
Covered California: Status of Launching Affordable Health Care

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**February 22, 2013
DHCS Stakeholder Advisory Committee**

Covered California Vision & Mission

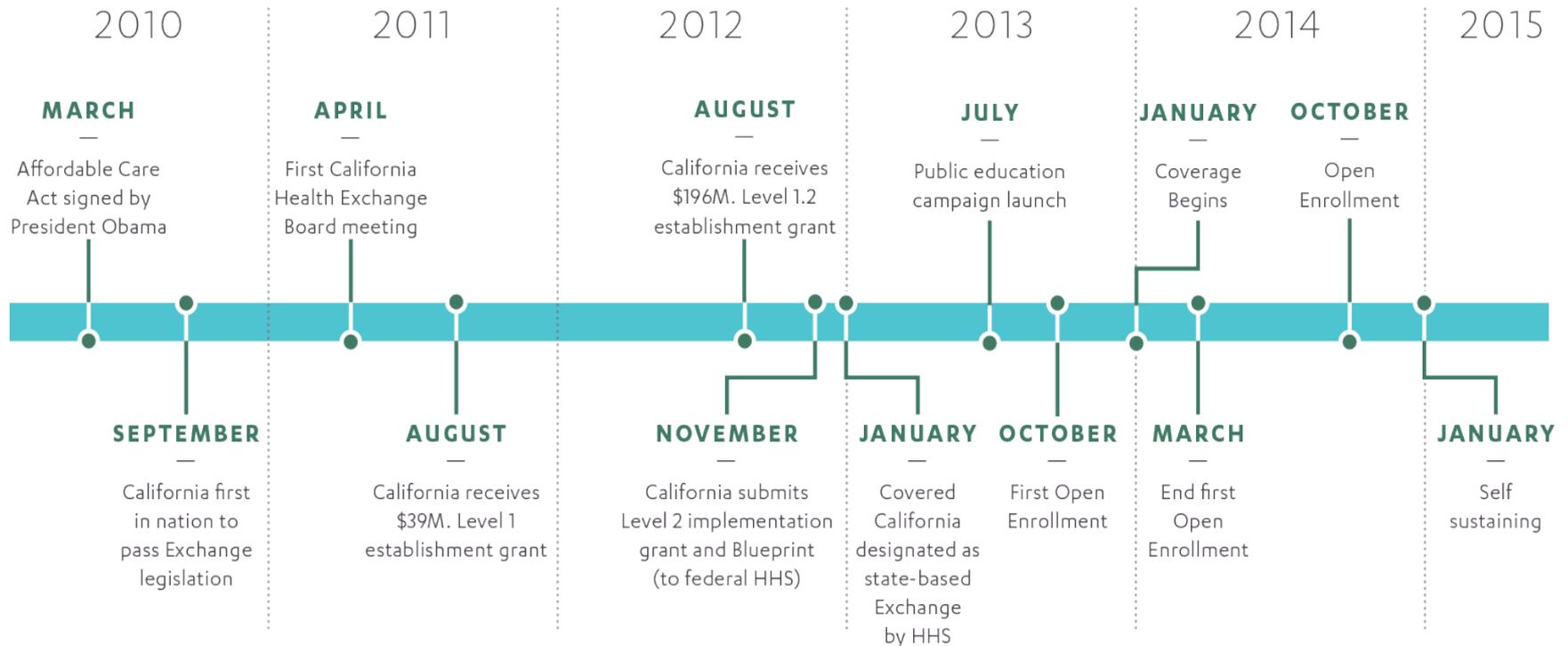
Vision

- The vision of Covered California is to improve the health of all Californians by assuring their access to affordable, high quality care.

Mission

- The mission of the Covered California is to increase the number of insured Californians, improve health care quality, lower costs, and reduce health disparities through an innovative, competitive marketplace that empowers consumers to choose the health plan and providers that give them the best value.

Covered California Milestones

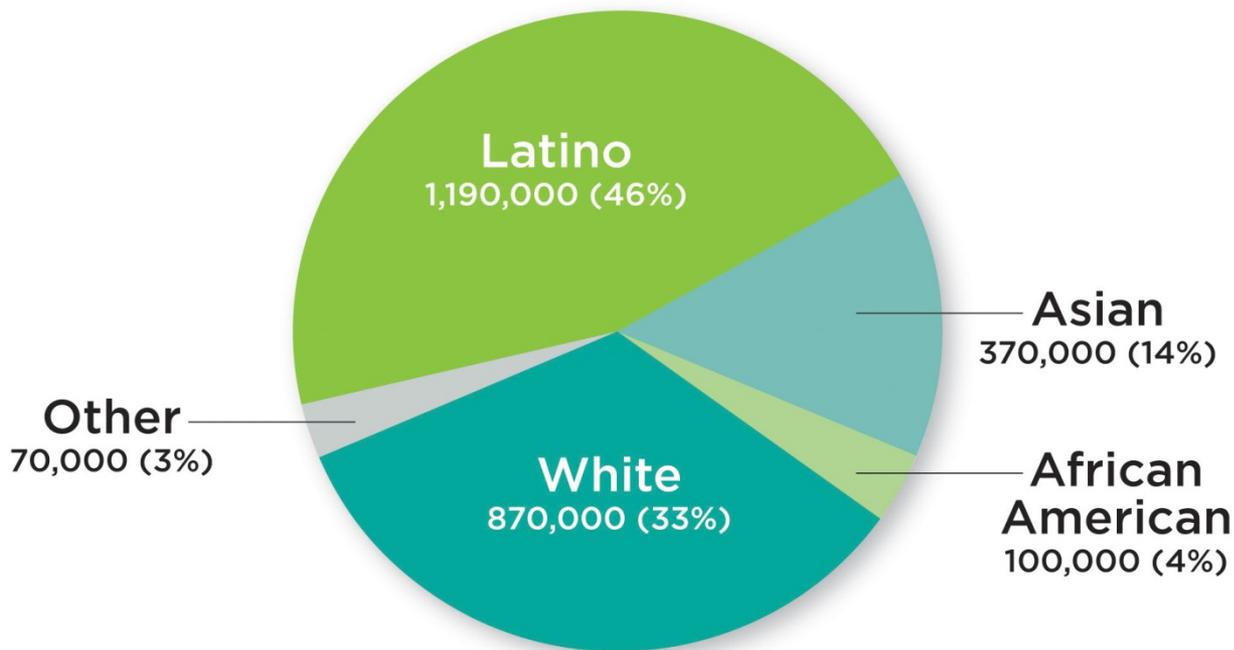


Source: Covered California Report to the Governor and Legislature, January 2013

Covered California's Primary Targets

- The primary target of marketing and outreach efforts of Covered California are the more than 5.3 million California residents as of 2014:
 - 2.6 million who qualify for subsidies in Covered California; and
 - 2.7 million who do not qualify for subsidies but now benefit from guaranteed coverage and can enroll inside or outside of Covered California.
- There are an additional 1.4 million Californians who may be newly eligible for Medi-Cal.

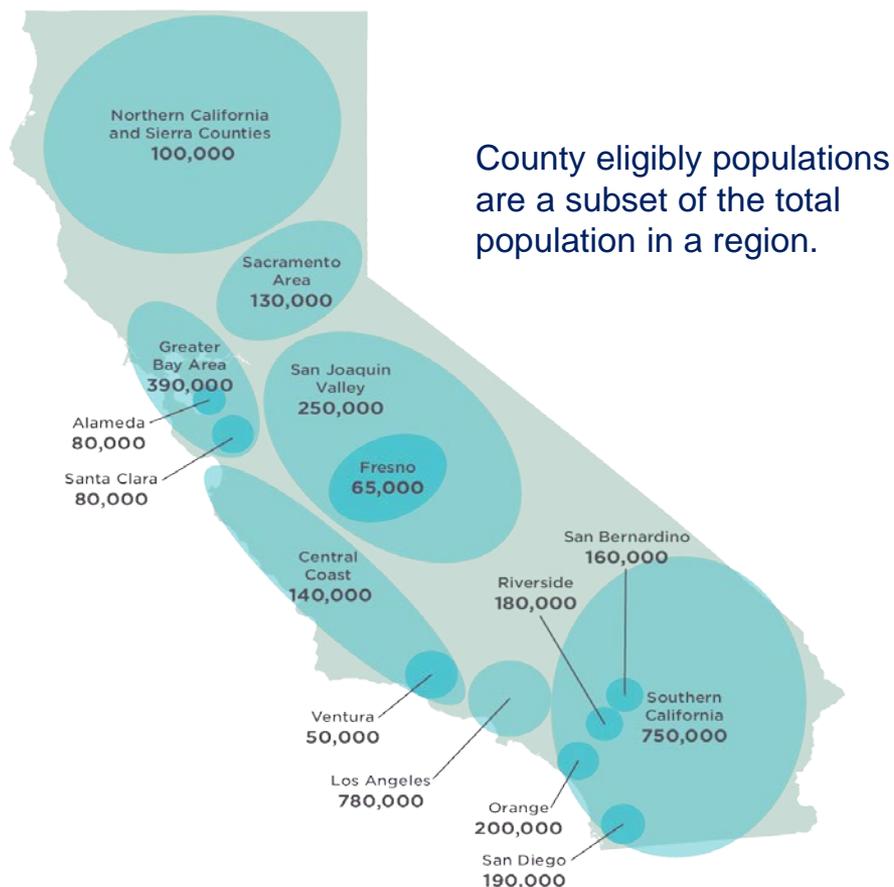
Ethnic Mix of Exchange Subsidy Eligible Californians



California's Subsidy Eligible Population is Spread Throughout the State

California's expanse, diverse geography and mix of rural and urban areas are unique and present outreach challenges.

Exchange Eligible Population by Region



The Foundations for Covered California's Success

Affordable
Health Plans

Effective
Outreach
and
Marketing

Smooth
Enrollment

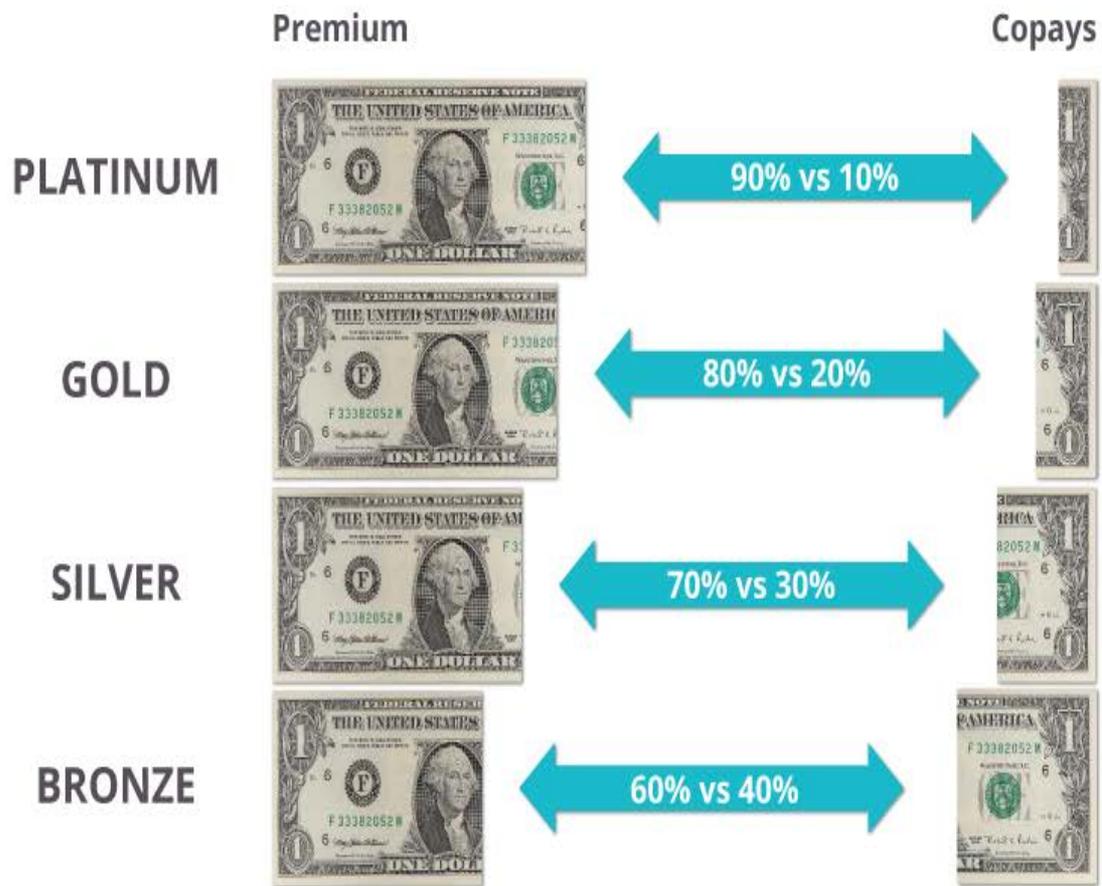
California Plans and Benefits – Affordable and High Quality

The Board adopted principles to guide the selection and oversight of the plans and benefit designs. These principles include:

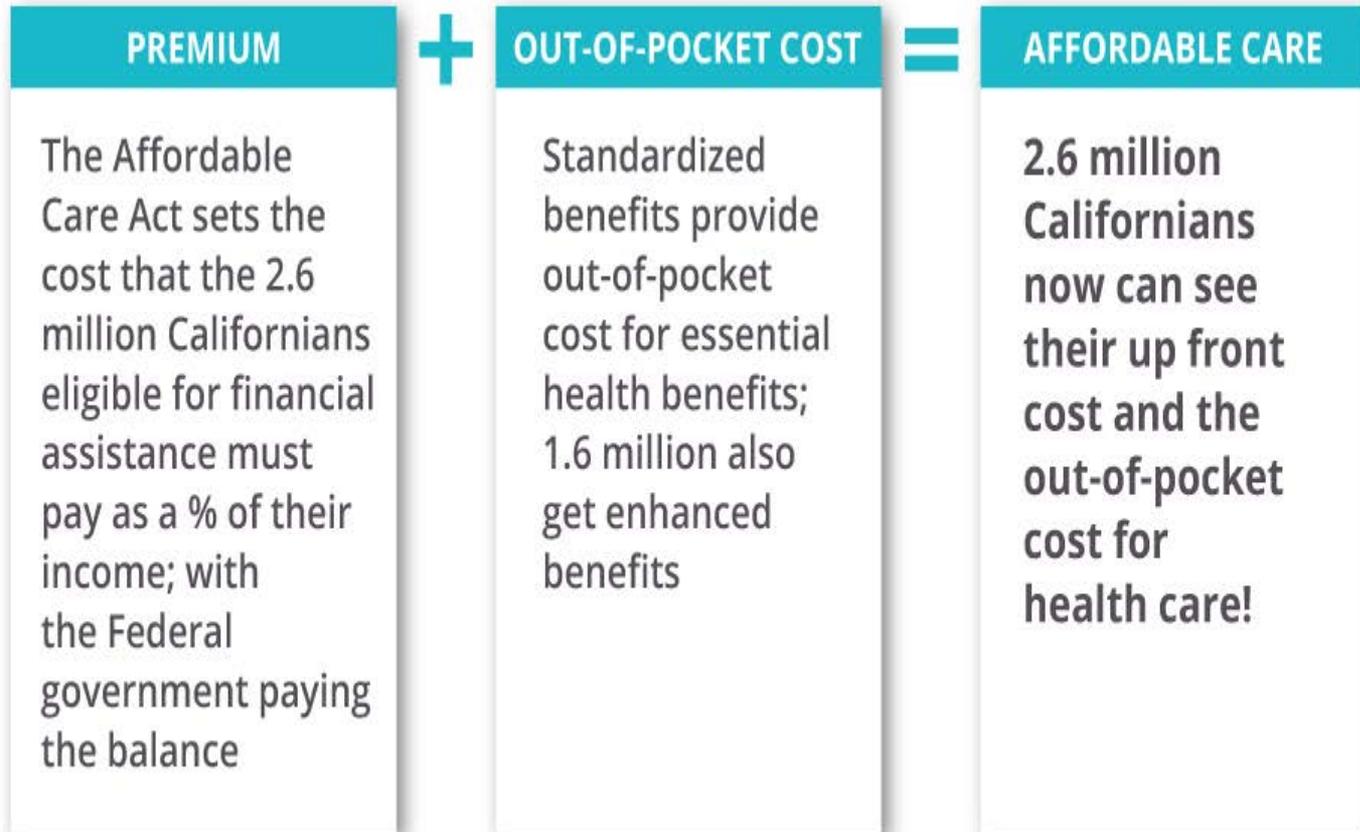
- Promoting affordability for the consumer and small employer — both in terms of premium and at point of care
- Assuring access to quality care for consumers presenting with a range of health statuses and conditions
- Facilitating informed choice of health plans and providers by consumers and small employers
- Promoting wellness and prevention
- Reducing health disparities and fostering health equity
- Working to reform the health care delivery system while being mindful of Covered California's impact on and role in the broader health care delivery system
- Operating with speed and agility and using resources efficiently in the most focused possible way



Consumers Trade Off Up Front Affordability with expected Out-of-Pocket Costs



Making Care More Affordable



Standardized Plans Shift the Focus of Competition

- **Good news** -- the Affordable Care Act requires that benefit plans cover all Essential Health Benefits and that they meet target percentages of coverage (specific Actuarial Values).
- **Great News** -- We believe that competition should focus on:
 - **Access** via a network with adequate primary care providers, specialty providers, hospitals, and other providers
 - **Cost** measured by the cost of providing a standard product, and
 - **Quality** demonstrated by the track record of both the health plan and the network they use.

Covered California's 2014 Standard Plans for Individuals – Key Benefits

	Platinum	Gold	Silver	Bronze
	89.1% of Costs	79.0% of Costs	68.4% of Costs	59% of Costs
COPAYS IN THE GREEN SECTIONS ARE NOT SUBJECT TO <u>ANY</u> DEDUCTIBLE AND COUNT TOWARD THE ANNUAL OUT-OF-POCKET MAXIMUM			CATEGORIES IN BLUE ARE SUBJECT TO DEDUCTIBLES	
	No Deductible	No Deductible	No Deductible	\$5,000 Deductible for Medical and Drugs
Preventive Care Copay	No Cost – 1 Ann Visit	No Cost – 1 Ann Visit	No Cost – 1 Ann Visit	No Cost – 1 Ann Visit
Primary Care Visit Copay	\$25	\$45	\$45	\$60 for 3 Visits
Specialty Care Visit Copay	\$50	\$65	\$65	\$70
Urgent Care Visit Copay	\$50	\$90	\$90	\$120
Emergency Room Copay	\$150	\$250	\$250	\$300
Lab Testing Copay	\$25	\$45	\$45	30%
X-Ray Copay	\$40	\$65	\$65	30%
Generic Medication Copay	\$5	\$25	\$25	\$25
High cost and infrequent services like Hospital Care, Outpatient Surgery, and Imaging (MRI, CT, Pet Scans).	<u>HMO</u> Outpatient Surgery -- \$250; Hospital -- \$250 per day up to 5 days <u>PPO</u> 10%	<u>HMO</u> Outpatient Surgery -- \$600; Hospital -- \$600 per day up to 5 days <u>PPO</u> 20%	\$2,000 Medical Deductible <u>HMO</u> Outpatient Surgery -- \$600; Hospital -- \$600 per day up to 5 days <u>PPO</u> 20%	30% of Your Plan's Negotiated Rate
Brand Medications may be subject to an Annual Deductible before you Pay the Copay	None	None	\$500 Drug Deductible then you pay the Copay Amount	No Separate Drug Deductible
Preferred Brand Copay After Deductible is Paid	\$15	\$50	\$50	\$50
ANNUAL MAXIMUM OUT-OF-POCKET COST TO YOU	\$4,000 for you and \$8,000 for your family	\$6,400 for you and \$12,800 for your family	6,400 for you and \$12,800 for your family	6,400 for you and \$12,800 for your family

Covered California's 2014 Sliding Scale Plans – Family of 4

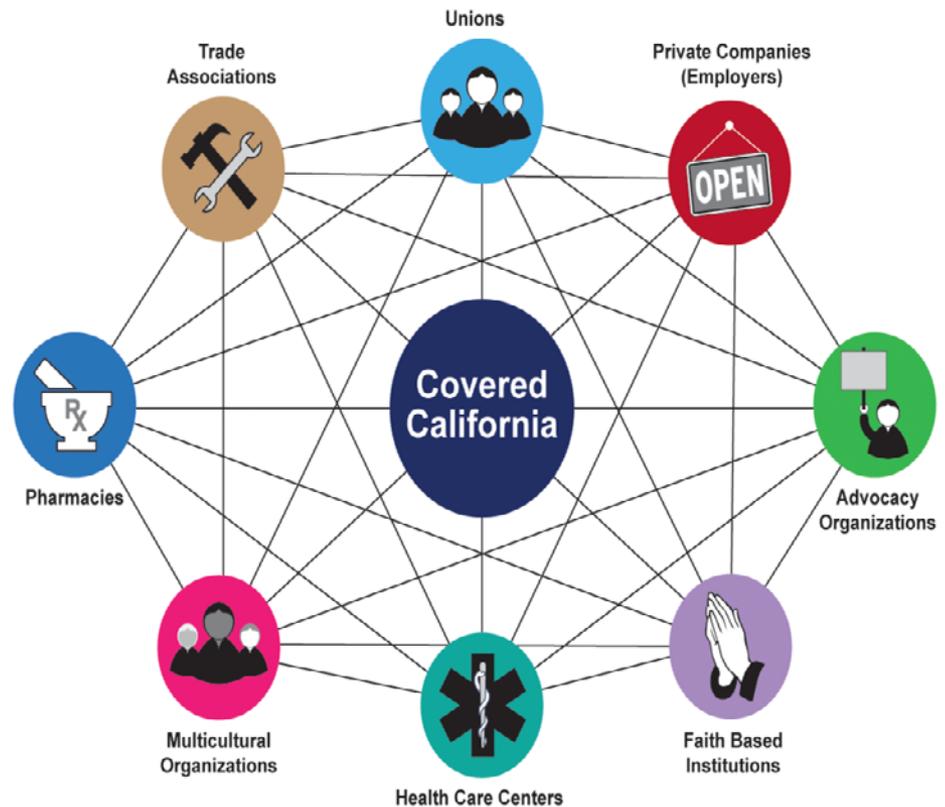
Annual Income	\$23,550 - \$35,325	\$35,325 - \$47,100	\$47,100 - \$58,875	\$58,875 - \$94,200
Monthly Consumer Cost <small>(Balance paid by Federal subsidy)</small>	\$39 - \$118	\$118 - \$247	\$247 - \$395	\$395 - \$746
COPAYS IN THE GREEN SECTIONS ARE NOT SUBJECT TO <u>ANY</u> DEDUCTIBLE AND COUNT TOWARD THE ANNUAL OUT-OF-POCKET MAXIMUM			BENEFITS IN BLUE ARE SUBJECT TO EITHER A MEDICAL DEDUCTIBLE, DRUG DEDUCTIBLE OR BOTH	
Deductible (if Any)	No Deductible	No Deductible	\$1500 Medical Deductible	\$2000 Medical Deductible
Preventive Care Copay	No Cost – 1 Annual Visit	No Cost – 1 Annual Visit	No Cost – 1 Annual Visit	No Cost – 1 Annual Visit
Primary Care Visit Copay	\$4	\$20	\$45	\$45
Specialty Care Visit Copay	\$6	\$25	\$55	\$65
Urgent Care Visit Copay	\$8	\$40	\$90	\$90
Lab Testing Copay	\$6	\$20	\$45	\$45
X-Ray Copay	\$10	\$25	\$65	\$65
Generic Medication	\$4	\$8	\$20	\$25
Emergency Room Copay	\$25	\$75	\$250	\$250
High cost and infrequent services like Hospital Care, Outpatient Surgery, and Imaging (MRI, CT, Pet Scans)	<u>HMO</u> Outpatient Surgery -- \$250; Hospital -- \$250 per day up to 5 days <u>PPO</u> 10%	<u>HMO</u> Outpatient Surgery -- \$600; Hospital -- \$600 per day up to 5 days <u>PPO</u> 20%	20% or Your Plan's Negotiated Rate	20% or Your Plan's Negotiated Rate
Brand Medications May be subject to Annual Drug Deductible before the Copay	No Deductible on Brand Drugs	\$50 Brand Drug Deductible then you pay the Copay Amount	\$500 Brand Drug Deductible then you pay the Copay Amount	\$500 Brand Drug Deductible then you pay the Copay Amount
Preferred Brand Copay After Drug Deductible	\$7	\$18	\$30	\$50
MAXIMUM OUT-OF-POCKET FOR ONE	\$2,250	\$2,250	\$5,200	\$6,400
MAXIMUM OUT-OF-POCKET FOR FAMILY	\$4,500	\$4,500	\$10,400	\$12,800

Outreach and Marketing to California's Uninsured

- Maximize the enrollment of uninsured Californians:
 - Provide a one-stop marketplace for affordable, quality health care options and health insurance information
 - Educate Californians to understand the benefits of coverage
 - Encourage insured Californians to retain their coverage
 - Ensure the availability of affordable health insurance coverage for all eligible Californians
- Ultimately, the goal is to have every eligible Californian get health insurance coverage

Statewide Mobilization Effort

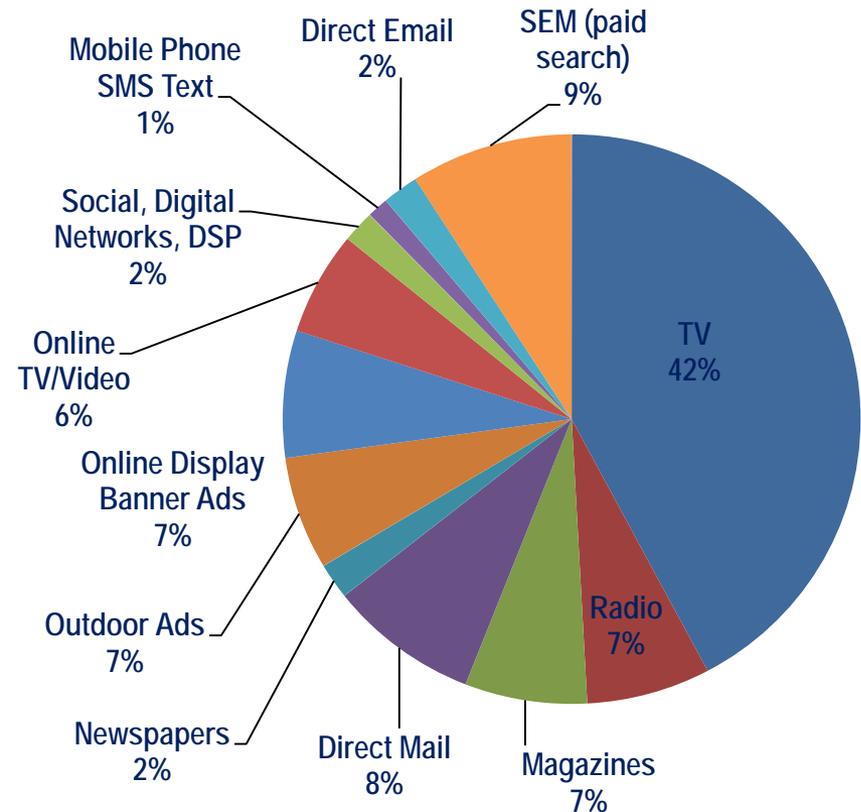
- Providing a stakeholder engagement framework for our Community Based grants and In-person Assisters program to reach strategic points of entry where people “live, work, shop, and play.”
- Community-based grants program, funded at \$43M over 2013-2014 to:
 - Mobilize and educate key influencers
 - Launch key milestone events
 - Establish market driven partnerships
 - Manage educational outreach and enrollment



Covered California Paid Media

- Paid media is designed to reach broad and targeted audiences in urban and rural markets across the state.
- Will target all multicultural channels and allow messages in 13 threshold languages.
- Paid media has a “halo” effect on all aspects of the outreach and education program, improving performance in those areas.

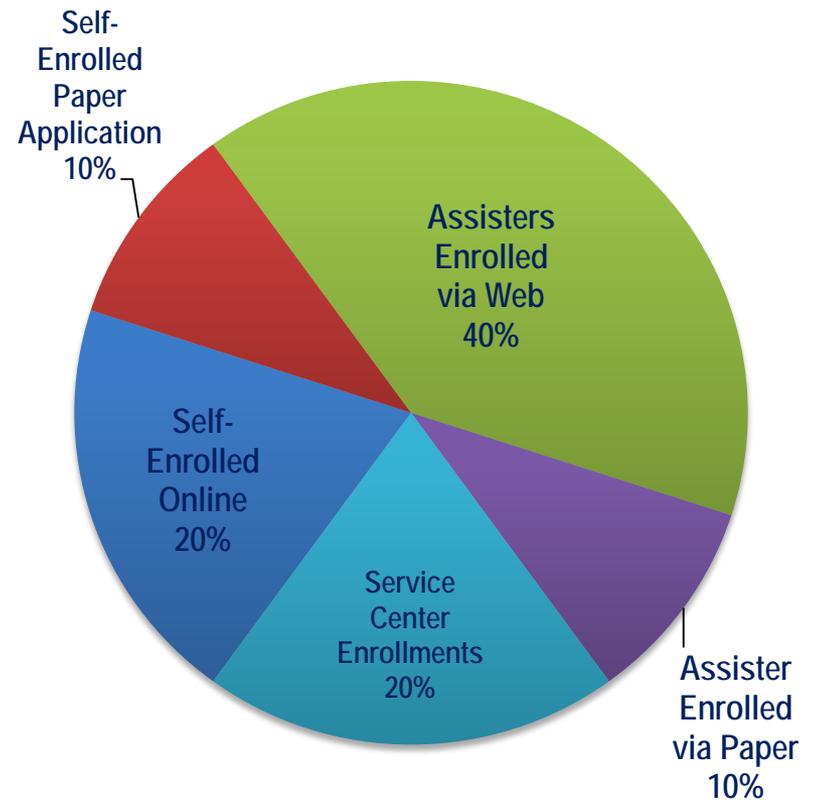
Potential Media Spending Mix for 2013/14



Helping Consumers Enroll

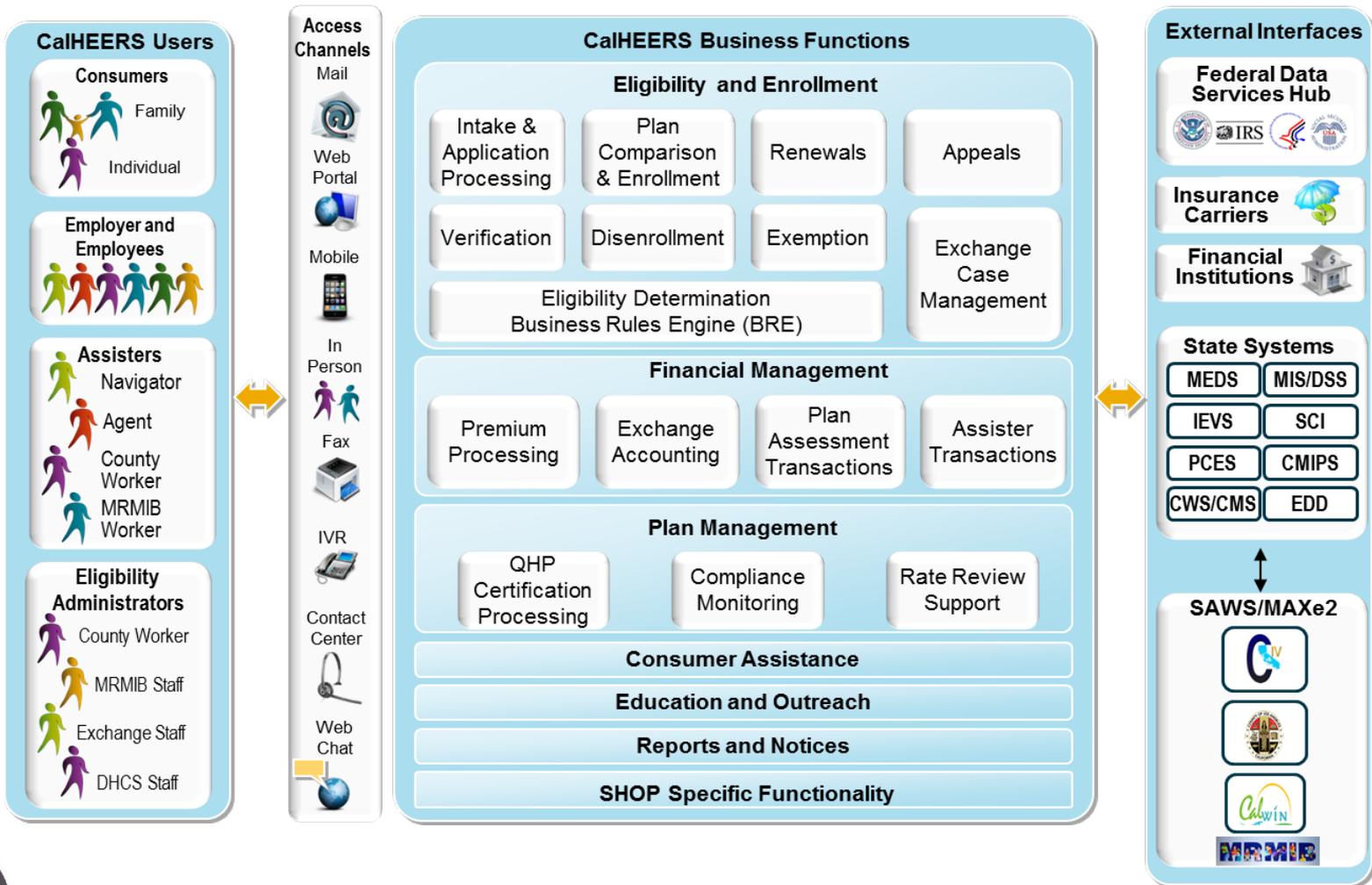
- Assistance delivered through trusted and known channels will be critical to building a culture of coverage to ensure as many consumers as possible enroll in and retain affordable health insurance.
- The need for assistance to enroll will be high during the early years, estimates range from 50% to 75% will need help enrolling.
- The in-person assisters and navigators will be trained, certified and registered with the Exchange in order to enroll consumers in Covered California products and programs.
- Customer Service Center will respond to general inquiries, provide assistance with enrollment, support retention and help those who enroll in Covered California.

Application Pathway Estimates



Building Effective Enrollment

CalHEERS Overview

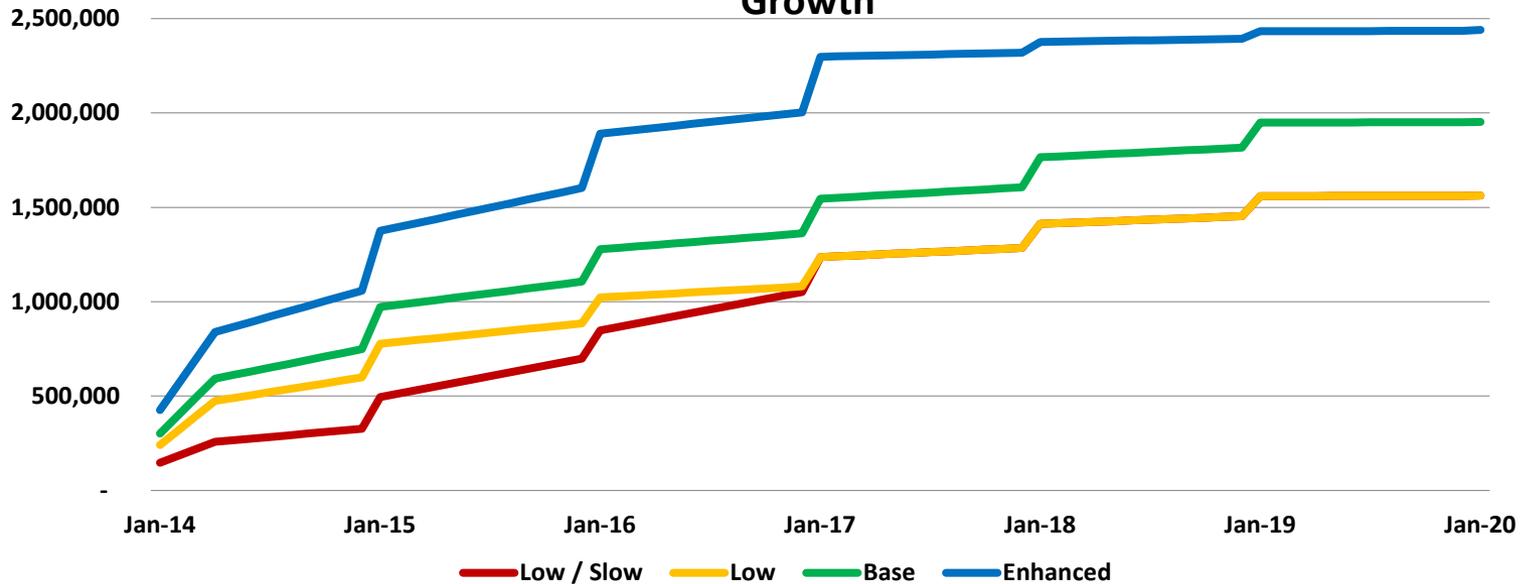


Small Business Health Options Program

- California is creating a separate exchange to serve small businesses and their employees, the Small Business Health Options Program (SHOP).
- The Exchange has undertaken a solicitation for a qualified vendor to administer the California SHOP and support its business functions.
- The vendor will be responsible for:
 - Sales support and fulfillment
 - Agent and general agent management
 - Agents must be trained and certified
 - Commissions will be competitive
 - Eligibility and enrollment
 - Financial management
 - Customer service

“Aim High” and Plan for Uncertainty

Exchange Subsidized & Unsubsidized Enrollment Projection Profile and Growth



	Jan-14	Jan-15	Jan-16	Jan-17	Jan-18	Jan-19	Jan-20
Low / Slow	150,000	490,000	850,000	1,240,000	1,410,000	1,560,000	1,560,000
Low	240,000	780,000	1,020,000	1,240,000	1,410,000	1,560,000	1,560,000
Base	300,000	970,000	1,280,000	1,550,000	1,770,000	1,950,000	1,950,000
Enhanced	430,000	1,380,000	1,890,000	2,300,000	2,380,000	2,430,000	2,440,000

Covered California is seeking to enroll as many Californians as possible. Covered California is working to meet and exceed its goals, while at the same time planning for lower enrollment by developing budgets that can be adjusted and constantly adjusting its marketing, outreach and operations as needed based on new information and experience.

Covered California

Planned Enrollment and Operating Budget

	2013	2014	2015	2016	2017
Key Variables					
Premium Collected	\$ -	\$ 4,593,636,060	\$ 8,606,230,770	\$ 12,078,402,954	\$ 15,369,903,069
Members	0	1,058,791	1,602,078	2,002,972	2,319,902
FTEs - Program Operations (Ex. Service Center)	272	293	293	293	293
FTEs - Service Center	530	860	761	761	761
Revenue					
HHS Establishment Grant 1.1-1.2 Funds	\$ 79,850,010	\$ -	\$ -	\$ -	\$ -
HHS Establishment Grant 2.0 Funds	285,121,369	384,585,858	-	-	-
Plan Assessment Revenue	-	137,809,082	258,186,923	301,960,074	307,398,061
Total Revenue	\$ 364,971,379	\$ 522,394,940	\$ 258,186,923	\$ 301,960,074	\$ 307,398,061
Plan Assessment %	-	3.00%	3.00%	2.50%	2.00%
Total Expenses					
Program Operations	54,146,282	57,032,843	47,675,385	49,585,457	50,728,010
Outreach, Education, & Grants	88,715,463	129,884,207	100,217,447	98,695,760	98,695,760
In-Person Assistance	17,522,532	36,738,170	24,700,929	25,346,554	25,346,554
Customer Service Center	87,812,637	102,100,905	91,890,815	91,890,815	91,890,815
CalHEERs System Development & Support	142,620,714	77,924,552	71,596,676	56,864,035	47,036,340
Subtotal Expenses	390,817,627	403,680,677	336,081,251	322,382,621	313,697,479
Allocated Cost Offsets	(25,846,247)	(14,094,819)	(20,739,715)	(17,121,581)	(14,735,341)
Total Operating Cost	\$ 364,971,379	\$ 389,585,858	\$ 315,341,536	\$ 305,261,039	\$ 298,962,137
Expense PMPM			17.65	13.07	10.79
Net Income	\$ -	\$ 132,809,082	\$ (57,154,613)	\$ (3,300,965)	\$ 8,435,924
Year-end Reserve Balance	\$ -	\$ 132,809,082	\$ 75,654,469	\$ 72,353,504	\$ 80,789,428
Minimum Target Year-End Balance (3 months)	\$ -	\$ 77,000,000	\$ 77,000,000	\$ 77,000,000	\$ 77,000,000
Difference - Surplus (Gap from 3 month minimum)	\$ -	\$ 55,809,082	\$ (1,345,531)	\$ (4,646,496)	\$ 3,789,428



Source: Covered California Board Meeting, November 14, 2012

For More Information:

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<http://www.hbex.ca.gov>

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www.coveredca.com

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