

# Marketing, Outreach & Enrollment Assistance Advisory Group

July 9, 2020 Virtual Meeting\*



# Welcome

Thank you for joining us. **The webinar will begin at 1:30 p.m.**  
You will not hear any audio until we begin the webinar.

\*Please Note: Covered California is holding its July 9, 2020 MOEA Advisory Group meeting remotely. Per Executive Order N-25-20 and N-35-20, certain provisions of the Government Code pertaining to open meeting requirements have been temporarily waived to mitigate the effects of the COVID-19 pandemic. As such, Covered California advisory group members will participate remotely by way of teleconference. Additionally, consistent with the Governor's Executive Order N-33-20 regarding the statewide stay-at home directive to preserve the public health and safety throughout the entire State of California, we are limiting public participation to remote participation only

# WEBINAR HOUSEKEEPING

## Recording

- Today's virtual meeting via webinar will be recorded and posted on the [Covered California Marketing, Outreach, and Enrollment Assistance Advisory Group](#) webpage

## Participants

### *Dial in by phone:*

1 (631) 992-3221

### *Access Code:*

881-800-245

### *Audio PIN:*

Shown after  
joining the webinar

### *Webinar ID:*

512-422-323

- Use the **computer audio** or **dial-in** feature to listen.
  - If you use the dial-in feature, you must enter your assigned “**audio pin**” on your phone in order to speak when unmuted.
- All participants will be muted during the meeting. Please unmute yourself to speak.
- There is time for **comments** at the end of every agenda item. We will open up for the members first, and then for the public.
  - **Computer Audio:** Click on the icon, “**raise hand**  ” on your control panel. You will be called by your name to speak in the order of the raised hand.
  - **Dial-In by phone with no webinar visual:** We will open up the line for comments after we go through the raise hands. Unmute yourself to speak.
  - **Hearing Impaired:** Please use the “**chat**” feature to submit your questions or comments. Staff will review and speak on your behalf and respond via chat.

## Technical Difficulties

- Use the “**chat**” feature to submit technical difficulty comments/questions so we can assist you.

## Contact

- Email Covered California at [MOEAgroupp@covered.ca.gov](mailto:MOEAgroupp@covered.ca.gov) if you have additional questions or comments after the webinar.

# I. CALL TO ORDER & AGENDA OVERVIEW

# AGENDA\* – JULY 9, 2020 VIRTUAL MEETING

## I. Call to Order and Agenda Overview

## II. Administrative

- A. March 5, 2020 MOEA Minutes Approved by Members
- B. Charter Approved by Executive Director

## III. Covered California

- A. FY 2020-21 State Budget
- B. 2021 State Subsidy Program
- C. Communications Division Updates
- D. Marketing Division Updates
- E. Outreach and Sales Division Updates

## IV. MOEA Member Discussion

## V. Adjourn



## II. ADMINISTRATIVE

# ADMINISTRATIVE UPDATES – NO ACTION

- March 5, 2020 MOEA Minutes Approved by Members:  
<https://hbex.coveredca.com/stakeholders/Marketing-Outreach-Enrollment/PDFs/moea-meeting-minutes-march-5-2020-meeting-final-04292020.pdf>
- MOEA Charter Approved by Executive Director:  
[https://hbex.coveredca.com/stakeholders/Marketing-Outreach-Enrollment/PDFs/covered-california-moea-advisory-charter-march-5-2020\\_final\\_pvl-04-16-2020.pdf](https://hbex.coveredca.com/stakeholders/Marketing-Outreach-Enrollment/PDFs/covered-california-moea-advisory-charter-march-5-2020_final_pvl-04-16-2020.pdf)

## II. Administrative Updates

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# MOEA Advisory Members & Public Comments

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# III. COVERED CALIFORNIA UPDATES

# Fiscal Year 2020-21 State Budget

Kelly Green,  
Director, External Affairs Division



# CALIFORNIA STATE BUDGET ACT FISCAL YEAR 2020-21

On June 29, 2020, Governor Newsom signed the Fiscal Year 2020-21 state budget into law. The budget enacts a \$134 billion General Fund spending plan that responds to the ongoing COVID-19 pandemic, and aims to address a major state budget deficit.

The enacted budget leverages a combination of budgetary mechanism to help resolve a budget shortfall resulting from the COVID-19 recession, and includes spending cuts and delayed payments that would be reversed if the state receives new federal funding.

Key budget highlights include:

- A draw down of \$8.8 billion in reserves from the Rainy Day Fund, the Safety Net Reserve, and the Public School System Stabilization Account.
- A trigger mechanism that allows for the appropriation of an additional \$11 billion in state funding if \$14 billion federal stimulus funding is received by October 15, 2020.

# STATE BUDGET BILLS

The Budget Act of 2020 is comprised of:

- SB 74 (Mitchell, Chapter 6, Statutes of 2020) includes an appropriation of \$348.9 million for the State Subsidy Program.
- AB 89 (Ting, Chapter 7, Statutes of 2020) adjusts the Budget Act to include changes negotiated between the Legislature and Governor after the passage of SB 74.

# STATE BUDGET HEALTH HIGHLIGHTS

## □ Covered California

- California's State Subsidy Program is preserved in 2021.

## □ Medi-Cal

- **Many proposed cuts reversed:** Various reductions and withdrawals of program and funding expansions within the Medi-Cal program were proposed in the May Revision. However, the enacted budget does not include many of those proposals, maintaining funding for various care and coverage programs.
- **Medi-Cal Enrollment Navigators:** The Budget maintains one-time \$15 million General Fund for the Medi-Cal Health Enrollment Navigators program
- **Medi-Cal for Undocumented Seniors:** The May Revision proposed to withdraw this proposed expansion. Rather than withdrawal, the enacted budget delays the expansion pending a Department of Finance projection for an improved state fiscal outlook.

# TRAILER BILL

- **AB 80 (Committee on Budget, Chapter 12, Statutes of 2020) Public Health Omnibus**
  - **Bronze AV:** increases the actuarial value “de minimis range” set forth in state law for Bronze-level plans, including High Deductible Health Plans, to plus 5 percent.
  - **Clinical Volunteer Exception:** authorizes a member of the board or of the staff of the Exchange to perform volunteer services under specified conditions.

### III. Covered California

#### A. FY 2020-21 State Budget

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# State Subsidy Program Design for Plan Year 2021

**Isaac Menashe,**  
Deputy Director, Program Policy, Eligibility and Research Division



# TECHNICAL ASSISTANCE FOR 2021 STATE SUBSIDY PROGRAM PLANNING

1. Review estimates of the cost of the 2020 State Subsidy program based on the latest enrollment data available.
2. Estimate cost for 2021 State Subsidy program holding under 2020 program design rules (baseline), with preliminary estimates for COVID-19 premium and enrollment impacts.
3. Revisit May Revise program design in light of 2020 Budget Act.

This presentation will cover only Step 3; for Steps 1 and 2 please see Policy and Action Items from the May 21, 2020 Board Meeting, included as an appendix below.

# THE MAY REVISE PROPOSAL & THE 2020 BUDGET ACT

The Governor's May Revision proposed maintaining the current level of state subsidies as adopted in the 2020 state subsidy program design, based on the estimated cost of extending the current program design into 2021.

The Budget Act of 2020 (SB 74) adopted the proposal from the May Revision, including funding of \$348,939,000 for plan year 2021, and maintaining the requirement to allocate 17 percent of the subsidies to individuals between 200 and 400 percent of FPL.

As a result, the proposed 2021 State Subsidy Program Design remains the design adopted for 2020, as presented to the Board in May 2020.

# SENSITIVITY TO ESTIMATES FOR PREMIUM AND ENROLLMENT

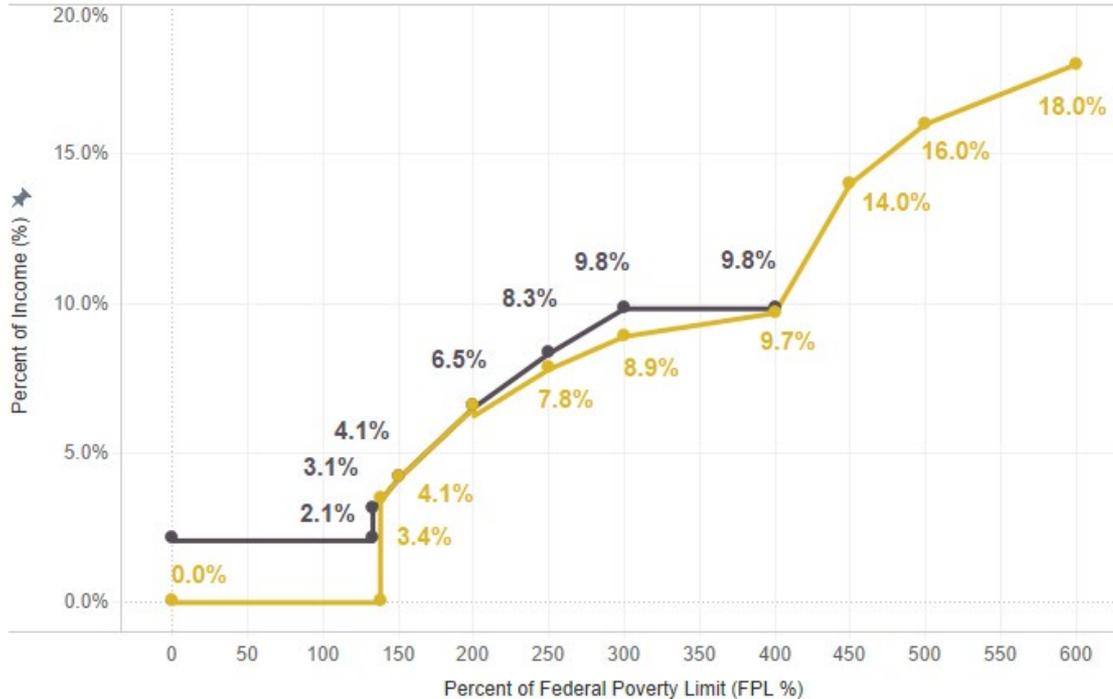
In May, staff noted that the premium and enrollment estimates used for the May Revision technical assistance had since been superseded by more recent premium and enrollment assumptions.

The May Revision technical assistance used estimates of premium growth of 14.7% for 2021, and 3.3% for 2022, and estimates for average monthly enrollment of 1.50 million.

The estimates for the premium growth and an average monthly enrollment will be updated as part of the 2021-22 Governor's Budget. Should the resulting estimated costs be above the 2020 Budget Act levels, the Budget Act provisional language authorizes the Director of Finance to increase funding for the 2021 coverage year pursuant to the program design.

# 2021 PROGRAM DESIGN REQUIRED CONTRIBUTION CURVE

## Baseline (Mid)



■ CA Baseline  
■ Federal 2021

| Income as Percent of FPL bracket | Federal 2021 |        | CA Baseline |        |
|----------------------------------|--------------|--------|-------------|--------|
|                                  | Initial      | Ending | Initial     | Ending |
| 0% to 133/138%                   | 2.07         |        | 0.00        |        |
| 133/138% to 150%                 | 3.10         |        | 3.41        |        |
| 150% to 200%                     | 4.14         | 6.52   | 4.14        | 6.52   |
| 200% to 250%                     | 6.52         | 8.33   | 6.24        | 7.80   |
| 250% to 300%                     | 8.33         | 9.83   | 7.80        | 8.90   |
| 300% to 400%                     | 9.83         | 9.83   | 8.90        | 9.68   |
| 400% to 450%                     |              |        | 9.68        | 14.00  |
| 450% to 500%                     |              |        | 14.00       | 16.00  |
| 500% to 600%                     |              |        | 16.00       | 18.00  |

# 2020 BUDGET ACT – CONTINUE 2020 PROGRAM DESIGN

Under the May Revise proposal, the 2020 State Subsidy program design would be maintained for 2021. With the enrollment experience from 2020, the May Revision estimated that – if maintained through 2022 – this program design would have a cumulative cost of \$938 million.

Note that the estimates still anticipate enrollment growth in the 400 to 600% FPL group that are receiving state subsidies for 2021, relative to 2020.

## Total Program Cost Over 3 Year

|                    |               |
|--------------------|---------------|
| 2020               | \$217M        |
| 2021               | \$349M        |
| 2022               | \$372M        |
| <b>Grand Total</b> | <b>\$938M</b> |

## Key Program Metrics for 2021

|  |           |
|--|-----------|
|  | 2021      |
| State Subsidy \$ (aggregate)                         | \$349M    |
| State Subsidy \$ (% of spend to over 400 FPL)        | 72%       |
| Enrollees  | 1,502,271 |
| Enrollees between 400 and 600% FPL                   | 98,984    |
| Enrollees Receiving State Subsidy (400 to 600% FPL)  | 57,720    |
| Share of Enrollees in 400 to 600% FPL Receiving >\$0 | 45%       |
| State Subsidy \$ (avg PMPM) - receiving only         | \$47      |
| State Subsidy \$ (avg PMPM, 400-600% receiving only) | \$362     |
| State Subsidy \$ (avg PMPM, 200-400% receiving only) | \$14      |

# FINAL PROGRAM DESIGN DOCUMENT FOR 2021 STATE SUBSIDY PROGRAM

In addition to setting the required contribution curve for the 2021 plan year, the draft program design document proposes technical updates, including a clarification that the definition of eligible consumers in the program design includes both those who apply through the single, streamlined application as well as those who transition from another Insurance Affordability Program.

# BOARD ACTION REQUESTED

Approve the 2021 Program Design as presented to the Board on June 25,2020 contingent upon the Governor's approval of the 2020 Budget Act.

### III. Covered California

#### B. 2021 State Subsidy Program

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# Communications Division

Jagdip Dhillon,  
Information Officer, Broadcast & Media Relations



# GOODBYE, AMY PALMER — WELCOME, KELLY GREEN

- Amy Palmer, former Communications and Public Relations Director, was appointed by the governor to the Government Operations Agency as their Deputy Secretary of Communications in April.
- Kelly Green, who oversees External Affairs, has agreed to serve as the interim Director of Communications and Public Relations to lead and support the Division on an interim basis through Open Enrollment.



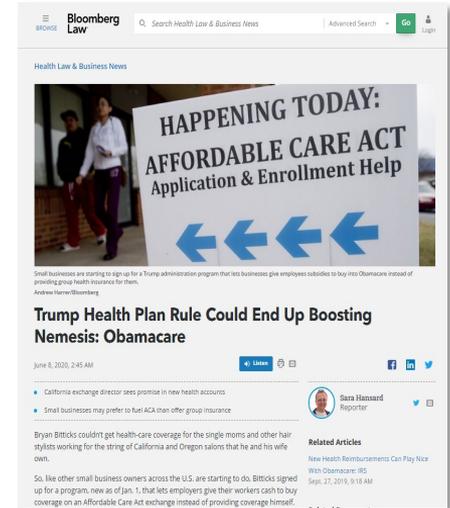
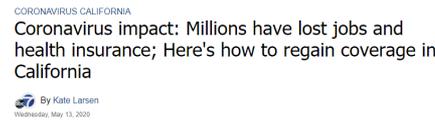
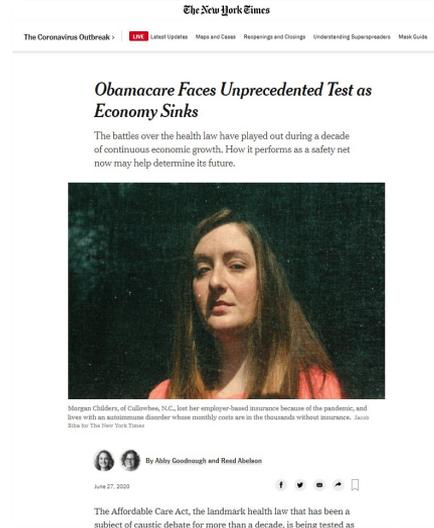
*Amy Palmer*



*Kelly Green*

# COVID-19 SPECIAL ENROLLMENT MEDIA COVERAGE

- The focus on health care has actually intensified since OE ended and Covered California has been repeatedly cited in stories nationally and throughout the state.
- The stories have focused on the agency's SEP during the pandemic and our enrollment updates have generated great interest.



# ETHNIC MEDIA OUTREACH DURING COVID-19

- The Ethnic Media Outreach team has also found “Real People” and had them highlighted on television and print media.
- The print-ready articles have run in multiple languages and Ethnic publications throughout the state, highlighting the message of the COVID-19 Special Enrollment Period.



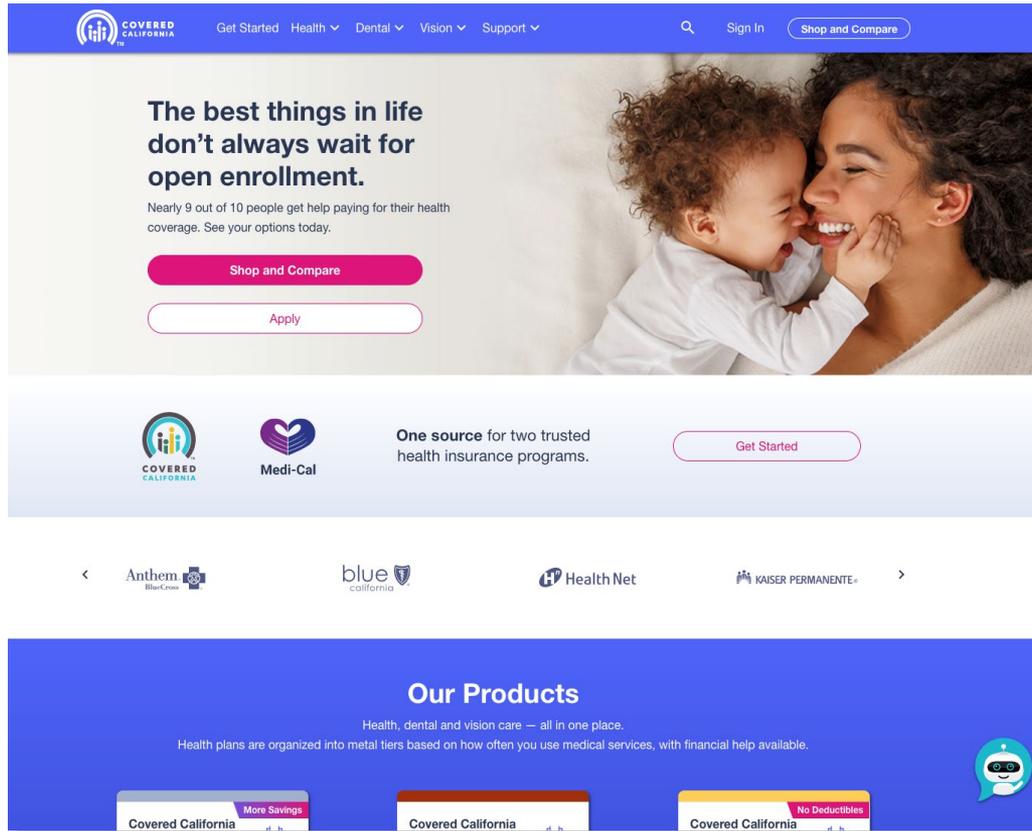
# MULTICULTURAL ROUNDTABLES

- To make sure we are reaching all of California's diverse communities, the Ethnic Media Outreach team, has again scheduled and remotely executed, in-language media roundtables to discuss COVID-19 for these populations in-depth this summer. Spanish was at the end of June and API is scheduled for July 14.

## DUPLICAN SOLICITUDES A COVERED CALIFORNIA ANTE INCREMENTO DE DESEMPLEO



# REDESIGNED WEBSITE LAUNCHING SOON



### III. Covered California

#### C. Communications Division

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# Marketing Division

**Colleen Stevens**

Director, Marketing

**Sarita Navarro de García**

Senior Marketing Specialist

**Andrew Feher**

Marketing Specialist

**Ila Zapanta**

Research Data Specialist



**COLLATERAL UPDATE – SARITA NAVARRO DE GARCÍA**  
**DIRECT MAIL TEST UPDATE – ANDREW FEHER**

# COLLATERAL UPDATES REQUESTED

## UPDATED Immigration Factsheet

- Now includes Public Charge info
- English & Spanish



### Immigration Status and Eligibility

**What if I'm from a mixed immigration status family?**



Some households have both lawfully present and non-lawfully present individuals. Although an individual that is not lawfully present is ineligible for coverage under a Covered California plan, they can still apply for health coverage on behalf of household members that are lawfully present. For example, if you do not have lawful presence, but your child is a U.S. citizen, you can apply on his or her behalf. You only need to provide information on immigrant status for family members applying for coverage.

**Have questions? We can help.**



Interpreters are available for callers seeking help in other languages.

800.300.1506  
CoveredCA.com

**Welcome to Covered California**

Covered California is where you can get quality, affordable health coverage. You may even get help paying for it. As part of the Affordable Care Act, Covered California is a program where most legal residents of California and their families can compare quality health plans and choose the one that works best for their health needs and budget.

**Are you eligible?**

Under the Affordable Care Act, most immigrants qualify for health coverage, including the following groups:

- Lawful permanent residents or "green card holders".
- Non-immigrant status holders (including worker visas and student visas).
- Lawful temporary residents.
- Persons fleeing persecution, including refugees and asylum.
- Other humanitarian immigrants, including those granted temporary protected status.

**Who is Not Eligible for Covered California?**

If you are not lawfully present in California, you are not eligible for a Covered California plan. However, you can still apply through Covered California to find out if you are eligible for full-scope Medi-Cal up to age 26 or for pregnancy coverage. Individuals who are not lawfully present generally qualify for limited-scope Medi-Cal that covers emergency services.

**Public Charge and Your Privacy**

Financial help through Covered California, including advanced premium tax credit (APTC), state premium assistance, and cost-sharing reduction (CSR) to help pay for care, are NOT public benefits under the new public charge rule and will NOT be considered when making a public charge determination.

If you are applying for financial help through Covered California's online application, Covered California will check your eligibility for Medi-Cal and for financial assistance through Covered California. Some Medi-Cal programs are public benefits under the new rule, but each family's situation is different.

If you are concerned about how your personal information will be shared with the federal government or whether applying for coverage through Covered California will negatively affect you or a member of your household, you can call the Health Consumer Alliance (HCA) at (866) 946-3264 for free, confidential legal assistance, or visit the [California Department of Social Services Public Charge Provider List](#).

Use our "Shop and Compare tool" to receive an anonymous estimate on what program you may qualify for.

Covered California complies with applicable federal civil rights laws and does not discriminate on the basis of race, color, national origin, age, disability, or sex. ATTYOR: A health plan may not be available in some areas. For more information, please call 800.300.1506 TTY: 1.888.884.4005. 注意：某些服務可能不適用於所有地區。詳情請電：800.300.1506 TTY: 1.888.884.4005.

## NEW Penalty Factsheet

- Shows cost of coverage vs cost of penalty examples
- English and Spanish

It may actually cost you *less* to get covered than to pay the tax penalty.

For example, a 30-year-old individual living in Los Angeles, making \$18,000/year would pay more to NOT have health coverage.

Get **COVERED** OR **PENALTY**

\$170 per year

at least \$750 per year



**CoveredCA.com**

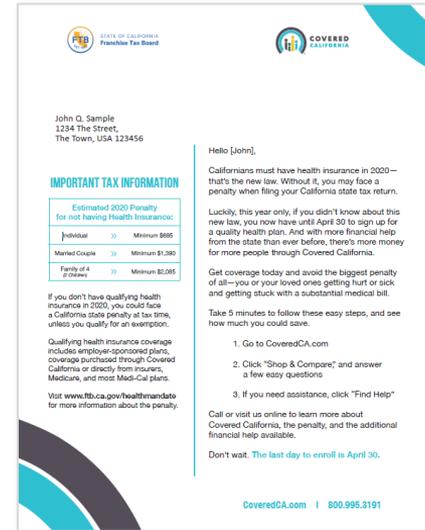


Fileball.com May 2017

Link to printable materials: <https://hbex.coveredca.com/toolkit/collateral.shtml/>

# DIRECT MAIL TEST RESULTS

|                          | Test 1 (OE)   | Test 2 (SE)  |
|--------------------------|---|--|
| <b>What was measured</b> | Effects of DM on health insurance take-up via A/B hold back test  | Effects of envelope branding (CC vs. FTB) on health insurance take-up via A/B envelop test   |
| <b>Findings</b>          | <p>Sending <u>two</u> letters to likely uninsured Californians during Open Enrollment significantly increased take-up and was a cost-effective means of customer acquisition</p> <p>Incremental effect:<br/>0.36% increase in take-up resulting in 3,941 plan selections @ \$335 each</p> | The CC- and FTB-branded envelopes yielded a statistically equivalent take-up rate. However, FTB envelope generated a 53% higher call volume. |
| <b>Next steps</b>        | Continue to include direct mail as part of our channel mix to reach consumers   | Examine spillover to Medi-Cal  |



# COVID-19 CAMPAIGN UPDATE

## SARITA NAVARRO DE GARCÍA

# COVID-19 PARAMETERS, OBJECTIVES & STRATEGY



**Target Audience:** Multi-Segment, Hispanic (in-language), Asian (in-language), and African American

- Demographic: California A26-64; HHI \$25-\$150K (*primary subsidy eligible, secondary non-subsidy eligible*)



**Timing:** May 4, 2020 – June 30, 2020



**Budget:** \$9M



**Campaign Objectives:** Make as many Californians as possible aware that the COVID-19 pandemic is considered a qualifying life event and that there's more financial help for more Californians to pay for health insurance.



**Strategy:** Augment the existing SEP marketing plan to:

- Significantly enhance scheduled media tactics
- Add new media channels for added awareness and reach
  - TV, Radio (traditional and streaming) & Email to people in industries likely to be impacted by layoffs
- Implement tailored messaging to inform those who are concerned about COVID-19 as well as those whose income, jobs and health coverage are being impacted by COVID-19, about the opportunity to enroll in health coverage through Covered California.

# MEDIA CHANNELS

Prioritized media channels that encouraged qualified traffic to the website without sacrificing reach/awareness & build upon historical campaign learnings.

| CHANNEL     | MARKET COVERAGE BY SEGMENT                                      |
|-------------|---|
| Digital     | MS, HM, AA & API: Statewide                                     |
| Paid Social | MS & HM: Statewide  |
| Paid Search | MS & HM: Statewide  |
| Email       | MS & HM Statewide   |
| EDD Insert  | MS & HM (Double-sided)  |
| Radio       | MS, HM & API: Statewide<br>AA: LA, Riverside & SF (terrestrial) |
| TV          | MS, HM, AA & API: Statewide                                     |

## DIGITAL



## EDD INSERT

### Lost Your Job and Need Health Insurance

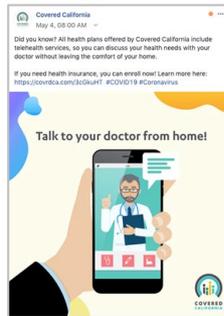
If, when you lost your job, you lost your health insurance, Covered California can help. We can guide you on how to get low or no-cost health insurance that you need to protect you and your loved ones. We all know, now more than ever, how important it is to have coverage. If you or someone you know is without coverage, financial help to pay for health insurance may be available through Covered California. Visit us online or call our knowledgeable experts. [CoveredCA.com](https://coveredca.com) | 855.312.3234

You may qualify for low or no cost Medi-Cal health insurance.

#### Health Plans Available Through Covered California

Insurance companies vary by region.

## PAID SOCIAL MEDIA



## RADIO

Coronavirus, Job Loss & Covered California Enrollment :30



Coronavirus, Penalty & Covered California Enrollment :30



**\*\*Please note, RADIO creative files are for viewing/listening purposes only. Please do not share or distribute radio content as there are talent restrictions.\*\***

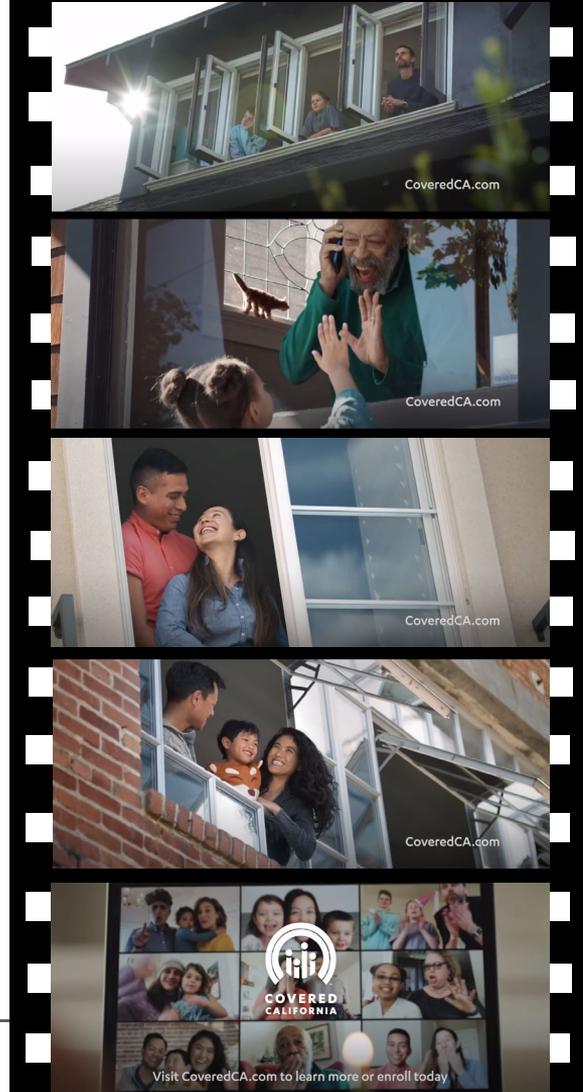


**VO:** We're living in uncertain times, but as Californians we'll get through this together. If your income has been reduced or you've lost your job or your health insurance due to the Coronavirus crisis, Covered California is here.

We can help you find the health insurance you need to protect you and your loved ones. And, you may even get financial help to pay for your health insurance. So, if you or someone you know is without coverage, visit [coveredca.com](https://coveredca.com) to learn more or enroll today.

English: <https://youtu.be/G6WHIUHLDIo>

Spanish: <https://youtu.be/nGOErAIUeMw>



# SEP 2020 PHASE II (JULY-OCT)

# SEP 2020 PHASE II PARAMETERS & OBJECTIVES



Target Audience: CA residents who have experienced a qualifying life event

- Segments: Multi-Segment, Hispanic (in-language), Asian (in-language), and African American
- Demographic: California A26-64; HHI \$25-\$150K (*primary subsidy eligible, secondary non-subsidy eligible*)



Timing: 7/1/2020 - 10/31/2020



Total Budget: \$7.55M

- Base Budget: \$2.3M
- Incremental Budget: \$5.25M (To boost existing channels + TV)



Campaign Objectives:

- Motivate consumers who are experiencing a life changing event to find out how to qualify, compare and choose a health insurance plan through Covered California
- Continue to support COVID-19 SEP extension thru July 31

# MEDIA CHANNELS & STRATEGY

- Prioritize media channels that encourage driving qualified traffic to the website and build upon historical campaign learnings
- Due to solid performance, we'll continue to leverage existing COVID and base SEP campaigns assets
- Leverage broad reaching TV channel to drive awareness to help lift conversion channel performance – this is a new tactic during base SE campaign

| CHANNEL     | MARKET COVERAGE BY SEGMENT  |
|-------------|-----------------------------|
| TV          | MS & HM                     |
| Digital     | MS, HM, AA & API: Statewide |
| Paid Social | MS, HM & AA: Statewide      |
| Paid Search | MS & HM: Statewide          |



## Financial Help



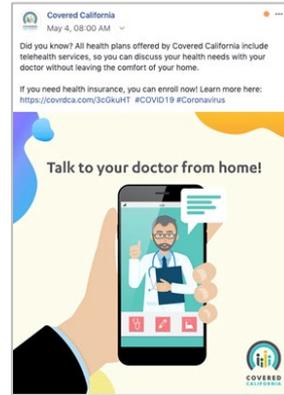
## General Life Event



## Lost Coverage



## Paid Social Media



# SEP20 BROADCAST/CABLE TV

**Creative:** Leverage TV spot developed for the COVID campaign and edit for SE

**TV Media Budget:** \$3.15M

**In market:** July 20 – Oct 4

- 4 weeks on, 3 off, 4 on for **Tier 1** markets; 2 on, 3 off, 2 on for **Tier 2** markets

**Market coverage:** Statewide in English and Spanish

**Post campaign:** Will evaluate relationship between on air weeks and enrollment actions (site traffic, call volume, account creations, plan selections, etc.) to help inform future SE efforts



|               |                | July |   |    |          | August         |          |    |    | September |    |          |                |          | Client gross spend | Net spend |                |                |
|---------------|----------------|------|---|----|----------|----------------|----------|----|----|-----------|----|----------|----------------|----------|--------------------|-----------|----------------|----------------|
|               |                | 1    | 6 | 13 | 20       | 27             | 3        | 10 | 17 | 24        | 31 | 7        | 14             | 21       |                    |           | 28             |                |
| Multicultural | Tier 1 Markets |      |   |    | 100% :30 | 50%/50 :30/:15 | 100% :15 |    |    |           |    | 100% :30 | 50%/50 :30/:15 | 100% :15 |                    |           |                |                |
|               |                |      |   |    | 75       | 75             | 75       | 75 |    |           |    | 75       | 75             | 75       | 75                 |           |                |                |
|               | Tier 2 Markets |      |   |    | 100% :30 | 50/50          |          |    |    |           |    | 100% :30 | 50/50          |          |                    |           |                |                |
|               |                |      |   |    | 75       | 75             |          |    |    |           |    | 75       | 75             |          |                    |           |                |                |
|               | MC Subtotal    |      |   |    |          |                |          |    |    |           |    |          |                |          |                    |           |                |                |
| Hispanic      | Tier 1 Markets |      |   |    | 100% :30 | 50%/50 :30/:15 | 100% :15 |    |    |           |    | 100% :30 | 50%/50 :30/:15 | 100% :15 |                    |           |                |                |
|               |                |      |   |    | 45       | 45             | 45       | 45 |    |           |    | 45       | 45             | 45       | 45                 |           |                |                |
|               | Tier 2 Markets |      |   |    | 100% :30 | 50/50          |          |    |    |           |    | 100% :30 | 50/50          |          |                    |           |                |                |
|               |                |      |   |    | 43       | 43             |          |    |    |           |    | 43       | 43             |          |                    |           |                |                |
|               | HSL Subtotal   |      |   |    |          |                |          |    |    |           |    |          |                |          |                    |           |                |                |
| TOTAL         |                |      |   |    |          |                |          |    |    |           |    |          |                |          |                    |           | \$3,156,883.59 | \$2,733,232.55 |

# OPEN ENROLLMENT 2021 UPDATE

## COLLEEN STEVENS

# OE8 HIGH-LEVEL PLANNING APPROACH

| Consider Challenges   | Develop Solutions   |
|---|---|
| 1. More people will need coverage due to economic impacts of Covid-19 pandemic        | Allocated additional funds to amplify our message (+ \$6.7M from initial plan)  |
| 2. 2020 presidential election competes for consumer attention and media inventory     | Start majority of media on 11/9/20 after the election   |
| 3. Ethnic populations are being impacted by the pandemic more than general population | <ul style="list-style-type: none"><li>• Optimize investment against core audience segments</li><li>• Tactical adjustments in media planning to maximize reach &amp; frequency against the uninsured and minimize spill</li><li>• Build campaign to ensure all CA residents feel Covered California is for them with tailored cultural cues that feel authentic and real</li><li>• Improve conversion with retargeting efforts tailored to the action consumer took on the website</li></ul> |

# WHERE WE'RE IN THE PLANNING PROCESS

- Budget approved 6/25
- Media planning underway (R1 7/24)
  - Implementing evaluation tools (Market Mix Modeling) to help us optimize our media dollars
- Creative concepts testing with consumers (testing complete, results evaluation underway)

# RESEARCH UPDATE

## ILA ZAPANTA

# MARKETING RESEARCH, DATA, AND ANALYSIS

- Creative Testing Research for Open Enrollment 8
- COVID-19 Health Insurance Impact Study
- California Health Insurance Awareness Study (CHIAS)/Brand Tracker

# CREATIVE TESTING RESEARCH

- Given the pandemic and limitations, we used asynchronous bulletin board virtual focus groups for creative testing from June 16 – June 20 , 2020 to review ideas on campaign and creative assets (TV, radio, and static).



Come as you are



This way to health insurance



This plan is your plan

- Uninsured groups included a mix of financial help eligibility (a few Medi-Cal eligible, mix of low/high financial help eligibility, and those who were non-subsidy eligible). Insured groups included a mix of who they were insured by, including Covered California, Medi-Cal, ESI, and off exchange.

| Group                                 | Sample     |
|---------------------------------------|------------|
| English Uninsured                     | 30         |
| English Insured                       | 30         |
| Spanish Uninsured                     | 30         |
| Spanish Insured                       | 30         |
| Mandarin/Cantonese Speaking Uninsured | 30         |
| <b>Total</b>                          | <b>150</b> |

- The final report and learnings will be complete in the next few weeks.

# COVID-19 HEALTH INSURANCE IMPACT STUDY

- In partnership with LRWGreenberg, we conducted a study to understand how Californians were being impacted by income changes and/or health insurance. Following the surge of the COVID-19 pandemic and the resulting sheltering in place, business closures, and income changes, many Californians faced disruptions to their livelihoods – as well as to their sources of health insurance coverage.
- We conducted a 20-minute online survey of 2,111 Californians aged 21-64 between May 6, 2020 and May 27, 2020 in English and Spanish to understand the impact of COVID-19 on health insurance coverage.
- The final report and learnings will be complete in the next few weeks.

# 2020 CHIAS/BRAND TRACKER

- Through our research partner, we administered the CHIAS/Brand Tracker study to assess consumer awareness, knowledge, attitudes, and behaviors related to enrollment in Covered California health insurance plans and the effectiveness of the advertising campaign.
- From February – April 2020, we surveyed over 3,500 respondents with various backgrounds including subsidy eligible, non-subsidy eligible, insured, off-exchange, and Covered California members for both English and Spanish speaking.
- The final report and learnings will be complete early September 2020.

### III. Covered California

#### D. Marketing Division

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# Outreach and Sales Division

Terri Convey,  
Director, Outreach and Sales



# FISCAL YEAR 2020-2021 NAVIGATOR PROGRAM

# RECAP OF THIS YEAR'S NAVIGATOR PROGRAM

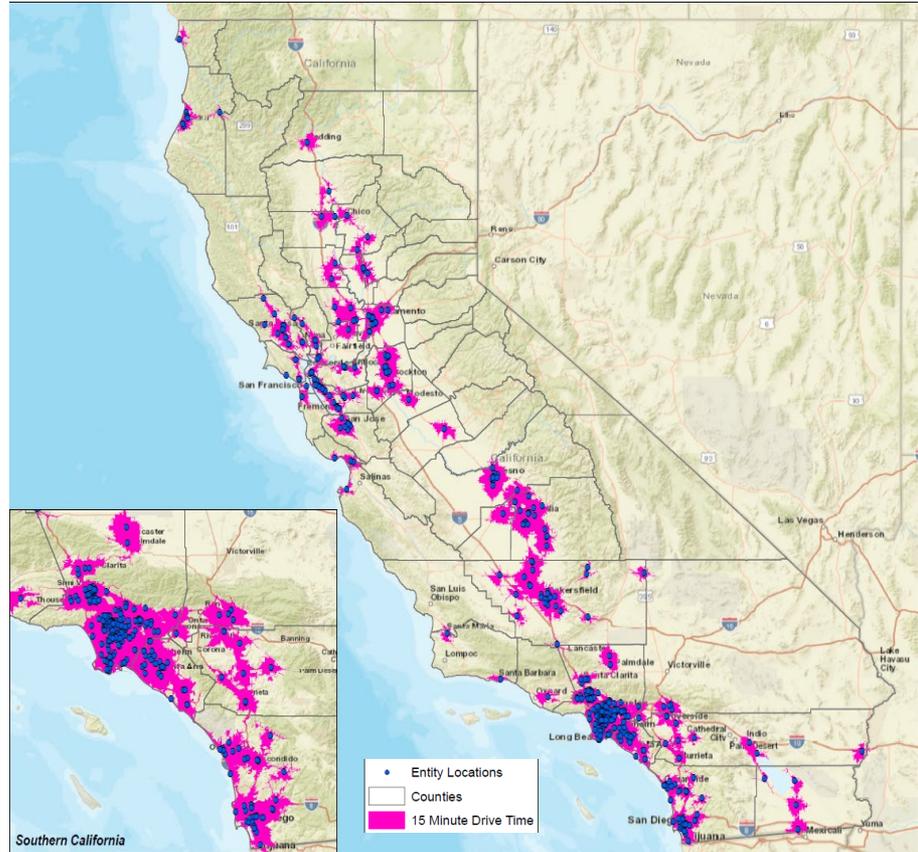
- After ten months into the contract year, the Navigator Program has exceeded its annual minimum enrollment target by 42%
- Nearly 85% of the participating Navigator organizations are projected to meet or exceed their individual funding requirements; and more than half are likely to receive a performance bonus for exceeding their goals
- This year was the first year that the Navigator Program established a minimum enrollment requirement based on effectuated new and renewing enrollment
- While the majority of participating navigators performed very well, it is unclear with just ten months of data, and the significant and many environmental conditions that we experienced this year, to confidently establish a minimum enrollment benchmark for next year
- We proposed that we continue the performance measure 'as is' and evaluate recommendations once we have more experience and two years of data
- The Targeted Area Pilot which allocated additional funds to four rural areas in the state did not measurably improve effectuated enrollment from those areas

# BOARD APPROVED AT THE JUNE 25, 2020 MEETING

- \$6.5 MM funding for fiscal year 2020 -2021
- Program's minimum enrollment requirement of 36,007 effectuated enrollment continue as the minimum enrollment requirement for the second year of the three year contract period
  - Enrollment requirement includes new and renewal enrollment effectuations
  - Enrollment requirement is equivalent to this year's enrollment target and well below this year's actual enrollment performance of more than 52,000 as of 5/31/20
  - Effectuated enrollment goals are evaluated each year, and may increase or decrease based on an assessment of the program's capacity and potential to achieve enrollment targets. Covered California will re-evaluate the program's minimum enrollment requirement for fiscal year 2021 – 2022 based on two-year view of actual experience and data
- Discontinued the Targeted Area Pilot and reinvested those funds into the core program

# NAVIGATOR GRANTEES, FY 2020-21

- **42** lead entities
- **47** sub-entities
- **470** site locations
- **81%** of total California population lives within a 15-minute drive time of a Navigator location



# 2020 SPECIAL ENROLLMENT PERIOD

# COVID-19 IMPACT ON SALES ENROLLERS

## Agents

- Most had to close their offices and transitioned home to support consumers virtually over the phone

## Community Partners

- Some offices closed. Clinic based entities stayed opened
- Staff trained partners how to virtually support consumers on the phone

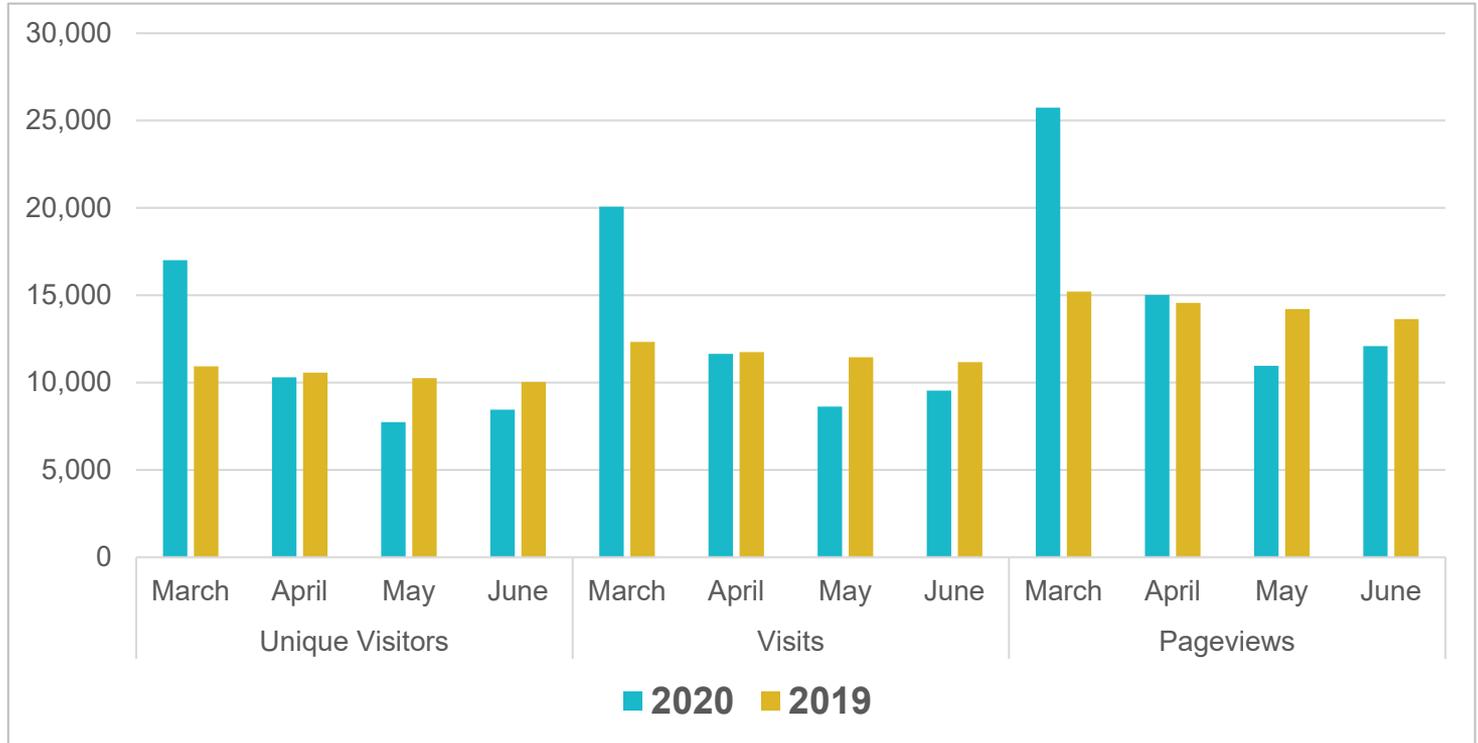
## Storefronts

- March 2020 through June 2020: 105 partnered storefronts had closed down and was removed from our program

# STOREFRONT PROGRAM WEBSITE VIEWS

Web Views\*: 2020 Compared to 2019: March through June

- Year over year trends up until COVID-19 pandemic



# HELP ON-DEMAND REFERRALS: YEAR OVER YEAR MONTHLY COUNT



|              | March  | April  | May   | June  |
|--------------|--------|--------|-------|-------|
| 2019-2020    | 15,904 | 15,500 | 8,776 | 9,195 |
| 2018-2019    | 6,581  | 6,564  | 6,098 | 5,617 |
| YoY % Change | 142%   | 136%   | 44%   | 64%   |

# SALES OPPORTUNITIES

## Digital Phone Banks

- Univision Los Angeles and San Diego digital phone banks running 7/1 – 7/31
- NBC Affiliate Social Media campaign - Digital banners 7/1 – 7/31

## DMV

- Closed Circuit TV – TBD August



# 2021 OPEN ENROLLMENT PERIOD

# SALES OE 2021 OPPORTUNITIES

- ❑ Digital Phone Banks
- ❑ Social Media Outreach and Education Campaigns
- ❑ DMV Closed Circuit TV
- ❑ Community Partnerships
- ❑ Sales Tools

# SALES OE 2021 ENROLLER PREPARATION

## Enroller Roundtable Webinars

- August 2020 for agents and community partners
- 4 webinars

## OE 2021 Kick Off Meeting Webinars

- September 2020 for agents and community partners
- 1 statewide and ~ 20 regional webinars

## Enroller Toolkits

- CalHEERS Release 20.6 Toolkit published
- Renewal and Open Enrollment Toolkit – *coming soon*

### 20.6 Release Resources

| Resource  | Type        | Description   | Date Updated |
|---|-------------|---|--------------|
| <a href="#">Delegation History</a>  | Quick Guide | Information on how enrollers can now view a display of their Delegation History   | 6/26/2020    |
| <a href="#">Duplicate Application Cases</a>                               | Quick Guide | A new duplicate application warning pop-up display for when a consumer may already have an existing case  | 6/26/2020    |
| <a href="#">Enrollment Information Details</a>                            | Quick Guide | Updated additional enrollment information on the Basic Information page   | 6/26/2020    |
| <a href="#">Out-of-State/Country Address &amp; Married Filing Jointly</a> | Quick Guide | Consumers can now provide or indicate an out-of-state or out-of-country address. If Married Filing Jointly, requirement to have another person on the application | 6/26/2020    |
| <a href="#">CalHEERS 20.6 Enrollment Portal Updates</a>                   | Video       | Short video highlighting updates to Enrollment Portal   | 6/25/2020    |
| <a href="#">Agent and CCSB Service Center Operating Hours</a>             | Schedule    | Service Center hours of operation for consumers and Certified Enrollers   | 6/1/2020     |

### III. Covered California

#### E. Outreach and Sales Division

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# IV. MOEA ADVISORY MEMBER DISCUSSION

# Open Discussion

George Balteria,  
Chair, MOEA Advisory Group



## IV. MOEA Advisory Open Discussion

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**V. ADJOURN**

**Thank you!**  
MOEA Advisory Group



# APPENDIX

State Subsidy 2021 Program Design Presentation  
from May 21, 2020 Board Meeting

# BACKGROUND

In 2020, California implemented a new state advanced premium subsidy and implemented a state mandate penalty. The new state subsidies followed the framework set by the Affordable Care Act and provided more support to those consumers who earn under 400% of the Federal Poverty Level (FPL), and new support to between 400% and 600% of FPL.

While the legislation identified the amount of funding available for the new program and the share of the funding that is meant to go to those above and below 400% of FPL, the legislation delegated authority to Covered California's Board to set the exact eligibility requirements for the new subsidies.

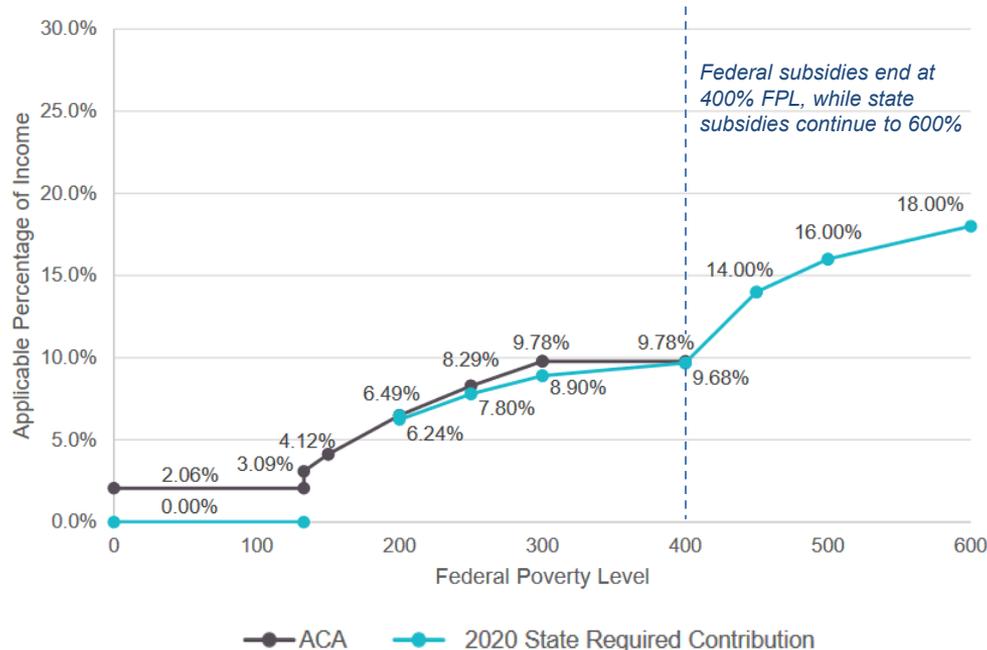
For the 2020 program year, Covered California adopted a program design regulation that included key program design elements, including the eligibility definitions for the program, the "required contribution" curve that determines the benefit amounts under the program, and the caps on reconciliation of state subsidies upon filing of final tax returns with the Franchise Tax Board.

# ANNUAL SUBSIDY PROGRAM DESIGN CYCLE

- March to May: Covered California provides technical assistance to Department of Finance to identify the projected costs of the state subsidy program.
- June: The adopted state budget provides for: (1) required use(s) of funding, (2) subsidy spending target for budget year, (3) allocation of funding above and below 400 percent FPL.
- June: The Covered California Board to adopt annual program design in accordance with budget targets set by the appropriation.
- Director of the Department of Finance to provide approval of the program design following notification to the Joint Legislative Budget Committee.

# NEW STATE SUBSIDIES FOLLOW ACA IN LIMITING PREMIUMS AS A SHARE OF INCOME

Figure 3: Required Contribution for Benchmark Silver Plan as a Percentage of Income Under ACA and California State Subsidy Program (2020)



Under the ACA, financial assistance is provided to limit the share of income a consumer must spend on premiums for the benchmark second-lowest silver plan (grey line). For example, the ACA caps premiums for a consumer earning 300% of FPL to 9.78% of income.

California's new state subsidies offer new help to two groups (blue line):

- 1) Many consumers below 400% of FPL see their required contribution reduced (for example, the consumer at 300% of FPL will receive a state credit to reduce the share of income spent on premiums from 9.78% to 8.90% of income.
- 2) For consumers from 400 to 600% of FPL, which saw no financial protection under the ACA, new state caps limit premiums to the percentages shown in Figure 3, so that a consumer at 450% of FPL spends no more than 14% of their income on premiums.

# COVERED CALIFORNIA 2020 ENROLLMENT: HUGE REBOUND DUE TO MANDATE AND NEW SUBSIDIES

Table 1: Preliminary Analysis of Covered California 2020 Net Plan Selections

| Category        | 2018      | 2019      | Percent Change | 2020      | Percent Change |
|-----------------|-----------|-----------|----------------|-----------|----------------|
| New Enrollment* | 388,344   | 295,980   | -23.8          | 418,052   | 41.2           |
| Renewals        | 1,133,180 | 1,217,903 | 7.5            | 1,120,767 | -8.0           |
| Total           | 1,521,524 | 1,513,883 | -0.5           | 1,538,819 | 1.6            |

\* The new enrollment number includes consumers who had coverage off-exchange switched to on-exchange coverage to benefit from new subsidies. Even after subtracting the entire newly-enrolled 400 to 600 percent FPL population, Covered California's new sign-ups in 2020 would still be 36 percent higher than in 2019 and still the highest total since 2016.

- Overall enrollment is higher in 2020 than the past two years — driven by a huge increase in new-enrollments — as California replaced the federal penalty and made new state subsidies available.
- New enrollment in 2020 increased by more than 122,000 — over 41 percent higher — compared to 2019 and at its highest level since 2016.
- In 2020, renewals are down slightly compared to 2019, due primarily to the significant drop in new enrollment during 2019 open enrollment which meant fewer new enrollees eligible to keep coverage for 2020.

# TECHNICAL ASSISTANCE FOR 2021 STATE SUBSIDY PROGRAM PLANNING

1. Review estimates of the cost of the 2020 State Subsidy program based on the latest enrollment data available.
2. Estimate cost for 2021 State Subsidy program holding under 2020 program design rules (baseline), with preliminary estimates for COVID-19 rates.

All models assume the “most likely” scenarios for 2021, which as of the time of the analysis were 14.7% rate increase and 1.502 million average monthly enrollment.\*

\* Analysis of both premium and enrollment impacts from COVID-19 and the recession are evolving very quickly. To meet the state budget process timelines, this analysis was completed in mid-April. Some of the assumptions are already “outdated” with respect to those being used by Covered California for its proposed FY 2020-21 budget model.

# FUNDING AVAILABLE PER 2019 BUDGET PROCESS

In the discussions for the 2020 program design, an original 3 year program was envisioned using only the anticipated revenue from the new mandate penalty – estimated to bring in approximately \$1 billion over the three years. The table below provides the original 2019 revenue estimates from the May Revise.

However, following input from the legislature, the 2020 program enacted was designed to enhance affordability with additional funds beyond the penalty revenue, to create a proposed 3 year program total of \$1.5 billion. The table below provides the original estimates from last year’s budget process.

| Plan Year | Penalty Revenue Estimate from 2019 May Revise | Estimated Cost for a \$1.0 Billion Program – 2019 Budget Act Estimate | Estimated Cost for a \$1.5 Billion Program – 2019 Budget Act Estimate |
|-----------|---|---|---|
| 2020      | \$317,200,000                                 | \$295,300,000   | \$428,629,000   |
| 2021      | \$335,900,000                                 | \$330,400,000   | \$479,762,000   |
| 2022      | \$352,800,000                                 | \$379,900,000   | \$547,195,000   |

# ESTIMATE OF 3-YEAR PROGRAM COSTS

As detailed in the modeling appendix that follows, we currently estimate that 2020 State Subsidy program design, coupled with observed and anticipated enrollment for 2020, will lead to total spending to be well below what was planned for the program.

| Plan Year    | Estimated Cost for a \$1.5 Billion Program – 2019 Budget Act | Anticipated Advanced State Subsidy Spending Under Baseline Program Design – 2020 May Revise | Variance             |
|--------------|--|---|----------------------|
| 2020         | \$428,629,000  | \$217,006,000   | \$211,623,000        |
| 2021         | \$479,762,000  | \$348,939,000   | \$130,823,000        |
| 2022         | \$547,195,000  | \$372,451,000   | \$174,744,000        |
| <b>TOTAL</b> | <b>\$1,455,586,000</b>                                       | <b>\$938,396,000</b>  | <b>\$517,190,000</b> |

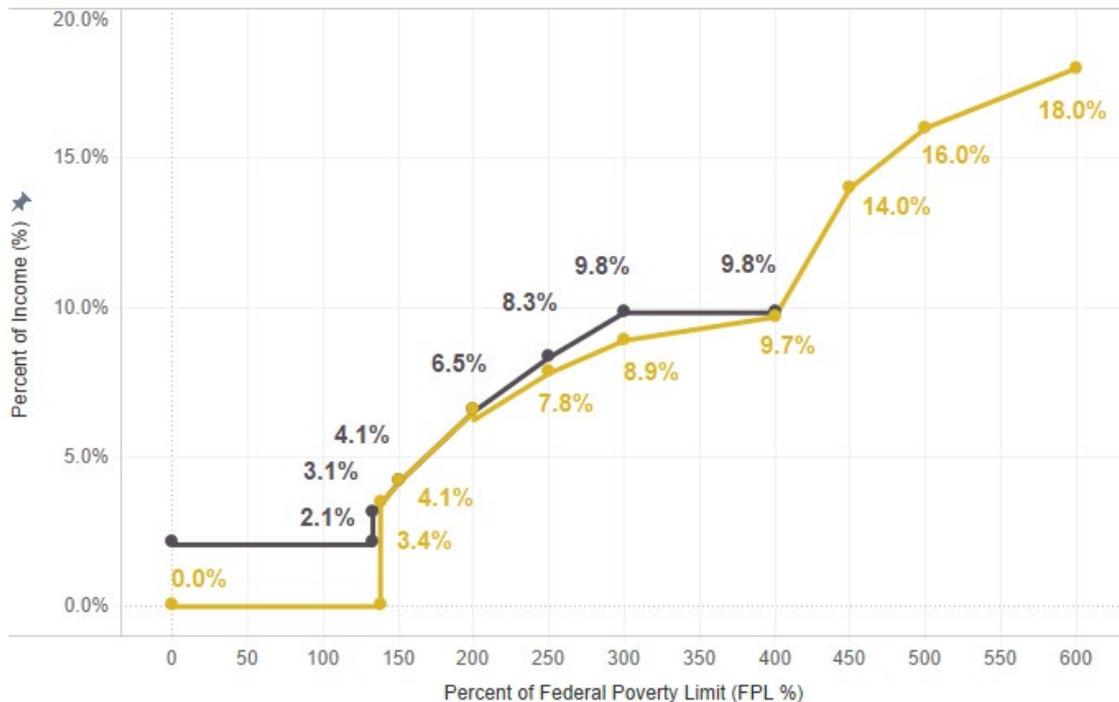
# THE MAY REVISE PROPOSAL

The Governor's May Revision maintains the current level of state subsidies as adopted in the 2020 state subsidy program design, based on the estimated cost of extending the current program design into 2021.

For the Board's reference, in conducting its own analysis of the state subsidy program, Covered California also reviewed several program design options which would have expanded subsidies but stayed within the original program budget. Those options are presented in the appendix.

# MAY REVISE – CONTINUE 2020 PROGRAM DESIGN REQUIRED CONTRIBUTION CURVE

## Baseline (Mid)



■ CA Baseline  
■ Federal 2021

| Income as Percent of FPL bracket | Federal 2021 |        | CA Baseline |        |
|----------------------------------|--------------|--------|-------------|--------|
|                                  | Initial      | Ending | Initial     | Ending |
| 0% to 133/138%                   | 2.07         |        | 0.00        |        |
| 133/138% to 150%                 | 3.10         |        | 3.41        |        |
| 150% to 200%                     | 4.14         | 6.52   | 4.14        | 6.52   |
| 200% to 250%                     | 6.52         | 8.33   | 6.24        | 7.80   |
| 250% to 300%                     | 8.33         | 9.83   | 7.80        | 8.90   |
| 300% to 400%                     | 9.83         | 9.83   | 8.90        | 9.68   |
| 400% to 450%                     |              |        | 9.68        | 14.00  |
| 450% to 500%                     |              |        | 14.00       | 16.00  |
| 500% to 600%                     |              |        | 16.00       | 18.00  |

# MAY REVISE – CONTINUE 2020 PROGRAM DESIGN

Under the May Revise proposal, the 2020 State Subsidy program design would be maintained for 2021. With the enrollment experience from 2020, we estimate that if maintained through 2022, this program design would have a cumulative cost of \$938 million.

Note that we still anticipate enrollment growth in the 400 to 600% FPL group that are receiving state subsidies for 2021.

## Total Program Cost Over 3 Year

|             |        |
|-------------|--------|
| 2020        | \$217M |
| 2021        | \$349M |
| 2022        | \$372M |
| Grand Total | \$938M |

## Key Program Metrics for 2021

|  |           |
|--|-----------|
|  | 2021      |
| State Subsidy \$ (aggregate)                         | \$349M    |
| State Subsidy \$ (% of spend to over 400 FPL)        | 72%       |
| Enrollees  | 1,502,271 |
| Enrollees between 400 and 600% FPL                   | 98,984    |
| Enrollees Receiving State Subsidy (400 to 600% FPL)  | 57,720    |
| Share of Enrollees in 400 to 600% FPL Receiving >\$0 | 45%       |
| State Subsidy \$ (avg PMPM) - receiving only         | \$47      |
| State Subsidy \$ (avg PMPM, 400-600% receiving only) | \$362     |
| State Subsidy \$ (avg PMPM, 200-400% receiving only) | \$14      |

# NEXT STEPS FOR FINAL PROGRAM DESIGN

At the June 2020 Board meeting, staff will return to the Board with its final proposed 2021 State Subsidy Program Design for action.

For the June 2020 Board meeting, should the final appropriation differ from what has been proposed in the May Revise, Covered California staff will bring back a final proposed curve for 2021 that is:

- a) consistent with the appropriation passed by the legislature; and
- b) integrates any new adjustments to COVID-19 related premium or enrollment impacts.

In addition to setting the required contribution curve for the 2021 plan year, the draft program design document proposes technical updates, including a clarification that the definition of eligible consumers in the program design includes both those who apply through the single, streamlined application *or* transition from another Insurance Affordability Program.

# BACKGROUND ITEMS

## STATE SUBSIDY 2021 SCENARIO MODELING

(originally presented at May 21, 2020 Board Meeting)

# 2020 OPEN ENROLLMENT RESULTS

Considering the take-up of new state subsidies during Open Enrollment for 2020, several key observations include:

- Hundreds of thousands of consumers are benefitting from state subsidies
  - Nearly 600,000 consumers below 400% of FPL gaining increased affordability from new state subsidies, on top of federal assistance.
  - Nearly 32,000 consumers are benefitting from new middle-class subsidies for those earning between 400% and 600% of FPL.
  
- However, not all consumers within each income group are eligible for state subsidies
  - Some consumers below 400% FPL have chosen a plan that is fully paid for by the federal credits alone.
  - Over half of consumers in the 400 to 600% FPL range already can purchase a Silver benchmark plan for less than the “required contribution” curve set in the 2020 Program Design.

# 2020 OPEN ENROLLMENT RESULTS

The table below shows 2020 open enrollment results by FPL.

Enrollment by FPL, Showing Receipt of State Subsidies and Average Amounts

|                        | Enrollees        | Enrollees (col %) | Enrollees Receiving State Subsidies | Percentage in Group Receiving State Subsidies | State Subsidy Amount Per Month - Among Those Receiving (Household, avg) | State Subsidy Amount Per Month - Among Those Receiving (Individual, avg) | Average State Subsidy Amount Per Month - All Enrollees in Group (individual) |
|------------------------|------------------|-------------------|-------------------------------------|---|---|--|--|
| 138% FPL or less       | 47,762           | 3%                | 9,554                               | 20%   | \$55  | \$40   | \$8  |
| 138% FPL to 200% FPL   | 623,684          | 41%               | 0                                   | 0%  |   |  | \$0  |
| 200% FPL to 400% FPL   | 691,133          | 45%               | 576,601                             | 83%   | \$25  | \$16   | \$14   |
| 400% FPL to 600% FPL   | 68,238           | 4%                | 31,944                              | 47%   | \$504   | \$291  | \$136  |
| 600% FPL+ or Unsub App | 98,358           | 6%                | 0                                   | 0%  |   |  | \$0  |
| FPL Unavailable        | 9,644            | 1%                | 7,553                               | 78%   | \$61  | \$37   | \$29   |
| <b>Grand Total</b>     | <b>1,538,819</b> | <b>100%</b>       | <b>625,652</b>                      | <b>41%</b>                                    | <b>\$48</b>   | <b>\$31</b>  | <b>\$13</b>  |

Note: These data are "net" plan selections through February 7, per CMS reporting requirements. FPL Unavailable is related to a reporting issue in the data used for statistical reporting these are cases that are *correctly* receiving state subsidy.

# STATE SUBSIDIES FOR THE 400% TO 600% FPL GROUP

Two key trends about the 400% to 600% FPL group have emerged so far this year:

- 1) **Take-up of on-exchange members was high, but off-exchange consumers did not switch.** Estimates indicate there may be 140,000 off-exchange consumers earning in this income range, many of whom would likely “switch” to possibly receive new financial assistance. Yet, *new* sign-ups with Covered California for this income bracket were just over 25,000.\*
- 2) **Average financial support among those receiving has been *much* greater than anticipated.** Those receiving subsidies in this group are receiving an average of \$500 per household per month, but the number of enrollees receiving the support is much lower than expected (~32,000). Before the program launched, we anticipated roughly \$160 per household per month.

\* Survey data suggest that an even larger number of off-exchange enrollees may be eligible for Federal APTC, and as a result, Covered California was developing plans for an initiative during the new special enrollment period in March and April that would have combined marketing and new collaboration with carriers and agents to reach these off-exchange populations who may still be able to benefit from reduced premiums. This effort was put on hold due to the COVID-19 pandemic.

# 2020 OPEN ENROLLMENT RESULTS

The table below shows that “switching” from the off-exchange – which should present as “Open Enrollment” 400 to 600% FPL enrollment – did not materialize as expected, with less than a one quarter of the expected volume.

Enrollment by FPL and Renewal Cohort, Showing Receipt of State Subsidies (Enrollees)

|                        | Enrollees       |           | Enrollees (col %) |         | Enrollees Receiving State Subsidies |         | Enrollees Total | Enrollees (col %) | Enrollees Receiving State Subsidies Total |
|------------------------|-----------------|-----------|-------------------|---------|-------------------------------------|---------|-----------------|-------------------|---|
|                        | Open Enrollment | Renewal   | Open Enrollment   | Renewal | Open Enrollment                     | Renewal |                 |                   |   |
| 138% FPL or less       | 7,532           | 40,230    | 2%                | 4%      | 2,482                               | 7,072   | 47,762          | 3%                | 9,554                                     |
| 138% FPL to 200% FPL   | 163,139         | 460,545   | 39%               | 41%     | 0                                   | 0       | 623,684         | 41%               | 0   |
| 200% FPL to 400% FPL   | 192,811         | 498,322   | 46%               | 44%     | 166,512                             | 410,089 | 691,133         | 45%               | 576,601                                   |
| 400% FPL to 600% FPL   | 25,183          | 43,055    | 6%                | 4%      | 14,260                              | 17,684  | 68,238          | 4%                | 31,944                                    |
| 600% FPL+ or Unsub App | 26,311          | 72,047    | 6%                | 6%      | 0                                   | 0       | 98,358          | 6%                | 0   |
| FPL Unavailable        | 3,076           | 6,568     | 1%                | 1%      | 1,997                               | 5,556   | 9,644           | 1%                | 7,553                                     |
| Grand Total            | 418,052         | 1,120,767 | 100%              | 100%    | 185,251                             | 440,401 | 1,538,819       | 100%              | 625,652                                   |

Note: These data are “net” plan selections through February 7, per CMS reporting requirements. FPL Unavailable is related to a reporting issue in the data used for statistical reporting these are cases that are *correctly* receiving state subsidy.

# ESTIMATING 2020 STATE SUBSIDY TOTALS AND 2021 & 2022 ENROLLMENT AND PREMIUMS

The preceding slides covered the results of “net plan selections” from the 2020 plan year renewal and open enrollment period as reported publicly following the close of this year’s open enrollment, but do not yet factor in effectuations and the ongoing special enrollment periods.

To prepare for the 2021 State Subsidy Program Design, we first estimate how the remaining SEP in 2020 may impact total effectuated enrollment in the State Subsidies for 2020. Then, enrollment assumptions and premium increase assumptions are needed for 2021 and 2022.

A high level summary of the assumptions and methods used for 2021 State Subsidy Program Design technical assistance are described in the appendix below.

# 2021 PROGRAM DESIGN MODELING

For 2021, Covered California analyzed several options for subsidy program design that:

- Were consistent with original legislative intent to adjust the program design to provide maximum affordability consistent with the legislature's appropriation;
- Recognized the difficult budget horizon created by COVID-19, with projected budgets *below* the original \$1.5B;
- Included at least some additional supports across all incomes under 600% FPL, but showcase options with different additional support along the income spectrum.

# 2021 PROGRAM DESIGN MODELING - ASSUMPTIONS

- Analysis of both premium and enrollment impacts from COVID-19 and the recession are evolving *very* quickly.
- To meet the state budget process timelines, this analysis was completed in mid-April. Some of the assumptions are already “outdated” with respect to those being used by Covered California for its proposed FY 2020-21 budget model.
- All models assume the “most likely” scenarios for 2021, which as of the time of the analysis were 14.7% rate increase and 1.502 million average monthly enrollment.

# ASSUMPTIONS – ENROLLMENT DURING COVID-19

Most modeling anticipates some growth to Marketplace enrollment during the recession, but the level depends on a range of factors, and depending on the balance, these factors *could* even lead to negative growth.

The most significant churn dynamics – which move in opposite directions for Marketplace impact – are:

## 1) Churn out:

- What volume of consumers transition to Medi-Cal based on new, lower income for the month?
- What volume of consumers drop coverage they purchase directly even though not eligible for Medi-Cal?

## 2) Churn in:

- What share of consumers lose job-based coverage (ESI), and of those, what portion *take-up* coverage on the exchange?

# ASSUMPTIONS – ENROLLMENT DURING COVID-19

The enrollment assumptions for this analysis are presented in the table to the right, and are based on Covered California’s Financial Management Division’s modeling as of early-to-mid April.\*

Given a range of reasonable assumptions based on available empirical evidence, the current enrollment forecast range is much wider than what would otherwise be expected for the marketplace. Despite this uncertainty, the range for the most likely estimates still hovers within 10-15% above or below the level of current enrollment.

## Estimated 2020, 2021, and 2022 Enrollment under Mid enrollment scenarios

(Eligibility for state subsidy is based on current 2020 State Subsidy Program Design rules.)

|   |      | 14.7% Rate Increase |           |           |
|---|------|---------------------|-----------|-----------|
|   |      | Mid Enrollment      |           |           |
|   |      | New                 | Renewal   | Total     |
| Enrollees   | 2020 | 419,917             | 1,015,407 | 1,435,324 |
|   | 2021 | 422,409             | 1,079,862 | 1,502,271 |
|   | 2022 | 422,984             | 1,079,287 | 1,502,271 |
| Enrollees Receiving State Subsidy                   | 2020 | 185,654             | 408,422   | 594,075   |
|   | 2021 | 186,403             | 434,669   | 621,072   |
|   | 2022 | 185,719             | 432,433   | 618,151   |
| Enrollees between 400 and 600% FPL                  | 2020 | 32,002              | 43,204    | 75,205    |
|   | 2021 | 39,226              | 59,758    | 98,984    |
|   | 2022 | 39,714              | 60,253    | 99,967    |
| Enrollees Receiving State Subsidy (400 to 600% FPL) | 2020 | 19,391              | 15,244    | 34,635    |
|   | 2021 | 27,608              | 30,112    | 57,720    |
|   | 2022 | 27,918              | 30,167    | 58,085    |

\* These estimates will be updated to reflect the final enrollment model when the 2021 State Subsidy Program Design is brought back to the Board for final approval.

# ASSUMPTIONS 2021 & 2022 – PREMIUM GROWTH

Based on input from Covered California’s Chief Actuary in early April, and following on Covered California’s analysis in [“The Potential National Health Cost Impacts to Consumers, Employers and Insurers in the Commercial Market Due to COVID-19”](#), this analysis used the following premium estimates:

|        | 2021 Rate Impact | 2022 Rate Impact | 2022 Cumulative |
|--------|------------------|------------------|-----------------|
| Medium | 14.7%            | 3.3%             | 18.5%           |

These estimates included not only increases in the cost of health care stemming from COVID-19, but a range of potential factors such as anticipated increased enrollment due to expanded subsidies, as well as uncertain market conditions.

As noted, the estimates used here were from mid-April and may differ from subsequent estimates (such as those used in the final Covered California budget forecasts) for how the pandemic and its economic consequences may impact premiums and enrollment.

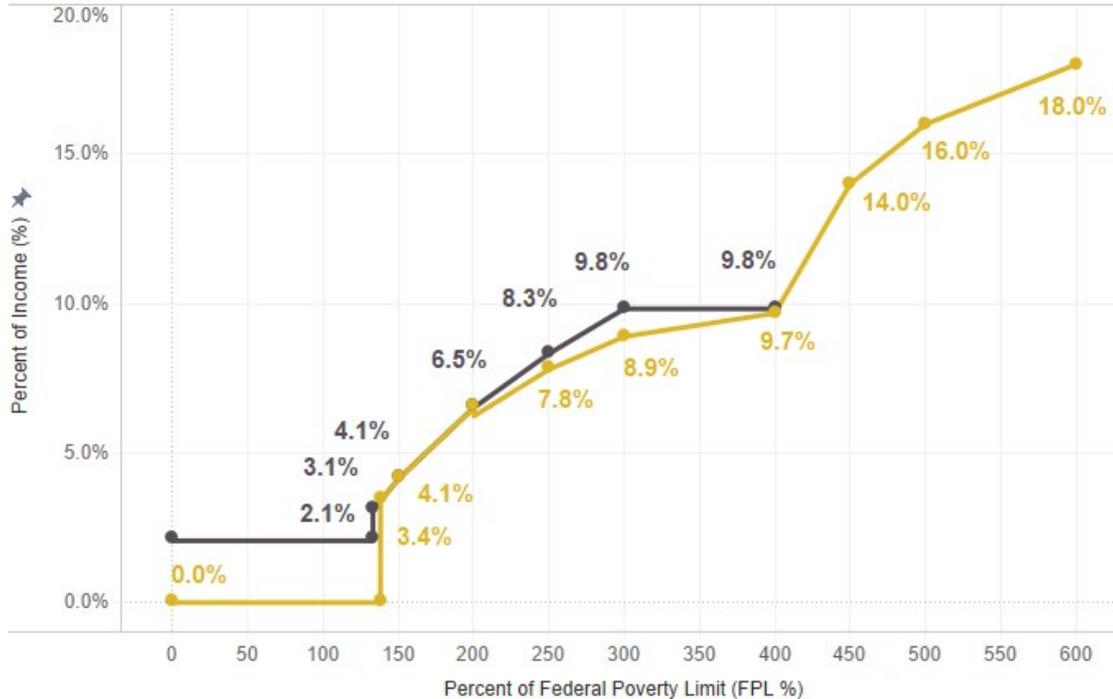
# MODELS CONSIDERED FOR 2021 PROGRAM DESIGN

| Model    | Name  | Description   | Estimated 3 Year Budget |
|----------|---|---|-------------------------|
| Baseline | <b>Baseline (Mid)</b>                       | Continues existing program design into 2021 and 2022  | \$938 M                 |
| Option 1 | <b>Close the Gap</b>                        | Improve affordability for all $\leq 600\%$ FPL with emphasis on consumers under 200% FPL who were not assisted in 2020. | \$1.371 Billion         |
| Option 2 | <b>Enhance Support for Low Income</b>       | Improve affordability for all $\leq 600\%$ FPL with emphasis on consumers in the 200 to 400% FPL range.                 | \$1.360 Billion         |
| Option 3 | <b>Expand Subsidies for 400 to 600% FPL</b> | Improve affordability for all $\leq 600\%$ FPL with emphasis on consumers in the 400 to 600% FPL range.                 | \$1.322 Billion         |

*\* All models use 14.7% premium growth and the 'Mid' enrollment assumptions.*

# BASELINE – CONTINUE 2020 PROGRAM DESIGN REQUIRED CONTRIBUTION CURVE

## Baseline (Mid)

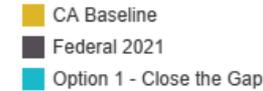
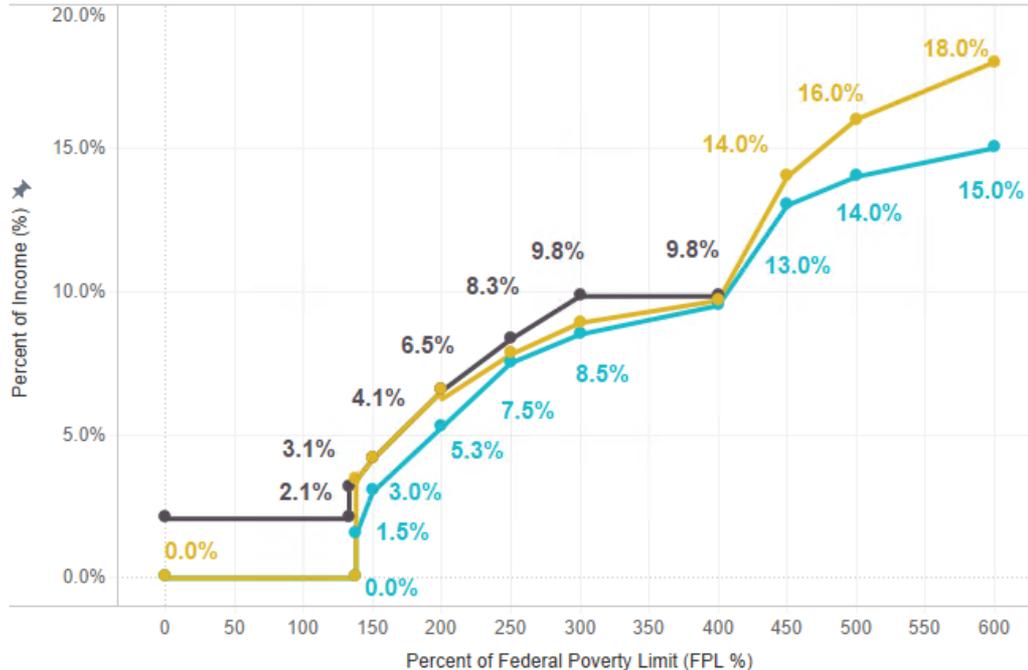


■ CA Baseline  
■ Federal 2021

| Income as Percent of FPL bracket | Federal 2021 |        | CA Baseline |        |
|----------------------------------|--------------|--------|-------------|--------|
|                                  | Initial      | Ending | Initial     | Ending |
| 0% to 133/138%                   | 2.07         |        | 0.00        |        |
| 133/138% to 150%                 | 3.10         |        | 3.41        |        |
| 150% to 200%                     | 4.14         | 6.52   | 4.14        | 6.52   |
| 200% to 250%                     | 6.52         | 8.33   | 6.24        | 7.80   |
| 250% to 300%                     | 8.33         | 9.83   | 7.80        | 8.90   |
| 300% to 400%                     | 9.83         | 9.83   | 8.90        | 9.68   |
| 400% to 450%                     |              |        | 9.68        | 14.00  |
| 450% to 500%                     |              |        | 14.00       | 16.00  |
| 500% to 600%                     |              |        | 16.00       | 18.00  |

# OPTION 1 – CLOSE THE GAP REQUIRED CONTRIBUTION CURVE

## Option 1 - Close the Gap

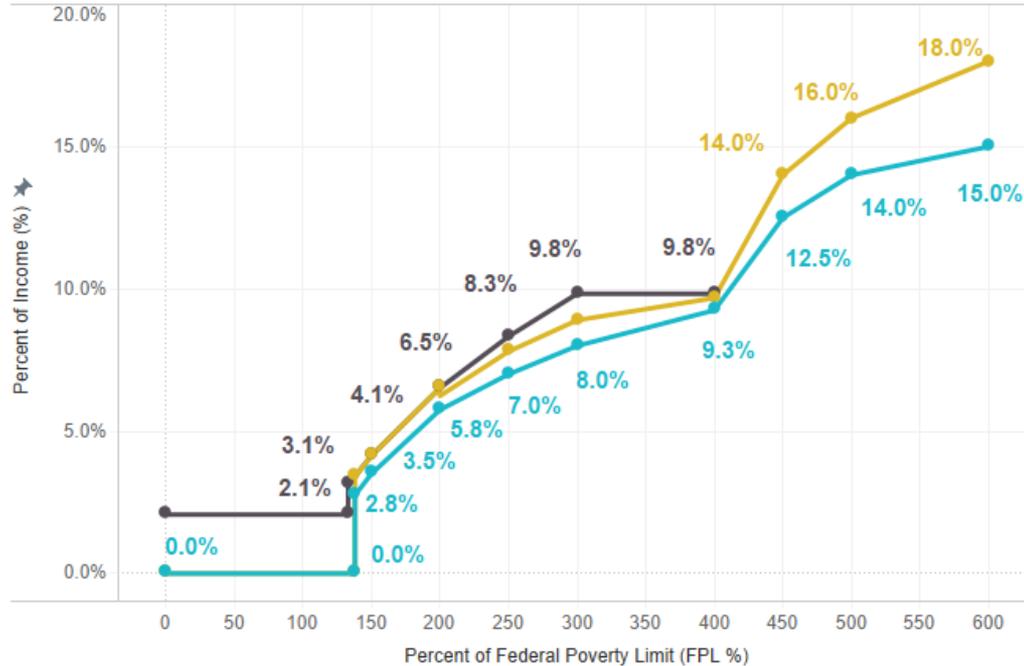


| Income as Percent of FPL bracket | Federal 2021 |        | CA Baseline |        | Option 1 - Close the Gap |        |
|----------------------------------|--------------|--------|-------------|--------|--------------------------|--------|
|                                  | Initial      | Ending | Initial     | Ending | Initial                  | Ending |
| 0% to 133/138%                   | 2.07         |        | 0.00        |        | 0.00                     |        |
| 133/138% to 150%                 | 3.10         |        | 3.41        |        | 1.50                     |        |
| 150% to 200%                     | 4.14         | 6.52   | 4.14        | 6.52   | 3.00                     | 5.25   |
| 200% to 250%                     | 6.52         | 8.33   | 6.24        | 7.80   | 5.25                     | 7.50   |
| 250% to 300%                     | 8.33         | 9.83   | 7.80        | 8.90   | 7.50                     | 8.50   |
| 300% to 400%                     | 9.83         | 9.83   | 8.90        | 9.68   | 8.50                     | 9.50   |
| 400% to 450%                     |              |        | 9.68        | 14.00  | 9.50                     | 13.00  |
| 450% to 500%                     |              |        | 14.00       | 16.00  | 13.00                    | 14.00  |
| 500% to 600%                     |              |        | 16.00       | 18.00  | 14.00                    | 15.00  |

\* As of the time of this analysis, this scenario was still undergoing feasibility review implementation timeline, as it may require complex system changes.

# OPTION 2 – ENHANCE SUPPORT FOR LOW-INCOME REQUIRED CONTRIBUTION CURVE

## Option 2 - Enhanced Support for Low Income

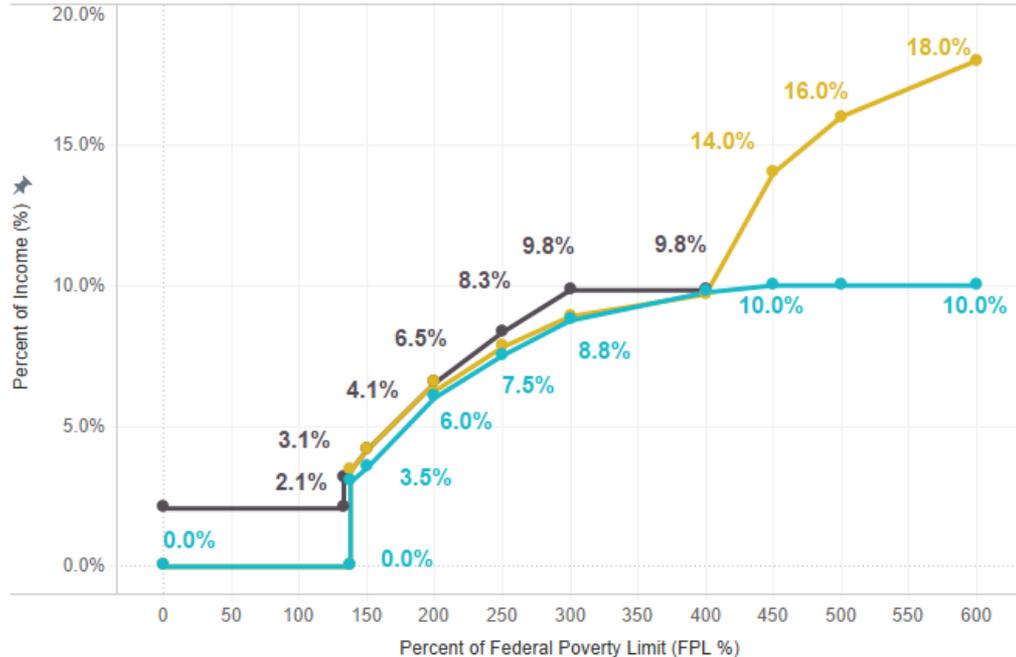


■ Option 2 - Enhance Support Low Income  
■ CA Baseline  
■ Federal 2021

| Income as Percent of FPL bracket | Federal 2021 |        | CA Baseline |        | Enhance Support Low Income |        |
|----------------------------------|--------------|--------|-------------|--------|----------------------------|--------|
|                                  | Initial      | Ending | Initial     | Ending | Initial                    | Ending |
| 0% to 133/138%                   | 2.07         |        | 0.00        |        | 0.00                       |        |
| 133/138% to 150%                 | 3.10         |        | 3.41        |        | 2.75                       |        |
| 150% to 200%                     | 4.14         | 6.52   | 4.14        | 6.52   | 3.50                       | 5.75   |
| 200% to 250%                     | 6.52         | 8.33   | 6.24        | 7.80   | 5.75                       | 7.00   |
| 250% to 300%                     | 8.33         | 9.83   | 7.80        | 8.90   | 7.00                       | 8.00   |
| 300% to 400%                     | 9.83         | 9.83   | 8.90        | 9.68   | 8.00                       | 9.25   |
| 400% to 450%                     |              |        | 9.68        | 14.00  | 9.25                       | 12.50  |
| 450% to 500%                     |              |        | 14.00       | 16.00  | 12.50                      | 14.00  |
| 500% to 600%                     |              |        | 16.00       | 18.00  | 14.00                      | 15.00  |

# OPTION 3 – EXPAND SUBSIDIES FOR 400 TO 600% FPL REQUIRED CONTRIBUTION CURVE

Option 3 - Expand Subsidies for 400 to 600% FPL



- Option 3 - Expand Middle Class Subsidies
- CA Baseline
- Federal 2021

| Income as Percent of FPL bracket | Federal 2021 |        | CA Baseline |        | Expand Middle Class Subsidies |        |
|----------------------------------|--------------|--------|-------------|--------|-------------------------------|--------|
|                                  | Initial      | Ending | Initial     | Ending | Initial                       | Ending |
| 0% to 133/138%                   | 2.07         |        | 0.00        |        | 0.00                          |        |
| 133/138% to 150%                 | 3.10         |        | 3.41        |        | 3.00                          |        |
| 150% to 200%                     | 4.14         | 6.52   | 4.14        | 6.52   | 3.50                          | 6.00   |
| 200% to 250%                     | 6.52         | 8.33   | 6.24        | 7.80   | 6.00                          | 7.50   |
| 250% to 300%                     | 8.33         | 9.83   | 7.80        | 8.90   | 7.50                          | 8.75   |
| 300% to 400%                     | 9.83         | 9.83   | 8.90        | 9.68   | 8.75                          | 9.75   |
| 400% to 450%                     |              |        | 9.68        | 14.00  | 9.75                          | 10.00  |
| 450% to 500%                     |              |        | 14.00       | 16.00  | 10.00                         | 10.00  |
| 500% to 600%                     |              |        | 16.00       | 18.00  | 10.00                         | 10.00  |

# ALL MODEL COMPARISONS

## KEY METRICS

|  | 14.7% Rate Increase |                          |  |   |          |
|--|---------------------|--------------------------|--|---|----------|
|  | Mid Enrollment      |                          |  |   |          |
|  | Baseline            | Option 1 - Close the Gap | Option 2 - Enhanced Support for Low Income | Option 3 - Expand Subsidies for 400 to 600% FPL |          |
|  | 2021                | 2021                     | 2021                                       | 2021  |          |
| State Subsidy \$ (aggregate)                         | \$349M              | \$564M                   | \$558M                                     | \$538M  |          |
| State Subsidy \$ (% of spend to over 400 FPL)        | 72%                 | 50%                      | 52%  | 67%   |          |
| Enrollees  | 1,502,271           | 1,503,338                | 1,503,641                                  | 1,507,342                                       |          |
| Enrollees between 400 and 600% FPL                   | 98,984              | 100,051                  | 100,355                                    | 104,056   |          |
| Enrollees Receiving State Subsidy (400 to 600% FPL)  | 57,720              | 62,232                   | 64,053                                     | 78,699  |          |
| Share of Enrollees in 400 to 600% FPL Receiving >\$0 | 45%                 | 48%                      | 49%  | 59%   |          |
| State Subsidy \$ (avg PMPM) - receiving only         | \$47                | \$43                     | \$43                                       | \$41  |          |
| State Subsidy \$ (avg PMPM, 400-600% receiving only) | \$362               | \$376                    | \$374                                      | \$381   |          |
| State Subsidy \$ (avg PMPM, 200-400% receiving only) | \$14                | \$24                     | \$30                                       | \$18  |          |
| State Subsidy \$ (avg PMPM, 138-200% receiving only) |                     | \$21                     | \$11                                       | \$9   |          |
|  | 2020                | \$217M                   | \$217M                                     | \$217M  | \$217M   |
|  | 2021                | \$349M                   | \$564M                                     | \$558M  | \$538M   |
|  | 2022                | \$372M                   | \$591M                                     | \$585M  | \$567M   |
|  | Grand Total         | \$938M                   | \$1,371M                                   | \$1,360M  | \$1,322M |