



For the  
love of  
Californians

# Covered California Annual Report

FISCAL YEAR 2024 - 25



# Table of Contents

**About Covered California**

**3**

**Covered California Board of Directors**

**3**

**Mission, Vision, Core Values, and Strategic Pillars**

**4**

**A Message from Covered California's Executive Director**

**5**

**Highlights from 2024-25: A Record Year for Enrollment and Affordability**

**6**

Covered California's Fiscal Year 2024-2025 Budget

6

Maintaining a Competitive Marketplace and Consumer Choice: Rates, Carriers, and Benefit Design for Plan Year 2025

8

2025: Record Levels of Financial Help and Another Year of Record Enrollment

10

Record Enrollment

11

DACA Eligibility Expansion

12

Connecting Consumers to Coverage

13

Federal and State Policy Impacts to the Marketplace

15

Quality Transformation Initiative and Driving Health Equity Improvement

17

Promoting Oral Health through Dental Coverage

19

Covered California for Small Business (CCSB)

19

**Looking Ahead to the Next Fiscal Year**

**20**

## About Covered California

In 2010, California became the first state in the nation to enact legislation to establish a state-based health insurance exchange under the Patient Protection and Affordable Care Act (ACA). That state-based marketplace is Covered California.

Covered California was officially established in 2011. Since its first open enrollment in 2013, Covered California has expanded access to affordable, quality health coverage and care to millions of Californians. Covered California operates a competitive marketplace where consumers are empowered to shop, compare, and choose among brand-name health insurance plans that work best for their health needs and budget. Covered California is the only place where eligible Californians can get federal and state financial assistance to help them pay for their premiums and reduce their out-of-pocket costs. Depending on their income, some consumers may qualify for the low-cost or no-cost Medi-Cal program, and Covered California works closely with the Department of Health Care Services and counties to enroll consumers in Medi-Cal when appropriate. Covered California for Small Business assists small businesses enroll in health insurance plans that meet their employees' needs and offers tax credits to reduce the cost of coverage for qualifying business.

## Covered California Board of Directors

Covered California is an independent entity in state government governed by a Board of Directors appointed by the Governor and California Legislature. The Secretary of the California Health and Human Services Agency, or a designee, serves as an ex-officio voting member of the Board.



SEC. KIM JOHNSON  
(CHAIR)



CRAIG CORNETT



MAYRA ALVAREZ



JERRY FLEMING



SUMI SOUSA

## Mission

The mission of 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.

## Vision

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

## Core Values



## Strategic Pillars

Affordable Choices	Quality Care	Organizational Excellence	Reaching Californians	Catalyst for Change	Exceptional Service
We connect consumers to financial assistance and a choice of affordable plans and providers that give them the best value.	We ensure consumers consistently receive accessible, equitable, high-quality care.	We foster a nimble culture of continuous improvement that empowers and motivates our team to deliver on our mission with high standards.	We are unwavering in our pursuit to reach Californians and connect them to comprehensive and affordable coverage.	We pioneer new ideas and disseminate our learnings to drive improvement in health care in California and nationally.	We provide the highest level of service and exceed our consumers' expectations.

### DIVERSITY, EQUITY, & INCLUSION

We apply this lens in all our work to improve the health and experience of our consumers and to create and support a workforce reflective of our core values and the people we serve.

## A Message from Covered California's Executive Director

On behalf of the governing board of Covered California, and pursuant to Government Code Section 100503, I am pleased to present this report to the governor and Legislature on Covered California's and activities during fiscal year (FY) 2024-2025.

Fiscal Year 2024-25 brought tremendous gains in affordability and coverage to Californians thanks to the federal enhanced premium tax credits that have been available since 2021. As evidenced by the numbers, this financial assistance drove enrollment up to a record high of 1.9 million consumers this past open enrollment period, the majority of whom are benefiting from enhanced financial premium help and state-funded cost-sharing reductions.



Acknowledging that enhanced premium tax credits are set to expire at the end of 2025, Covered California has been proactively working to provide policymakers with data and analysis on what the loss of these funds would mean for healthcare access, affordability, and coverage across the state. While the extension of the tax credits is possible upon an act of congress and presidential approval before the end of the year, Covered California is actively engaging in a robust retention campaign and stands ready to implement the enhanced premium tax credit program if it is approved.

Throughout the year, Covered California embarked on numerous initiatives to increase enrollment, generate improvement to health care quality and equity for consumers, and wisely invest our resources into advancing our mission.

Covered California has remained steadfast in its mission to ensure health plan accountability through our Quality Transformation Initiative (QTI) that sets direct financial incentives for improving member health outcomes across several prevalent chronic conditions. Covered California also launched the inaugural Population Health Investment (PopHI) program with funds generated by the QTI to support health related social needs of our most vulnerable members in the areas of food security, childhood vaccination adherence, and supporting providers serving Medi-Cal and Covered California consumers.

We know that Covered California's success is a product of our many partnerships with the Administration and its agencies, the Legislature, consumer advocates, carriers, insurance agents, community organizations, counties, providers and others who support us in achieving our mission. We are proud to do this work alongside you and continue to make gains in improving the lives of Californians.

## Highlights from Fiscal Year 2024-25: A Record Year for Enrollment and Affordability

### Covered California's Fiscal Year 2024 - 2025 Budget

The FY 2024-2025 budget highlights California's commitment to consumers by focusing on strategic investments in marketing and outreach, enhancing the Service Center, and improving healthcare quality.

Covered California is an independent public entity managed by a five-member board and operates independently of any agency or department. It does not receive funding from the state General Fund for its operations. Instead, Covered California generates revenue to cover its operational and capital costs by charging insurance carriers a participation fee based on the gross premiums they collect from consumers. This participation fee is calculated as a percentage of the gross premiums that health plan carriers charge their customers.

Covered California's financial plan is designed to ensure long-term fiscal sustainability. This strategy involves striking a balance between the participation fee rate charged, operating and capital expenditures, and maintaining a prudent level of reserves, or an uncommitted fund balance.

In the FY 2024-25 budget, the Covered California Board approved a temporary reduction in the individual market participation fee for the 2025 plan year, lowering it from 3.25% to 2.25%. This decision aligns with Covered California's long-term strategy for fiscal sustainability, which aims to reduce the uncommitted fund balance to a targeted range of six to eight months' worth of budgeted operating and capital expenditures. Best practices note that organizations like Covered California maintain a sufficient level of uncommitted fund balance (or reserves) to manage current and future risks, such as revenue shortfalls and unexpected expenses, while also keeping the participation fee rate stable and reasonable.

The total approved budget for Covered California for FY 2024-25 was \$474.4 million (**Figure 1**), reflecting a 4.2% increase from the FY 2023-24 budget of \$455.1 million. The approved budget included an additional \$18.3 million in expenditures above the baseline, along with the addition of 19 new positions to support critical priorities and advance the organizational goals outlined in Covered California's strategic plan. Key budget requests for the FY 2024-25 approved budget included:

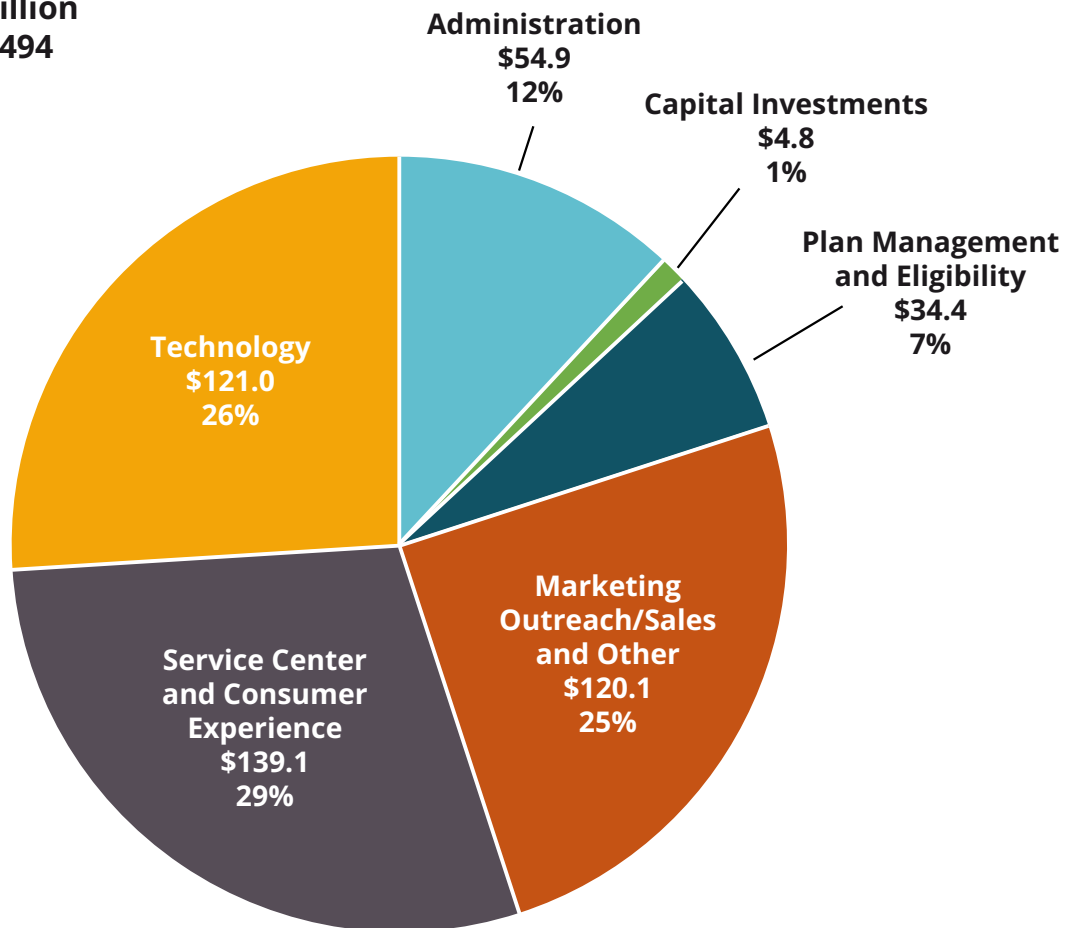
- \$4.6 million to fund four initiatives to strengthen Covered California's marketing and outreach efforts, making them more direct, focused, and targeted.
- \$1.2 million for three initiatives to gather more useful and actionable information regarding consumer experience and apply lessons towards enrollment system redesign and enhancement.

- \$4.7 million to ensure that Covered California’s investments in technology drive greater productivity, efficiency, and innovation.
- \$1.7 million for one initiative to strengthen information security.
- \$896,000 for three initiatives focused on health care quality-improvement incentives and health care quality monitoring and reporting activities.
- \$5.2 million to fund a new or renewed contract for contracted customer support services.
- \$105,628 to restore a position in the Equal Employment Opportunity Office that had been previously transferred to another division to meet another urgent need.

FY 2024-25 actual budgetary operational and capital expenditures totaled \$430.7 million, or \$43.7 million less than the approved budget of \$474.4 million. This represents a 9.2 percent favorable budget variance (**Table 1**).

**Figure 1: FY 2024-25 Approved Covered California Budget Expenditures by Functional Area (Dollars in Millions)**

**Total 474.4 Million**  
**Total Staff: 1,494**





**Table 2: California's Individual Market Rate Changes**

Year	2021	2022	2023	2024	2025	5-Year Compounded Average
<b>Weighted Average</b>	0.5%	1.8%	5.6%	9.6%	<b>7.9%</b>	5.0%

Covered California continued to offer competitive benefit designs that reduced the cost-share for a variety of services, making office visits even more affordable shown below.



**2025 Patient-Centered Benefit Designs and Medical Cost Shares**

Benefits in blue are NOT subject to a deductible. Benefits in blue with a white corner are subject to a deductible after the first three visits.

Coverage Category	Minimum Coverage	Bronze	Silver	Silver 73 CA Enhanced CSR	Silver 87 CA Enhanced CSR	Silver 94 CA Enhanced CSR	Gold	Platinum
Percent of cost coverage	Covers 0% until out-of-pocket maximum is met	Covers 60% average annual cost	Covers 70% average annual cost	Covers 73% average annual cost	Covers 87% average annual cost	Covers 94% average annual cost	Covers 80% average annual cost	Covers 90% average annual cost
Cost-sharing Reduction Single Income Range	N/A	N/A	N/A	>\$30,120 (Above 200% FPL)	\$22,591 to \$30,120 (>150% to ≤200% FPL)	up to \$22,590 (100% to ≤150% FPL)	N/A	N/A
Free Preventive Care Visit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Primary Care Visit	After first 3 non-preventive visits, full cost per instance until out-of-pocket maximum is met	\$60	\$50	\$35	\$15	\$5	\$35	\$15
Urgent Care		\$60	\$50	\$35	\$15	\$5	\$35	\$15
Specialist Visit	Full cost per service until out-of-pocket maximum is met	\$95*	\$90	\$85	\$25	\$8	\$65	\$30
Emergency Room Facility		40% after deductible is met	\$400	\$350	\$150	\$50	\$330	\$150
Laboratory Tests		\$40	\$50	\$50	\$20	\$8	\$40	\$15
X-Rays and Diagnostics		40% after deductible is met	\$95	\$95	\$40	\$8	\$75	\$30
Imaging		\$325	\$325	\$100	\$50	\$75 copay or 25% coinsurance***	\$75 copay or 10% coinsurance***	
Tier 1 (Generic Drugs)		\$19	\$18	\$15	\$5	\$3	\$15	\$7
Tier 2 (Preferred Drugs)	Full cost per script until out-of-pocket maximum is met	40% up to \$500 per script after drug deductible is met	\$60**	\$55	\$25	\$10	\$60	\$16
Tier 3 (Non-preferred Drugs)			\$90**	\$85	\$45	\$15	\$85	\$25
Tier 4 (Specialty Drugs)			20% up to \$250** per script	20% up to \$250 per script	15% up to \$150 per script	10% up to \$150 per script	20% up to \$250 per script	10% up to \$250 per script
Medical Deductible - The amount you pay before the plan pays	N/A	Individual: \$5,800 Family: \$11,600	Individual: \$5,400 Family: \$10,800	N/A	N/A	N/A	N/A	N/A
Pharmacy Deductible - The amount you pay before the plan pays	N/A	Individual: \$450 Family: \$900	Individual: \$50 Family: \$100	N/A	N/A	N/A	N/A	N/A
Annual Out-of-Pocket Maximum	\$9,200 individual \$18,400 family	\$8,850 individual \$17,700 family	\$8,700 individual \$17,400 family	\$6,100 individual \$12,200 family	\$3,000 individual \$6,000 family	\$1,150 individual \$2,300 family	\$8,700 individual \$17,400 family	\$4,500 individual \$9,000 family

Drug prices are for a 30 day supply.

\* Copay is for any combination of services (specialist) for the first three visits.

\*\* After three visits, future visits will be at full cost until the medical deductible is met.

\*\*\* Price is after pharmacy deductible amount is met.

\*\*\*\* See plan Evidence of Coverage for imaging cost share.

Covered California may approve deviations from the benefit plan designs for certain services on a case by case basis if necessary to comply with the California Mental Health Parity Act or federal Mental Health Parity and Addiction Equity Act (MHPAEA).

## 2025: Record Levels of Financial Help and Another Year of Record Enrollment

In the 2024-2025 fiscal year, Covered California consumers experienced record affordability due to federal and state financial help. Enhanced federal premium tax credits made possible through the American Rescue Plan Act of 2021, which were later extended through 2025 by the Inflation Reduction Act of 2022, increased premium assistance to those already receiving it and expanded eligibility to middle-income consumers over 400% FPL for the first time. In total, the enhanced premium tax credits saved consumers over \$2B in premium costs in 2025.

**Table 3: Enrollment and Tax Credit Value by Federal Poverty Level (FPL)**

FPL Group	Subsidized Enrollees	Annual Value of Enhanced Tax Credits
0-150% FPL	264,880	\$125 million
150-200% FPL	531,460	\$424 million
200-250% FPL	278,590	\$308 million
250-400% FPL	500,780	\$440 million
>400% FPL	173,460	\$795 million
<b>Total</b>	<b>1,749,550</b>	<b>\$2.1 billion</b>

In 2024, California implemented its first-ever state-funded CSR program. For Californians at or below 250 percent of the FPL, the program improved health care affordability and access to care by eliminating deductibles in all three Silver CSR plans. It also lowered generic drug costs and copays for medical visits and reduced other out-of-pocket costs. During fiscal year '24-'25, 1.65 million Californians have benefited from the program.

For 2025, thanks to the leadership of the Governor and California Legislature, the 2024-2025 state budget increased the amount of state funds available for the enhanced CSR program for plan year 2025 to \$165 million and expanded eligibility for it. As a result, in 2025 Californians with incomes above 200 percent of the FPL were eligible to enroll in an Enhanced Silver 73 plan with no deductibles and reduced out-of-pocket costs, while those under 200 percent FPL will continue to have access to higher levels of benefits. This change further reduced financial barriers to accessing health care and simplified the process of shopping for health insurance.

**Table 4: Comparison of Silver CSR Plans and State-Enhanced Cost Sharing Reductions**

<b>Benefit</b>	<b>Silver 73 Standard CSR Plan</b>	<b>Silver 73 Enhanced CA CSR</b>	<b>Silver 87 Standard CSR Plan</b>	<b>Silver 87 Enhanced CA CSR</b>	<b>Silver 94 Standard CSR Plan</b>	<b>Silver 94 Enhanced CA CSR</b>
<b>Medical Deductible</b>	\$5,400	<b>\$0</b>	\$800	<b>\$0</b>	\$75	<b>\$0</b>
ED Facility Fee	\$450	<b>\$350</b>	\$150	\$150	\$50	\$50
Primary Care Visit	\$50	<b>\$35</b>	\$15	\$15	\$5	\$5
Specialist Visit	\$90	<b>\$85</b>	\$25	\$25	\$8	\$8
<b>Drug Deductible</b>	\$150	<b>\$0</b>	\$50	<b>\$0</b>	\$0	\$0
Tier 1 (Generics)	\$19	<b>\$15</b>	\$6	<b>\$5</b>	\$3	\$3

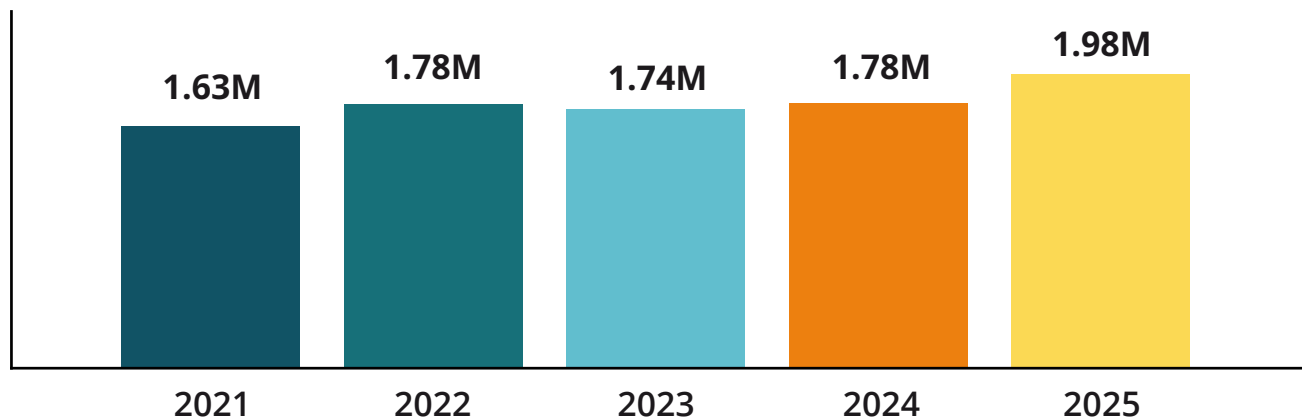
## Record Enrollment

By the end of the open enrollment period, 1,979,504 Californians selected a health plan through Covered California for 2025 coverage. This marked the fourth year of consecutive enrollment growth for Covered California since the passage of the American Rescue Plan in 2021, which provided for enhanced premium tax credits. The high demand for Covered California is indicative of increased financial help making health care coverage more attainable for Californians.

**Table 5: Covered California Plan Selections Starting Coverage Years (2021-2025)**

<b>Net Plan Selections</b>	<b>2021 (Count)</b>	<b>2022 (Count)</b>	<b>2023 (Count)</b>	<b>2024 (Count)</b>	<b>2025 (Count)</b>
New Enrollment	249,279	255,575	263,325	306,382	345,711
Renewals	1,376,267	1,521,867	1,476,043	1,478,271	1,633,793
<b>Total Plan Selections</b>	<b>1,625,546</b>	<b>1,777,442</b>	<b>1,739,368</b>	<b>1,784,653</b>	<b>1,979,504</b>

**Figure 2: Covered California Plan Selections Starting Coverage Years (2021-2025)**



## DACA Eligibility Expansion



In May of 2024, the U.S. Department of Health and Human Services, under the Biden Administration, finalized a federal rule that expanded the definition of “lawfully present” to include individuals in the Deferred Action for Childhood Arrivals (DACA) program. This change made DACA recipients eligible for coverage and financial assistance through health insurance marketplaces for the first time. Covered California implemented this expansion, which began November 1, 2024, through a comprehensive strategy that included digital and radio advertising, partnerships with immigrant advocacy organizations, email campaigns, and highlighting DACA eligibility as a key component of the 2025 open enrollment campaign.

Covered California successfully enrolled over 2,000 consumers under this new eligibility criteria, allowing them to access premium assistance and cost-sharing benefits.

Of note, in June of 2025, the Centers for Medicare & Medicaid Services (CMS) under the Trump Administration, issued the Marketplace Integrity and Affordability Rule which included provisions terminating DACA eligibility effective at the end of August 2025, among other changes impacting marketplaces. In response, Covered California undertook a rapid unwinding effort to ensure affected consumers were informed of the policy change, dis-enrolled from coverage, and provided with information about alternative coverage options.

## Connecting Consumers to Coverage

Marketing, outreach, and enrollment assistance played core roles in helping achieve Covered California's record enrollment by amplifying the importance and affordability of coverage through multimedia channels, in-person outreach, and press events.

Covered California leaned in by demystifying health insurance during the 2025 open enrollment period through the "Let's Talk Health Open Enrollment Campaign." This campaign focused on health literacy and ensuring consumers understand what their coverage options are, the importance of insurance, and how to use their coverage. In partnership with the California State Library and local libraries across the state, Covered California kicked off its open enrollment tour at local libraries to get the word out that now is the time to sign up. Covered California also supported workshops and supplied educational materials for community members to learn what they qualify for and what options are available to them in their local libraries.



Figure 3 Covered California Executive Director Jessica Altman at the Redding "Let's Talk Health" Open Enrollment event with Theresa Blanco of Shasta Health and Jared Tolman of Shasta Libraries.

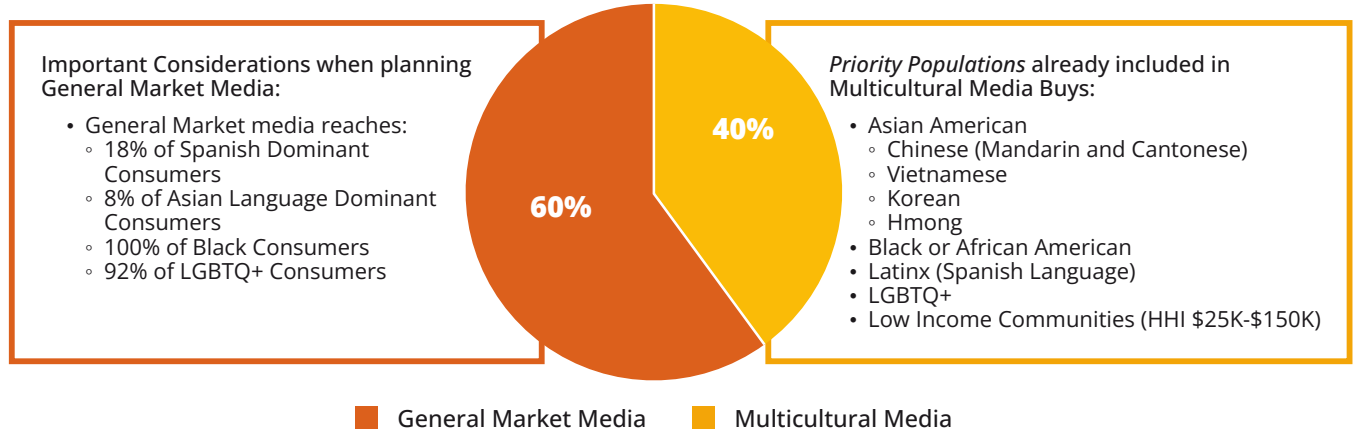


Figure 4 Covered California Executive Director Jessica Altman at the Bay Area "Let's Talk Health" Open Enrollment event with Michael Lambert of SF Public Library, Linda Neuhauser of UC Berkeley, Lamar Haystek of Asian Inc. and Rubio Rincon of MedaSF.



Covered California demonstrated its commitment to reaching California’s diverse communities by intentionally investing in ethnic and community-based media outlets to ensure trusted messengers relay how Covered California can support them.

**Figure 5: FY 24/25 Spend Breakdown**



Agents, navigators, and certified enrollers up and down the state also played a crucial role in getting the word out this past open enrollment. Notably, in 2025, there was an uptick in the number of consumers who used an enrollment agent to assist with their enrollment and plan selection.

**Table 6: Enrollment by Service Channel, 2025 v. 2024**

SERVICE CHANNEL	2025		2025 v. 2024	
	Enrollees	Column %	Difference	% Change
Certified Enrollment Counselor	8,971	3%	2,051	30%
Certified Insurance Agent	194,578	56%	36,438	23%
Certified Plan-based Enroller	6,927	2%	2,077	43%
County Eligibility Worker	309	0%	89	40%
Service Center Representative	25,725	7%	2,285	10%
Unassisted	109,201	32%	-3,609	-3%
<b>Grand Total</b>	<b>345,711</b>	<b>100%</b>	<b>39,331</b>	<b>13%</b>

Covered California also established its Community Engagement program within the External Affairs and Community Engagement Division to foster relationships and seek input from community members throughout the state. The program is designed to on regularly engage with communities to better understand their healthcare priorities and identify ways Covered California can effectively address these needs. In 2025, the Community Engagement program engaged with community leaders to gain invaluable insights into barriers to care. Covered California will use to inform and enhance its ongoing work.

## Federal and State Policy Impacts to the Marketplace

### ***Federal Enhanced Premium Tax Credit (ePTC) Expiration at the End of 2025***

The Inflation Reduction Act sunsets the enhanced premium tax credits (ePTCs) made available to marketplace consumers since 2021. Congressional action is required before the end of 2025 for these ePTCs to be extended or made permanent. At the time of this report's publication, Congress has not proposed action on the future of ePTCs.

Covered California has and is continuing to provide data and technical assistance to Congressional policymakers on what the expiration of ePTCs means to Covered California consumers including an [increase in premiums and enrollment loss](#). Four other issue briefs Covered California produced describe the impact on [self-employed consumers](#), [older enrollees](#), [communities of color](#), and those in [rural communities](#).

Covered California has also joined with other state-based marketplaces through the National Academy of State Based Policy (NASHP) to issue a [joint letter](#) outlining the impacts of the loss of ePTCs across the country.

### ***H.R. 1***

House Resolution 1, the federal reconciliation bill, signed on July 4, 2025, is projected to lead to substantial declines in Marketplace coverage. Under H.R. 1, as many as 660,000 Covered California enrollees could go uninsured, all Covered California enrollees will see significantly higher costs, and burdensome red tape will make it harder for Californians to get and stay covered. Some of the key provisions are outlined below.

Limiting Enrollment Opportunities and Imposing New Administrative Requirements	Restricting Eligibility for Immigrant Groups	Affordability and Coverage Changes
<ul style="list-style-type: none"><li>• Imposes pre-enrollment verification and ending automatic re-enrollment</li><li>• Eliminates income-based <b>Special Enrollment Period (SEP)</b></li></ul>	<ul style="list-style-type: none"><li>• Limits <b>Premium Tax Credit (PTC)</b> eligibility to certain immigrant groups</li><li>• Ends Premium Tax Credit for low-income lawfully present immigrants</li></ul>	<ul style="list-style-type: none"><li>• Removes caps on repayment of excess Advance Premium Tax Credit</li><li>• Denies Advance Premium Tax Credit to consumers who lose Medi-Cal due to work requirements</li></ul>

## CMS Rule Changes Impacting Healthcare Policy

On June 20, 2025, CMS, under the Trump Administration, issued the [Marketplace Integrity and Affordability Final Rule](#), intended to strengthen consumer protections, marketplace integrity, and address improper enrollments. Covered California, along with other state-based marketplaces, submitted comments and evidence to CMS highlighting provisions in the rule that run counter to those aims and the potential harm they could cause to consumers and the market. Despite receiving thousands of comments opposing the rule, several provisions were finalized that undermine coverage expansion and accessibility for consumers, including:

Limited Enrollment & Narrow Eligibility	Stricter Verification & Reconciliation	Reduced Affordability
<ul style="list-style-type: none"> <li>• Shortening the open enrollment period to nine weeks, beginning with the 2027 coverage year.</li> <li>• Excluding DACA recipients from Marketplace eligibility, effective 2025.</li> <li>• Eliminating the monthly special enrollment period (SEP) for individuals below 150% of the federal poverty level (FPL), effective 2025</li> <li>• Prohibiting coverage of gender-affirming care as part of essential health benefits, effective 2026.</li> </ul>	<ul style="list-style-type: none"> <li>• Tightening income verification requirements, effective 2025 and sunseting after 2026</li> <li>• Eliminating the automatic 60 day extension for resolving income inconsistencies, effective 2025.</li> <li>• Reducing the Failure to Reconcile period for advanced premium tax credits (APTC) to one year, effective for 2026 and reverting to two years for 2027.</li> </ul>	<ul style="list-style-type: none"> <li>• Allowing issuers to require consumers pay past-due premiums before enrolling in new coverage, effective 2025.</li> <li>• Requiring consumers to pay at least 95% of premiums owed, effective 2025 and sunseting after 2026.</li> <li>• Updating premiums and plan design requirements, effective 2026.</li> </ul>

As Covered California prepares to adapt to these new policies, Covered California was also tasked with unwinding the DACA eligibility expansion established under the Biden Administration due to the changes introduced by the new rule. To minimize the impact on affected consumers, Covered California conducted swift outreach and provided resources to ensure early notice of the policy change. Efforts included direct mail notices, outbound calls, media outreach, and collaboration with delegated agents to inform DACA recipients about the change. Coverage for DACA consumers was terminated at the end of August 2025. Covered California developed a dedicated webpage, available in both English and Spanish, offering resources and information about alternative coverage options, which will continue to be updated to support affected consumers.

Of note, on August 8, 2025 certain provisions of the rule were stayed by a federal court. These included: tightening income verification requirements, reducing the failure to reconcile period, requiring payment of past due premiums prior to enrollment in new coverage, and updating plan and premium requirements for 2026. Covered California will continue to monitor the litigation and prepare to implement accordingly.

## ***State Budget Outcomes and Planning for 2026***

The 2025-2026 California State budget was signed on June 27, 2025 and included a \$190 million allocation for a state affordability program through the Health Care Affordability Reserve Fund. If Congress fails to extend the enhanced premium tax credit authorized through 2025 by the Inflation Reduction Act (IRA), the HCARF appropriation will be used to reduce premiums for Covered California enrollees at or below 165% of the federal poverty level. If Congress extends the enhanced premium tax credit by September 30, 2025, the \$190 million HCARF appropriation will be used to fund the California Enhanced Cost-Sharing Reduction Program as [adopted](#) by Covered California's Board in April 2025.

## **Quality Transformation Initiative and Driving Health Equity Improvement**

Population Health Investments (PopHI) which have benefited over 13,000 individuals through direct financial support and incentives. The PopHI programs include the Beyond Covered by Covered California – Grocery Support Program and the Child Savings Account Program – as well as the Equity and Practice Transformation Program.

The Grocery Support Program, launched in February 5, 2025 was designed to help Covered California members facing chronic health conditions and financial challenges access nutritious food and help improve food security and health outcomes. The program was made available to consumers who have a household income up to 250% FPL, have a chronic health issue, and are experiencing food insecurity. The benefit includes a reloadable debit card that can be used to purchase fresh or packaged food, baby food, and non-alcoholic drinks Covered California's Equity and Quality Transformation (EQT) Division's mission is to improve the healthcare delivery system and make care more equitable. Through meticulous research and stakeholder engagement, the EQT division strives to achieve a longstanding tenet of Covered California's mission to reduce disparities and ensure that consumers are getting the right care at the right time.

Covered California launched the first cycle of the Quality Transformation Initiative (QTI) in 2023 which sets direct and substantial financial incentives for Covered California's contracted QHP issuers to improve the quality of healthcare and to reduce health disparities. Specifically, the QTI focuses on improving care for a small number of clinically important conditions with meaningful impact on morbidity and mortality. These measures include controlling high blood pressure, comprehensive diabetes care, colorectal cancer screening and childhood immunizations. Failure to meet the QTI quality benchmarks will result in issuer payments.

In FY 2024-25, nearly all contracted health plans improved year-over-year performance, with measurable gains in cancer screening rates and chronic disease management. Over \$15 million was collected from health plans that did not reach quality benchmarks and these funds were re-invested in enrollees and primary care practices through.

The program garnered early success with 6,975 households enrolled, with an average household award of \$1,646 for the year, and 75.2% of applicants completing the baseline survey regarding their current health, nutrition access, financial and housing stability and healthcare access. Results have shown that between March and June of 2025, consumers predominantly spent funds in three categories: grocery stores, wholesale clubs, and discount stores accounting for \$1,423,170 in member spending.

The Child Savings Account Program, called “Beyond Covered by Covered California: Child Savings Account Program” launched on February 25, 2025, and aims to improve well-child visits and childhood immunization rates for children under the age of two who are enrolled in Covered California, by helping families invest in their child’s future. Specifically, families can earn up to \$1,000 in a CalKIDS savings account for their child which can be used for educational expenses for registering for a CalKIDS account, and completing primary care visits, vaccinations at specified ages, and flu shots at specified times. Early results include 269 households enrolled with 42.8% of approved applicants completing the baseline survey evaluating health and well-being, family resilience and finances, and child development. A total of \$74,000 deposited in member CalKIDS accounts in the months from March through June.

The Equity and Practice Transformation program is designed to enhance infrastructure to accelerate population health management in practices that serve both Covered California and Medi-Cal enrollees through virtual learning, peer engagement, subject matter expert support and serves 46 provider organizations.

The EQT Division is also continuing its work to reduce disparities and improve health equity by health plans by strengthening alignment on performance targets with other state purchasers, the Department of Health Care Services (DHCS) and California Public Employees Retirement System (CalPERS). This includes supporting the transition to the Quality Transformation Initiative Health Equity Methodology and financial accountability for stratified population outcomes.



## Promoting Oral Health through Dental Coverage

All Covered California health plans include dental care for children without additional cost. Covered California enrollees may also separately purchase a standalone adult or family dental plan in addition to their health plan. Covered California offers consumers choice of dental plan types—dental health maintenance organizations (DHMO) and dental preferred provider organizations (DPPO) -- that best serve the consumer’s needs.

Covered California’s participating dental carriers for 2025 include Anthem Blue Cross, Blue Shield of California, California Dental Network, Delta Dental of California, and new entrant Humana. As of June 1, 2025, a total of 374,420 consumers enrolled in a dental plan through Covered California. For 2025, Covered California’s weighted average rate change for dental was 1.55 percent which is lower than last year’s rate change, making the five-year average about 1 percent.

**Table 7: Dental Rate Change Average Over Five Years**

Year	2021	2022	2023	2024	2025	Average
<b>Weighted Average</b>	2.3%	-0.95%	-1.7%	4.31%	1.55%	1.1%

## Covered California for Small Business (CCSB)

Covered California for Small Business, or CCSB, is Covered California’s marketplace for small businesses with up to 100 employees. Through CCSB, small employers can select health and dental coverage plans for their employees from a variety of competitive carriers that abide by all of the ACA’s coverage requirements. CCSB offers California small businesses tax credits to qualifying small businesses to offset the cost of providing insurance to employees, consumer choices of HMO and PPO plans from competitive carriers, and streamlined administrative overhead for small businesses to offer coverage to their employees.

In 2025, health carriers offered by CCSB included Blue Shield, Kaiser Permanente, and Sharp. The dental carrier offered through CCSB was Delta Dental. In 2025, CCSB’s weighted average rate increase was 7.0 percent, and in the past fiscal year had an average of 77,159 members from 9,019 actively enrolled employer groups.

## Looking Ahead to the Next Fiscal Year

With many of the federal policy changes that have been enacted, Covered California is working to implement a robust retention campaign aimed at consumers at risk of losing a significant amount of financial assistance.

To proactively keep consumers informed about these potential changes, Covered California began sending direct mail to consumers in September letting them know their costs may increase for the next plan year should there be inaction from Congress on ePTC extension. Renewal notices to go out in October will also include multi-lingual personalized outreach that includes options for more affordable plans should those consumers be at risk of significant premium increases.

Covered California will also be taking a thoughtful approach to driving retention through paid, earned, and owned media. For the 2026 open enrollment campaign Marketing Division launched a new brand platform and campaign in early September “For the Love of Californians” to drive awareness and emotional resonance with members and prospective members. Covered California is focused on in-culture media and focusing heavily on building trust with consumers whom have lost confidence in government and the healthcare system. Covered California will also underscore the importance and value of coverage and utilization of care in the midst of high uncertainty around affordability for 2026.

The communications and public relations strategy will amplify this message with an emphasis on human connection to coverage, leaning on the support of trusted community messengers like community health workers, demystifying healthcare by continuing last year’s “Let’s Talk Health” campaign, and empowering connectors with tools to carry this message forward.

Covered California is also preparing its enrollment portal infrastructure which will be ready for an open enrollment scenario with and without ePTCs, depending on Congressional action. Enroller and service center staff are also being readied for the upcoming open enrollment period with training, messaging, and technology testing to best assist consumers as they navigate the enrollment process.

While weathering federal uncertainty, Covered California will also remain steadfast in its mission to hold plans accountable and improve health outcomes through continuation of the Quality Transformation Initiative, implementing year 2 of the PopHI program, enforcing contract requirements, and closely collaborate with other purchasers and partners including the DHCS, CalPERS, the Office of Health Care Affordability, and the Department of Managed Health Care.



**For the  
love of  
Californians**