>	<b>\$ 1,123,579</b>	<b>\$ 1,562,524</b>	<b>\$ 1,679,491</b>	<b>\$ 2,198,931</b>

## Technology

Technology includes the Information Technology (IT) Division and the consumer enrollment system, the California Healthcare Eligibility, Enrollment and Retention System (CalHEERS).

### Trend in Budgeted and Actual Expenditures

	Fiscal Year 2018-19	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2020-21	Fiscal Year 2021-22
	Approved Budget	Actual	Approved Budget	Actual	Approved Budget	Actual	Approved Budget
<b>Positions</b>	76	76	82	84	94	94	100
Personnel Expenditures	\$ 9,261,742	\$ 9,396,437	\$ 10,527,630	\$ 11,314,893	\$ 15,308,340	\$ 12,968,786	\$ 16,497,459
Other Operating Expenditures	\$ 59,901,600	\$ 50,414,717	\$ 82,365,692	\$ 60,672,461	\$ 65,689,168	\$ 56,400,397	\$ 53,694,541
<b>Subtotal</b>	<b>\$ 69,163,342</b>	<b>\$ 59,811,154</b>	<b>\$ 92,893,322</b>	<b>\$ 71,987,354</b>	<b>\$ 80,997,508</b>	<b>\$ 69,369,183</b>	<b>\$ 70,192,000</b>
<b>Allocated Expenditures</b>							
Prorata/Supp. Pension/Other	\$ 937,853	\$ 857,873	\$ 1,831,300	\$ 1,532,379	\$ 1,559,418	\$ 1,420,494	\$ 2,087,661
<b>Total Operating Expenditures</b>	<b>\$ 70,101,195</b>	<b>\$ 60,669,028</b>	<b>\$ 94,724,622</b>	<b>\$ 73,519,733</b>	<b>\$ 82,556,926</b>	<b>\$ 70,789,678</b>	<b>\$ 72,279,661</b>

## CalHEERS

The California Healthcare Eligibility, Enrollment and Retention System (CalHEERS) is a single streamlined application for affordable health insurance programs in California. CalHEERS provides health plan eligibility determination and health plan comparison shopping and enrollment for millions of Medi-Cal and Covered California consumers in one convenient web-based solution.

CalHEERS is jointly sponsored by Covered California and the California Department of Health Care Services. California's Office of Systems Integration oversees the CalHEERS project roadmap, maintenance, and operations on behalf of the sponsoring organizations. The project is governed by an executive steering committee that represents each of the participating agencies and that has guided the project since its inception in 2013.

### Trend in Budgeted and Actual Expenditures

	Fiscal Year 2018-19	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2020-21	Fiscal Year 2021-22
	Approved Budget	Actual	Approved Budget	Actual	Approved Budget	Actual	Approved Budget
<b>Positions</b>							
Personnel Expenditures					\$ -	\$ -	\$ -
Other Operating Expenditures	\$ 36,884,626	\$ 30,133,635	\$ 54,294,132	\$ 39,818,818	\$ 40,665,068	\$ 35,817,185	\$ 24,399,041
<b>Subtotal</b>	<b>\$ 36,884,626</b>	<b>\$ 30,133,635</b>	<b>\$ 54,294,132</b>	<b>\$ 39,818,818</b>	<b>\$ 40,665,068</b>	<b>\$ 35,817,185</b>	<b>\$ 24,399,041</b>
<b>Allocated Expenditures</b>							
Prorata/Supp. Pension/Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Operating Expenditures</b>	<b>\$ 36,884,626</b>	<b>\$ 30,133,635</b>	<b>\$ 54,294,132</b>	<b>\$ 39,818,818</b>	<b>\$ 40,665,068</b>	<b>\$ 35,817,185</b>	<b>\$ 24,399,041</b>

## Information Technology Division

The Information Technology Division provides program and project management, technology and information security services supporting health plan eligibility and enrollment, innovation, strategic initiatives, and operations to Covered California consumers, stakeholders, and business divisions, including oversight of the ongoing development and operations of CalHEERS.

Three branches carry out specific functions in the Information Technology Division: Technology Solutions and Program Management, Technology Infrastructure and Operations and the Information Security Office.

### Trend in Budgeted and Actual Expenditures

	Fiscal Year 2018-19	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2020-21	Fiscal Year 2021-22
	Approved Budget	Actual	Approved Budget	Actual	Approved Budget	Actual	Approved Budget
<b>Positions</b>	76	76	82	84	94	94	100
Personnel Expenditures	\$ 9,261,742	\$ 9,396,437	\$ 10,527,630	\$ 11,314,893	\$ 15,308,340	\$ 12,968,786	\$ 16,497,459
Other Operating Expenditures	\$ 23,016,974	\$ 20,281,083	\$ 28,071,560	\$ 20,853,643	\$ 25,024,100	\$ 20,583,212	\$ 29,295,500
<b>Subtotal</b>	<b>\$ 32,278,716</b>	<b>\$ 29,677,520</b>	<b>\$ 38,599,190</b>	<b>\$ 32,168,536</b>	<b>\$ 40,332,440</b>	<b>\$ 33,551,998</b>	<b>\$ 45,792,959</b>
<b>Allocated Expenditures</b>							
Prorata/Supp. Pension/Other	\$ 937,853	\$ 857,873	\$ 1,831,300	\$ 1,532,379	\$ 1,559,418	\$ 1,420,494	\$ 2,087,661
<b>Total Operating Expenditures</b>	<b>\$ 33,216,569</b>	<b>\$ 30,535,393</b>	<b>\$ 40,430,490</b>	<b>\$ 33,700,915</b>	<b>\$ 41,891,858</b>	<b>\$ 34,972,492</b>	<b>\$ 47,880,620</b>

## Administration

Administration includes the following program areas: the Business Services Branch, the Financial Management Division, the Human Resources Branch, the Office of Legal Affairs, Covered California University, the Executive Office, and the Equal Employment Opportunity Office.

### Trend in Budgeted and Actual Expenditures

	Fiscal Year 2018-19	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2020-21	Fiscal Year 2021-22
	Approved Budget	Actual	Approved Budget	Actual	Approved Budget	Actual	Approved Budget
<b>Positions</b>	215	215	218	217	219	220	225
						\$ 0	
Personnel Expenditures	\$ 23,242,246	\$ 24,076,380	\$ 25,340,763	\$ 27,140,836	\$ 31,439,661	\$ 26,813,899	\$ 31,221,053
Other Operating Expenditures	\$ 14,394,062	\$ 13,513,181	\$ 20,386,273	\$ 15,583,437	\$ 19,423,912	\$ 16,741,653	\$ 20,026,804
<b>Subtotal</b>	<b>\$ 37,636,308</b>	<b>\$ 37,589,561</b>	<b>\$ 45,727,036</b>	<b>\$ 42,724,273</b>	<b>\$ 50,863,573</b>	<b>\$ 43,555,552</b>	<b>\$ 51,247,857</b>
<b>Allocated Expenditures</b>							
Prorata/Supp. Pension/Other	\$ 2,653,137	\$ 2,426,879	\$ 2,492,822	\$ 2,278,376	\$ 2,245,379	\$ 2,065,354	\$ 2,617,087
<b>Total Operating Expenditures</b>	<b>\$ 40,289,445</b>	<b>\$ 40,016,440</b>	<b>\$ 48,219,858</b>	<b>\$ 45,002,649</b>	<b>\$ 53,108,952</b>	<b>\$ 45,620,905</b>	<b>\$ 53,864,944</b>

## Business Services Branch

The Business Services Branch is responsible for providing guidance and consultation on contract and purchasing services; carrying out health, safety, and wellness services; providing central support functions for administrative programs enterprise-wide; ensuring facilities are well maintained and secure and managing our physical resources through facilities operations.

### Trend in Budgeted and Actual Expenditures

	Fiscal Year 2018-19	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2020-21	Fiscal Year 2021-22
	Approved Budget	Actual	Approved Budget	Actual	Approved Budget	Actual	Approved Budget
<b>Positions</b>	38	38	39	40	40	40	41
Personnel Expenditures	\$ 3,439,083	\$ 3,802,952	\$ 4,104,724	\$ 4,368,790	\$ 5,225,481	\$ 4,464,640	\$ 4,838,220
Other Operating Expenditures	\$ 6,469,486	\$ 8,139,725	\$ 9,799,360	\$ 8,993,676	\$ 10,336,245	\$ 10,720,042	\$ 10,669,871
<b>Subtotal</b>	<b>\$ 9,908,569</b>	<b>\$ 11,942,677</b>	<b>\$ 13,904,084</b>	<b>\$ 13,362,466</b>	<b>\$ 15,561,726</b>	<b>\$ 15,184,682</b>	<b>\$ 15,508,091</b>
<b>Allocated Expenditures</b>							
Prorata/Supp. Pension/Other	\$ 468,927	\$ 428,937	\$ 684,985	\$ 648,313	\$ 612,036	\$ 637,133	\$ 724,711
<b>Total Operating Expenditures</b>	<b>\$ 10,377,496</b>	<b>\$ 12,371,614</b>	<b>\$ 14,589,069</b>	<b>\$ 14,010,779</b>	<b>\$ 16,173,762</b>	<b>\$ 15,821,816</b>	<b>\$ 16,232,802</b>

## Financial Management Division

The Financial Management Division plans, implements and guides all Covered California financial activities, including finance, accounting, forecasting, budgeting, and governmental compliance. The division consists of two branches: Accounting and Accounting Systems Operations and Financial Planning and Forecasting Operations. Within those units lie critical accounting functions, including payroll, financial reporting, accounts receivable and payable, financial modeling, financial forecasting, and financial systems.

### Trend in Budgeted and Actual Expenditures

	Fiscal Year 2018-19	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2020-21	Fiscal Year 2021-22
	Approved Budget	Actual	Approved Budget	Actual	Approved Budget	Actual	Approved Budget
<b>Positions</b>	58	58	58	57	57	57	58
Personnel Expenditures	\$ 5,876,460	\$ 6,277,305	\$ 6,709,557	\$ 6,913,498	\$ 8,230,393	\$ 6,488,709	\$ 7,752,829
Other Operating Expenditures	\$ 3,878,000	\$ 2,538,887	\$ 3,840,006	\$ 2,154,547	\$ 2,791,991	\$ 1,370,867	\$ 2,533,991
<b>Subtotal</b>	<b>\$ 9,754,460</b>	<b>\$ 8,816,192</b>	<b>\$ 10,549,563</b>	<b>\$ 9,068,045</b>	<b>\$ 11,022,384</b>	<b>\$ 7,859,576</b>	<b>\$ 10,286,820</b>
<b>Allocated Expenditures</b>							
Prorata/Supp. Pension/Other	\$ 715,730	\$ 654,693	\$ 595,727	\$ 508,812	\$ 513,065	\$ 411,778	\$ 557,186
<b>Total Operating Expenditures</b>	<b>\$ 10,470,190</b>	<b>\$ 9,470,885</b>	<b>\$ 11,145,290</b>	<b>\$ 9,576,857</b>	<b>\$ 11,535,449</b>	<b>\$ 8,271,354</b>	<b>\$ 10,844,007</b>



## Human Resources Branch

The Human Resources Branch provides overall policy direction on human resource management and administrative support functions related to the management of employees via the following units: the Labor Relations Office, Employment and Classification Services (Classification and Research, Career Services and Talent Acquisition), Payroll and Benefits, Performance Management, Digital Innovation and Operations and Disability Management. Each of these units strives to ensure that the branch's core values of creativity, integrity, communication, respect, and community serve as our guiding principles to drive key objectives.

### Trend in Budgeted and Actual Expenditures

	Fiscal Year 2018-19	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2020-21	Fiscal Year 2021-22
	Approved Budget	Actual	Approved Budget	Actual	Approved Budget	Actual	Approved Budget
<b>Positions</b>	51	51	52	52	52	53	54
Personnel Expenditures	\$ 5,230,663	\$ 5,447,407	\$ 4,864,971	\$ 6,023,903	\$ 6,533,371	\$ 5,990,962	\$ 6,790,197
Other Operating Expenditures	\$ 959,376	\$ 386,590	\$ 3,420,774	\$ 1,578,245	\$ 3,341,500	\$ 2,590,206	\$ 3,555,305
<b>Subtotal</b>	<b>\$ 6,190,039</b>	<b>\$ 5,833,997</b>	<b>\$ 8,285,745</b>	<b>\$ 7,602,148</b>	<b>\$ 9,874,871</b>	<b>\$ 8,581,168</b>	<b>\$ 10,345,502</b>
<b>Allocated Expenditures</b>							
Prorata/Supp. Pension/Other	\$ 629,349	\$ 575,678	\$ 485,137	\$ 436,279	\$ 462,243	\$ 428,724	\$ 549,613
<b>Total Operating Expenditures</b>	<b>\$ 6,819,388</b>	<b>\$ 6,409,675</b>	<b>\$ 8,770,882</b>	<b>\$ 8,038,427</b>	<b>\$ 10,337,114</b>	<b>\$ 9,009,892</b>	<b>\$ 10,895,115</b>

## Office of Legal Affairs

The Office of Legal Affairs offers a wide range of legal services to all Covered California staff by providing preventive legal advice and consultation to ensure compliance with laws and to mitigate legal liability. The Office of Legal Affairs interfaces with state and federal regulatory agencies and provides legal advice on a variety of matters pertaining to Covered California and its programs, contracts, and operations. The Office of Legal Affairs ensures that all legal agreements are fulfilled, and that Covered California operates within its legal authority. Additionally, the Office of Legal Affairs provides guidance on any statutes or regulations pertaining to Covered California.

### Trend in Budgeted and Actual Expenditures

	Fiscal Year 2018-19	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2020-21	Fiscal Year 2021-22
	Approved Budget	Actual	Approved Budget	Actual	Approved Budget	Actual	Approved Budget
<b>Positions</b>	25	25	25	24	24	24	24
Personnel Expenditures	\$ 2,848,790	\$ 2,661,260	\$ 3,265,196	\$ 3,032,894	\$ 3,580,449	\$ 3,104,378	\$ 3,859,074
Other Operating Expenditures	\$ 1,320,500	\$ 1,067,527	\$ 1,320,500	\$ 1,277,306	\$ 1,380,500	\$ 1,033,995	\$ 1,380,500
<b>Subtotal</b>	<b>\$ 4,169,290</b>	<b>\$ 3,728,787</b>	<b>\$ 4,585,696</b>	<b>\$ 4,310,200</b>	<b>\$ 4,960,949</b>	<b>\$ 4,138,373</b>	<b>\$ 5,239,574</b>
<b>Allocated Expenditures</b>							
Prorata/Supp. Pension/Other	\$ 308,504	\$ 282,195	\$ 258,386	\$ 234,714	\$ 226,328	\$ 203,233	\$ 270,043
<b>Total Operating Expenditures</b>	<b>\$ 4,477,794</b>	<b>\$ 4,010,982</b>	<b>\$ 4,844,082</b>	<b>\$ 4,544,914</b>	<b>\$ 5,187,277</b>	<b>\$ 4,341,606</b>	<b>\$ 5,509,618</b>

## Covered California University

Covered California University is the enterprise training and knowledge management branch. The branch collaborates with programs and interacts across the organization to leverage subject matter experts in a vast array of disciplines, acts as a consultant on information dissemination and training initiatives, and maintains written materials and training courses that support the organization and its partners. The branch administers the technology that supports information and training, including the Customer Relationship Management Knowledgebase and the Absorb Learning Management System. The branch consists of the following sections: Training Design and Delivery Section, the Knowledge Management Section, and Operations and Special Projects.

### Trend in Budgeted and Actual Expenditures

	Fiscal Year 2018-19	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2020-21	Fiscal Year 2021-22
	Approved Budget	Actual	Approved Budget	Actual	Approved Budget	Actual	Approved Budget
<b>Positions</b>	31	31	31	31	31	31	31
Personnel Expenditures	\$ 2,989,335	\$ 3,105,627	\$ 3,187,370	\$ 3,770,845	\$ 4,051,052	\$ 3,441,692	\$ 4,101,931
Other Operating Expenditures	\$ 554,500	\$ 418,045	\$ 668,750	\$ 476,110	\$ 580,000	\$ 509,903	\$ 850,537
<b>Subtotal</b>	<b>\$ 3,543,835</b>	<b>\$ 3,523,672</b>	<b>\$ 3,856,120</b>	<b>\$ 4,246,955</b>	<b>\$ 4,631,052</b>	<b>\$ 3,951,595</b>	<b>\$ 4,952,468</b>
<b>Allocated Expenditures</b>							
Prorata/Supp. Pension/Other	\$ 382,545	\$ 349,922	\$ 243,970	\$ 248,226	\$ 235,133	\$ 212,322	\$ 275,888
<b>Total Operating Expenditures</b>	<b>\$ 3,926,380</b>	<b>\$ 3,873,594</b>	<b>\$ 4,100,090</b>	<b>\$ 4,495,181</b>	<b>\$ 4,866,185</b>	<b>\$ 4,163,917</b>	<b>\$ 5,228,357</b>

## Executive Office

The Executive Office develops organizational strategy and provides leadership direction in concert with the Covered California Board of Directors. Executive Office staff are responsible for Covered California's day-to-day operations and are tasked with facilitating and supporting Covered California's employees and a broad community of individuals and groups to provide customers (including staff, the board, stakeholders, and the public) with the direction, information, tools and support they need. The Executive Office does this by mentoring, providing leadership, listening, learning, and adjusting efforts to meet goals and serve consumers.

The Office of Organizational Culture, Inclusion and Engagement (OOCIE) provides leadership in the areas of workforce and succession planning; employee engagement; and diversity, equity, and inclusion to ensure Covered California is considered an employer of choice and to create and support a workforce reflective of our core values and the people we serve.

### Trend in Budgeted and Actual Expenditures

	Fiscal Year 2018-19	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2020-21	Fiscal Year 2021-22
	Approved Budget	Actual	Approved Budget	Actual	Approved Budget	Actual	Approved Budget
<b>Positions</b>	8	8	9	9	11	11	11
Personnel Expenditures	\$ 2,518,484	\$ 2,457,570	\$ 2,801,104	\$ 2,548,801	\$ 3,287,797	\$ 2,856,660	\$ 3,217,457
Other Operating Expenditures	\$ 911,500	\$ 848,763	\$ 1,040,883	\$ 931,426	\$ 714,676	\$ 359,466	\$ 783,600
<b>Subtotal</b>	<b>\$ 3,429,984</b>	<b>\$ 3,306,332</b>	<b>\$ 3,841,987</b>	<b>\$ 3,480,227</b>	<b>\$ 4,002,473</b>	<b>\$ 3,216,126</b>	<b>\$ 4,001,057</b>
<b>Allocated Expenditures</b>							
Prorata/Supp. Pension/Other	\$ 98,721	\$ 90,302	\$ 184,523	\$ 165,582	\$ 159,391	\$ 140,656	\$ 188,022
<b>Total Operating Expenditures</b>	<b>\$ 3,528,705</b>	<b>\$ 3,396,635</b>	<b>\$ 4,026,510</b>	<b>\$ 3,645,809</b>	<b>\$ 4,161,864</b>	<b>\$ 3,356,783</b>	<b>\$ 4,189,079</b>

## Equal Employment Opportunity Office

The Equal Employment Opportunity Office is responsible for implementing, coordinating and monitoring civil rights compliance for Covered California’s workforce and consumers. The Equal Employment Opportunity Office ensures that Covered California is compliant with federal and state laws regarding diversity, equity, and accessibility. The office also partners with other program areas to develop initiatives that increase accessibility and foster diversity. It reports on appointments, brings issues of concern regarding equal employment opportunity to the executive director and recommends appropriate action.

### Trend in Budgeted and Actual Expenditures

	Fiscal Year 2018-19	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2020-21	Fiscal Year 2021-22
	Approved Budget	Actual	Approved Budget	Actual	Approved Budget	Actual	Approved Budget
<b>Positions</b>	4	4	4	4	4	4	6
Personnel Expenditures	\$ 339,431	\$ 324,260	\$ 407,841	\$ 482,105	\$ 531,118	\$ 466,859	\$ 661,345
Other Operating Expenditures	\$ 300,700	\$ 113,644	\$ 296,000	\$ 172,127	\$ 279,000	\$ 157,173	\$ 253,000
<b>Subtotal</b>	<b>\$ 640,131</b>	<b>\$ 437,903</b>	<b>\$ 703,841</b>	<b>\$ 654,232</b>	<b>\$ 810,118</b>	<b>\$ 624,032</b>	<b>\$ 914,345</b>
<b>Allocated Expenditures</b>							
Prorata/Supp. Pension/Other	\$ 49,361	\$ 45,151	\$ 40,094	\$ 36,450	\$ 37,183	\$ 31,507	\$ 51,622
<b>Total Operating Expenditures</b>	<b>\$ 689,492</b>	<b>\$ 483,055</b>	<b>\$ 743,935</b>	<b>\$ 690,682</b>	<b>\$ 847,301</b>	<b>\$ 655,538</b>	<b>\$ 965,967</b>