

**U.S. Department of Health and Human Services
Office of Consumer Information and Insurance Oversight**

**Cooperative Agreement to Support Establishment of
the Affordable Care Act's Health Insurance Exchanges**

**California Health Benefit Exchange
Level 2.0 Establishment Grant**

Supplemental Funding Request

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**Period of Performance
January 1, 2014 to December 31, 2014**



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Project Narrative

In the fall of 2010, California enacted the first state law in the nation, the California Patient Protection and Affordable Care Act (CA-ACA),* establishing a health benefit exchange under the federal Affordable Care Act (ACA). The CA-ACA expressed legislative intent for the California Health Benefit Exchange (effective October 2012 branded as **COVERED CALIFORNIA**) as follows:

- Reduce the number of uninsured Californians by creating an organized, transparent marketplace for Californians to purchase affordable, quality health care coverage, to claim available federal tax credits and cost-sharing subsidies, and to meet the personal responsibility requirements imposed under the federal act [ACA];
- Strengthen the health care delivery system;
- Guarantee the availability and renewability of health care coverage through the private health insurance market to qualified individuals and qualified small employers;
- Serve as an active purchaser, including creating competitive processes to select participating issuers and other contractors;
- Require that health care service plans and health insurers [collectively carriers in California law, issuers as in federal law hereafter in this narrative] issuing coverage in the individual and small employer markets compete on the basis of price, quality, and service, and not on risk selection; and
- Meet the requirements of the federal act and all applicable federal guidance and regulations.

Covered California has been working since it was established in 2010 to lay the groundwork for the dramatic expansion of coverage that will benefit millions of Californians starting in 2014. Early in its development, Covered California adopted the Mission, Vision and Values below to inform all of its activities and programs. Covered California has made, and continues to make substantial progress through accelerated planning, development and implementation activities.

Figure 1 Covered California
Vision, Mission and Values
<i>The VISION of Covered California is to improve the health of all Californians by assuring their access to affordable, high quality care.</i>
<i>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.</i>
<i>Covered California holds six core VALUES: 1) consumer-focused, 2) catalyst, 3) affordability, 4) integrity, 5) partnership, and 6) results.</i>

* AB 1602, Chapter 661 and SB 900, Chapter 659, Statutes of 2010, collectively referred to here as CA-ACA.

Summary of Supplemental Funding Request

As demonstrated in its successful launch of statewide open enrollment October 1, 2013, Covered California is making significant progress in the development and implementation of the programs, systems and support services that will be needed for a state-administered exchange anticipated to provide health coverage for more than 2 million Californians at full implementation in 2017. Covered California has consistently demonstrated progress in the core areas and work plan items identified in previous planning and establishment grants, in many cases exceeding the objectives and tasks identified in prior work plans.

Covered California received two Level 1 Exchange Establishment grants to support planning and development activities and submitted a successful Level 2.0 implementation grant application in November 2012. As Covered California continues to make progress in implementation of the ACA and CA-ACA, Covered California is requesting supplemental funding through this application to support 2014 program activities and to ensure that it can successfully accomplish its mission and effectively implement the full promise of the ACA.

Covered California is requesting Level 2.0 supplemental funding to support the following activities and programs:

- **Consumer and Stakeholder Engagement and Support.** Supplemental funding to intensify and expand outreach and marketing efforts aimed at enrolling in Covered California young adults 18-34 (“millennials”) and uninsured eligible Hispanics, the largest number of uninsured in California; customer service center support for unanticipated language-line and toll free phone services.
- **Eligibility and Enrollment Assistance.** Supplemental funding to support the costs of criminal background checks for In-Person assisters, as required in federal law; and to expand the role of the existing SHOP contractor to include one stop support and assistance for health insurance agents in both the SHOP and the individual market.
- **Eligibility and Enrollment.** Supplemental funding to support an interagency agreement with the California Department of Social Services (CDSS) to administer Covered California appeals and hearings consistent with state and federal requirements.
- **Qualified Health Plan Management.** Supplemental funding to support implementation of a data analytics program, using data submitted by QHP Issuers and appropriate related databases, to measure QHP performance and quality, support recertification and QHP renewal, and to monitor the quality, cost and access of health services provided to Covered California enrollees; and continued actuarial consultant services to inform review of QHP bidder proposals for the 2015 plan year and to review, analyze and revise the standard benefit designs for 2015.
- **Organization and Human Resources.** Supplemental funding for additional, unanticipated staff resources in most core areas, as outlined, and to build capacity in the following areas: training internal and external enrollment assisters, public relations and communications to meet the unexpected demand for interviews, messaging and video/audio materials; and consumer protection activities to investigate complaints regarding assisters, prevent fraud and monitor imposter and misleading sales and Internet activities. In addition, supplemental funding would support unanticipated postage and mailing costs and the purchase of workers’ compensation coverage for Covered California employees.
- **Technology.** Supplemental funding to augment existing enrollment system technology functionality to comply with emerging state and federal requirements, improve the consumer experience and accelerate the development of data warehouse capacity and support. Additional enhancements to internal IT infrastructure including service center support, Customer Relationship Management system to deploy

and process consumer leads, and IT infrastructure support provided by the Department of Health Care Services.




Consumer and Stakeholder Engagement and Support





With a short timeframe to contact, educate and enroll its culturally, linguistically and geographically diverse population, California faces multiple challenges to ensure that it reaches eligible individuals with information about the new health coverage options and provides them with support to help them enroll in Covered California. California is seeking additional funds to accomplish these goals and support Outreach, Marketing and Education and Consumer Assistance activities as outlined below.

Outreach, Marketing and Education

California faces outreach and education challenges that make it unique among states establishing their own exchanges. First, California’s outreach and marketing efforts must factor in the many languages spoken by California’s target populations. As a reference point, the state’s Medicaid program uses 13 spoken and 12 written threshold languages to serve program beneficiaries. Second, California is the largest state in terms of population and one of the biggest in terms of geographic reach. Potential Covered California enrollees live in both large urban and remote rural areas spread over a large geographic area. Lastly, California is home to the largest and most expensive media markets in the nation. It is one of only two states with two of the top 10 Nielsen-ranked Designated Market Areas (DMAs) and is the only state with three of the top 20 DMAs.

Based on these challenges, Covered California is in the process of implementing an aggressive, multi-year, multi-ethnic, multi-language outreach, marketing, public awareness and enrollment assistance program. The program roll out is based on the Board adopted comprehensive seven-phase outreach, education and marketing plan spanning three years through the end of 2015 (See Figure 2), now in Phase III implementation.

Figure 2 California Marketing, Outreach and Education Plan Strategies by Coverage Phases		
 <p>PHASE I Build Out</p> <p>September - December 2012</p>	<ul style="list-style-type: none"> ▪ Research, creative, message development, refine media plan, education and outreach grant program ▪ Aggressive earned and social media program ▪ Specific Latino, African American, Asian Pacific Islander and other outreach, including small business ▪ Begin to develop Assisters Program management plan, administrative and IT system design and training curriculum 	
 <p>PHASE II Consumer Outreach & Education</p> <p>The Benefits of Coverage & "It's Coming" January - June 2013</p>	<ul style="list-style-type: none"> ▪ Begin educating consumers ▪ Begin paid media to promote the benefits of coverage and "it's coming" ▪ Segmentation / baseline study ▪ Finalize training materials and tools, begin recruitment of organizations, training of Navigators and Assisters and provide technical support ▪ Award outreach and education grants to regional and/or local partners as "trusted messengers" to conduct awareness building and educational activities 	
 <p>PHASE III Get Ready, Get Set... Enroll!</p> <p>July 2013 - March 2014</p>	<ul style="list-style-type: none"> ▪ Extensive earned, paid and social media to announce the opportunity to enroll ▪ Open enrollment #1: Sustain open enrollment for six months ▪ Marketplace launch conference and bus tour ▪ Continue outreach to community-based organizations, faith-based organizations, non-governmental organizations, small business, etc. ▪ Continue recruitment of organizations, training of Navigators and Assisters and technical supports assistance 	

 <p>PHASE IV Retention, Reinforcement & Special Enrollment April - July 2014</p>	<ul style="list-style-type: none"> ▪ To help address churn and promote special enrollment: paid, earned media, social media, storytelling ▪ Lower (or no) levels of paid media ▪ 1st tracking survey ▪ Conduct analysis of Navigator and Assister pool and continue to recruit organizations to reach all targeted segments. Ongoing training of Navigators and Assisters and technical support assistance
 <p>PHASE V Get Ready, Get Set... Enroll! August - December 2014</p>	<ul style="list-style-type: none"> ▪ Open enrollment #2 ▪ Use all outreach tools in Phase 2.0I including heavy paid, earned and social media ▪ All Navigator and Assister activities
 <p>PHASE VI Retention, Reinforcement & Special Enrollment January - July 2015</p>	<ul style="list-style-type: none"> ▪ To help address churn and promote special enrollment: paid, earned media, social media, storytelling ▪ Lower (or no) levels of paid media ▪ 2nd tracking survey ▪ All Navigator and Assister activities and update curriculum
 <p>PHASE VII Get Ready, Get Set... Enroll! August - December 2015</p>	<ul style="list-style-type: none"> ▪ Open enrollment #3 ▪ Use all outreach tools in Phase 2.0I including heavy paid, earned and social media ▪ Evaluation and measurement ▪ All Navigator and Assister activities and update curriculum

Significant progress has been made in marketing activities to support raising awareness of Covered California and laying a strong foundation for the enrollment phase. Key accomplishments include the development of the creative platform for the “Welcome” advertising campaign to launch Open Enrollment, including key messages and creative expressions of the campaign through the production of television, radio, print and digital advertisements. A media plan supports the strategic placement of these ads in media outlets throughout the state to reach the target audiences of subsidy eligible Californians.

Using creative and cost effective approaches to reach segmented audiences, the Covered California marketing and advertising campaign is grounded in research and an ongoing commitment to real-time “testing and learning” to ensure messages and materials are resonating and ultimately motivating consumers to action. For example, Covered California tested the integrated advertising campaign during the month of September in three markets reflecting the diversity of California media markets and audiences (Sacramento, San Diego and Chico/Redding).

The full media campaign was launched statewide October 1st in conjunction with the start of Open Enrollment, including advertisements in English, Spanish, Chinese, Korean and Vietnamese, among other languages. Additional outreach and marketing accomplishments include: engaging a growing number of consumers through social media channels such as Facebook and Twitter in both English and Spanish (e.g. re-tweets increased by 50% in the month of September and the Covered California Facebook page is close to 100,000 fans); the launch of search engine marketing to ensure Covered California is reaching target audiences searching for health insurance information online (recently cited by [The Health Care Blog](#) as an example of early success in optimizing Covered California results in Google key word searches); and the development of collateral materials to support outreach, education and enrollment efforts.

Based on additional insights from ongoing and detailed audience segment research, and better information about the actual implementation costs for the type of robust outreach and marketing campaign needed to

maximize enrollment in Covered California, California is requesting supplemental funding for outreach and marketing support to most effectively reach two critical consumer segments integral to Covered California enrollment goals: young adults (18-34 year olds, often referred to as “millennials”) and non-English speaking Hispanics. The additional funding requested will support a strategically timed surge in advertising to reach these two groups and to counter-balance the noise in the current media climate with fact-based, educational and actionable information about Open Enrollment through Covered California. In addition, continuous real-time testing and research of the outreach and marketing efforts may identify other market segments where targeted messaging and placement would yield expanded interest and enrollments.

The proposed enhanced focus in Covered California’s outreach and marketing efforts on these two market segments will also build on and validate best practices, and generate related creative assets, that can and will be rapidly shared with other state exchanges and the federally facilitated exchanges, building additional expertise and capacity nationwide.

The proposed advertising surge will use two primary strategies to stimulate increased interest and enrollment of millennials and Hispanics: (1) Developing and then validating through rapid testing, tailored messaging and creative executions for the two market segments; and (2) Placing advertising in outlets with potential to reach the highest number of millennials and Hispanics.

Tailored messaging. The focused advertising campaign will be research-based. For example, Covered California research indicates that millennials are receptive to messages about the value of affordable health insurance offered through Covered California, but also reveals that these messages are most effective when delivered through creative content that depicts situations where young adults can more readily see themselves. In addition, while current creative content for Spanish speaking audiences is an essential component of the Covered California outreach and marketing campaign, additional development and testing of multiple tailored approaches and campaign sub-themes will be an essential addition to the campaign to reach and enroll eligible Hispanics, the largest group of uninsured in California.

Advertising Placement. The additional funding requested will support: (1) advertising through programming, stations and websites that reach 18-34 year olds, with an emphasis on television in the highest priority markets of Los Angeles, Sacramento and San Francisco; and (2) additional buys targeted to Spanish speaking consumers, with an emphasis on working families through programming and stations that reach 18- 49 year old Hispanics, with an emphasis on Los Angeles / San Diego, Fresno and San Francisco (high indexing Hispanic markets).

Activities and Tasks

Key Milestones and Tasks	Start Date	End Date	2014			
			Q1	Q2	Q3	Q4
Develop tailored messaging and creative executions that resonate with the target population segments.	1/1/14	12/31/14	X	X	X	X
Validate messaging and creative executions through rapid testing.	1/1/14	12/31/14	X	X	X	X
Deploy creative executions and identify appropriate media channels.	1/1/14	12/31/14	X	X	X	X
Finalize media budget, develop a set of vendor guidelines, issue a media partner Request for Proposal (RFP) and select and finalize media vendors.	1/1/14	12/31/14	X	X	X	X
Establish, refine and generate marketing metrics to evaluate campaign effectiveness.	1/1/14	12/31/14	X	X	X	X

Consumer Assistance Programs

The consumer assistance strategies of Covered California include: (1) A dynamic and first-class Covered California-operated customer service center; (2) A robust Assisters Program, including in-person assisters and navigators, who will provide individualized enrollment assistance, (3) Training and certification of health insurance agents and health plan-based enrollers who will be able to help individuals access and successfully enroll in coverage; and (4) Problem resolution and post-enrollment assistance through relationship with Qualified Health Plan (QHP) issuers, state regulators and existing independent consumer assistance programs.

Customer Service Center

Covered California has implemented a centralized multi-site service center model, with centers located in Rancho Cordova, Fresno and Contra Costa County. The service center plays a critical role in achieving Covered California's goal of maximizing enrollment of eligible individuals and small employers. Covered California provides a consumer-friendly and responsive customer service center that makes it easy for consumers to access and use the marketplace and will result in achieving enrollment objectives. Covered California manages service center operations using customer service-skilled and health care-proficient staff, a centralized service center infrastructure, a centralized Command Center for oversight, real-time monitoring and management of contact volumes (including reporting of key performance indicators down to the service center representative (SCR) level), language services to support the diverse California population and a robust training and continuous improvement process.

To continue to provide and support a first-class customer service experience and maximize enrollment success Covered California has identified the following under budgeted customer service costs: (1) Increased funding for language line translation services and (2) Increased funding for telephony services. The requested supplemental funding will support administration and operation of the service center within the existing Level 2.0 scope of work.

Language Line Translation Services

Covered California is seeking supplemental funding to continue to provide customer service support in the preferred language of Californians seeking assistance through the Service Center. Covered California heavily focused on recruiting and employing individuals who are certified bilinguals in various threshold languages, but at this time recognizes the need for greater use of external telephone interpretation services than was anticipated at the time of the Level 2.0 grant application. Multi-site service centers for Covered California have been accepting calls from the public since late August 2013, and relying where appropriate on the language line services. Covered California uses a qualified vendor, Language Line Solutions, to provide verbal telephone interpretation, including real-time, as needed translations for interactions between consumers and Service Center staff, as well as to provide additional health care knowledge and expertise in multiple languages for consistency of communications across multiple Service Centers and communication channels. The ability to access the service is important to continued success of the Service Center and Covered California.

Telephony

Covered California is seeking supplemental funding to expand toll free telephone service offerings. As mentioned above, Covered California has launched multiple service center locations and engaged in robust marketing and outreach efforts to inform consumers of Covered California health plan choices all of which incorporate toll free numbers. To support these efforts, Covered California is requesting supplemental funds to acquire and utilize an additional toll free telephone numbers. The majority of toll free telephone numbers will be utilized by consumers to call Covered California to inquire about, and enroll in benefit plans. Numbers will

also be designated for specific languages and marketing programs created by the Covered California marketing group. Additional numbers were needed to fax paper based applications and related application paperwork to the Service Center, and for use by hearing impaired consumers (i.e., TTY number). Ongoing additional costs will be incurred as the toll free telephone numbers are utilized by consumers when they contact Covered California.

Eligibility and Enrollment Support and Assistance

Covered California has engaged in the process of analysis, discussion and stakeholder input resulting in Board adoption of a broad program of assistance, referred to as the “assisters” program, for face-to-face, individualized services to persons who require help navigating the eligibility and enrollment process. Covered California will implement and administer both an in-person assisters (IPA) program and a Navigator program.

In-Person Assistance Program

To support consumers in the enrollment process, Covered California established an In-Person Assistance program and is in the process of developing its Navigator grant program. Using operational funds, Covered California will pay In-Person Assisters \$58 for an application that results in successful enrollment in coverage in Covered California and \$25 for helping consumers retain coverage during the annual open enrollment process. Covered California currently has over 4,000 registered In-Person Assisters and has successfully completed key Level 2.0 grant milestones including development of certification standards, training curriculum, and administrative and information technology support features.

Federal privacy and security guidelines require state exchanges to perform criminal background checks on any personnel or potential personnel whose duties include, or would include, having access to personal health or financial information for Exchange applicants and enrollees and to have a process for periodic rescreening of personnel with access to this information. These guidelines are laid out in the Centers for Medicare and Medicaid Services (CMS) *Catalogue of Minimum Acceptable Risk Standards for Exchanges (MARS-E)*.

To comply with the MARS-E requirements, Covered California adopted a fingerprint-based criminal background check requirement for In-Person Assisters and requires disclosure of all criminal convictions and administrative actions taken against any individual applying to be an In-Person Assister. Covered California has a dedicated legal team reviewing the background check results for disqualifying offenses. However, the estimated cost for an individual criminal background check is approximately \$65 and participants have expressed concern that the cost of background checks could reduce program participation. In order to address this issue and ensure broad program participation, Covered California is requesting supplemental funding to pay the cost of background checks for assisters through 2014.

Activities and Tasks

Key Milestones and Tasks	Start Date	End Date	2014			
			Q1	Q2	Q3	Q4
Implement and cover the costs of criminal background checks for Covered California personnel consistent with federal requirements and Board-adopted policies.	1/1/14	12/31/14	X	X	X	X

Health Insurance Agents

To maximize the ability of Covered California to reach all geographic areas of California, Covered California is partnering with state licensed health insurance agents who will be certified by Covered California as unpaid assisters. A robust agent network will expand the sales force capabilities of Covered California, giving people in all areas of the state access to expertise and personal attention in evaluating and applying for coverage and programs.

In developing the Level 2.0 grant, Covered California anticipated that agents working in the individual market would be supported through Covered California’s Service Center. However, with over 18,000 agents registered to date, Covered California is seeking supplemental funding to provide support to agents assisting with individual and SHOP coverage in a one-stop shop model. Additional funding will support the higher than anticipated agent call volume and provide a better customer experience for the agent– increasing agent retention for 2015 and beyond – as well as promote the development of best practices in agent management.

Covered California proposes to expand the scope of work of the existing SHOP Vendor, Pinnacle Claims Management, Inc. (PCMI), to include support for agents in the individual marketplace. PCMI will expand call center and field support for agents and handle phone, web, and email inquiries related to the individual and SHOP exchanges, including agent inquiries related to CalHEERS. PCMI will support Covered California in recruiting and training staff service representatives, maintaining issuer relationships, and setting up the facilities, hardware and software to meet agent demand.

To date, PCMI has tested the design and functionality of CalHEERS, received the computer based training required to support agents and hired and trained Customer Service Representatives to provide agent support for the SHOP. The SHOP call center opened in August to provide pre-registration for agent training and certification. With a significantly higher number of agents registered to date than was anticipated, SHOP Service Center is spending the majority of their time assisting agents with training and certification so they can begin to sell Covered California products. With PCMI’s support, the SHOP Service Center is now open for business and is providing support to SHOP agents in the areas of training and certification, eligibility, product offerings, and problem resolution. PCMI developed and documented SHOP business rules, work flows and system coordination related to eligibility and enrollment. Furthermore, due to delays in the CalHEERS functionality for SHOP, PCMI developed and implemented several work flow contingency plans in order to support and ensure SHOP functionality for Go-Live and beyond, until full functionality in CalHEERS exists.

Activities and Tasks

Key Milestones and Tasks	Start Date	End Date	2014			
			Q1	Q2	Q3	Q4
Document business rules, policies and procedures, workflows and system coordination for agents assisting individual consumers.	1/1/14	3/31/14	X			
Recruit and train customer service representatives to support agents in the SHOP and individual marketplaces.	1/1/14	12/31/14	X	X	X	X
Implement and regularly provide management and quality assurance reports, including metrics to measure service levels, customer satisfaction and appropriate use of technology.	Ongoing		X	X	X	X

Eligibility and Enrollment

Pursuant to Federal and State Regulations, Covered California must designate an appeals entity to conduct all eligibility appeals for subsidized and non-subsidized individual market programs and the Small Business Health Options Program (SHOP), except for appeals of an eligibility determination for a hardship exemption from the federal shared responsibility requirement.

Covered California intends to enter into an interagency agreement with the California Department of Social Services (CDSS) to process Covered California eligibility appeals. Currently, the Department of Health Care Services (DHCS), California’s Medicaid state agency administering the Medi-Cal program, contracts with CDSS to conduct Medi-Cal appeals and CDSS operates a State Hearings Division (SHD) staffed with Administrative Law Judges to specifically hear Medi-Cal cases. Under the terms of the proposed agreement, Covered California anticipates that it will only pay the cost of the staffing allocation needed for CDSS to process Covered California appeals and hearing requests. Contract costs will be based on the actual volume of appeals received, appeals adjudicated and hearing requests administered.

This proposed approach will leverage CDSS’ prior experience in adjudicating Medi-Cal appeals and hearings in a manner consistent with federal and state requirements. In addition, processing of Covered California appeals through CDSS will improve opportunities for coordination and consistency among insurance affordability programs in California.

Activities and Tasks

Key Milestones and Tasks	Start Date	End Date	2014			
			Q1	Q2	Q3	Q4
Implement and monitor, through an interagency agreement with CDSS, processes and information technology for administration of Covered California appeals, including automated generation, tracking and reporting on appeals, notices and hearing requests.	1/1/14	12/31/14	X	X	X	X

Qualified Health Plan Management

As outlined in the Level 2.0 grant, Covered California implemented an “active purchaser” model of QHP solicitation and contracting. Through a robust solicitation and certification process, Covered California selected 12 health plan issuers and six dental plan issuers in the individual marketplace and six issuers in the SHOP Exchange. As part of the QHP selection and contracting process, Covered California negotiated extensive issuer quality and data reporting requirements that will provide the core elements for quality measurement and improvement and form the basis for ongoing recertification, decertification and issuer oversight activities.

Data Analytics

In order to meet its obligations under Federal ACA requirements and to fulfill its role as an “active purchaser” on behalf of enrollees, Covered California is committed to developing the internal capacity to analyze quality, access and health disparity data which will be submitted by QHP issuers. Covered California believes that “active purchasing” requires an independent capability for analytics using standard and normalized information sets, standardized risk adjustment, and comprehensive measures to compare QHP performance by issuer, type of plan and region.

As part of the QHP selection and contracting process, Covered California negotiated extensive issuer data reporting requirements that will provide demographic and performance data leading to comprehensive quality reporting on Covered California coverage. In addition to extensive quality initiatives and standard reporting obligations of individual QHP issuers, Covered California’s model QHP contract specifically calls for submission of QHP data to a qualified analytics partner (to be selected) for the express purpose of conducting clinical and network analysis subject to all appropriate state and federal privacy protections.

In light of the extensive issuer data and reporting contract requirements, and consistent with the Level 2.0 milestone calling for “active and ongoing data collection, measurement and evaluation consistent with the evaluation plan adopted by the Board,” Covered California is seeking additional funding to enhance its capability to analyze and learn from the data received. Enhanced funding will support the elements of a comprehensive analytics program, including data collection and analysis, software licenses, interface and transformation services, data storage, data security, data hosting and overall program and vendor management. Covered California will focus on receipt, validation and normalization of all QHP required data and several additional data sets needed for analysis, including data from the California Simulation of Insurance Markets (CalSIM), CalHEERS enrollment, CalHEERS provider files and several publicly available data sets including vital statistics. Collectively described as “data aggregation” this will be an intensive and ongoing process to collect full, complete and correct data, transform reported data into a standard data set, store and maintain that data in a secure and redundant data environment and ensure all privacy and security measures specific to individual enrollees are maintained.

With aggregated data, Covered California can analyze the data to determine the demographic and risk profile of enrollees, health care utilization patterns and gaps in care, and conduct comparisons of QHP issuer and regional differences on key indicators and outcomes such as emergency room utilization, hospital readmission rates and gaps in access to essential community providers. Covered California will work with consultants and other state agency purchasers such as CalPERS, Department of Health Care Services and the Office of the Patient Advocate to contribute and advance state capacity to generate regular and ad hoc quality and performance reporting. For example, Covered California might compare network composition in a subarea of a rating region, assessing QHP capacity in a zip code cluster for a specific metal tier based on number of open medical practices, etc. Covered California will also use the supplemental funding to support expert consultants that work independently from selected analytics vendors in order to maintain flexibility, speed and objectivity in the analysis.

Activities and Tasks

Key Milestones and Tasks	Start Date	End Date	2014			
			Q1	Q2	Q3	Q4
Conduct a selection process for vendor(s) to support analytics functions.	1/1/14	3/31/14	X			
Implement supporting technology improvements including CalHEERS interface for data collection, analysis, storage and security.	1/1/14	3/31/14	X			
Design standard reports consistent with the model contract requirements, board objectives and Federal requirements, and establish reporting schedule.	1/1/14	3/31/14	X			
Implement standard and ad hoc reports as resources to measure QHP quality and performance and implement appropriate modifications to QHP selection, certification, contracting and oversight activities.	Ongoing		X	X	X	X

Actuarial Analysis

Following the extensive process of initial QHP solicitation and selection for the 2014 plan year, Covered California must embark on the recertification/ decertification/ certification process for the 2015 plan year starting in late 2013 and continuing through early 2014. To support this process, and ongoing health plan management functions such as evaluation of network adequacy, Covered California has identified the need to continue to engage actuarial consultant services beyond the September 30, 2013 end date originally budgeted in the Level 2.0 grant. Consultants will provide analysis, guidance, and assistance related to the QHP renewal process and continuous improvement of the health plan management program and procedures. In addition, for the 2015 coverage year, Covered California will need external consulting support for policy and contracting decisions, including review of the standard benefit designs and considerations in the use of the federal actuarial value calculator.

Activities and Tasks

Key Milestones and Tasks	Start Date	End Date	2014			
			Q1	Q2	Q3	Q4
Develop a modified QHP rating submission and review process for the 2015 coverage year and a robust rating and submission process for 2016, including automation of the submission process.	1/1/14	6/30/14	X	X		
Conduct actuarial modeling and analysis of Covered California standard benefit plan designs in preparation for the 2015 plan year and evaluate impacts from the use of the federal actuarial value calculator for the 2015 plan designs.	1/1/14	6/30/14	X	X		
Perform actuarial analysis to support a detailed review and comparison of QHP bidder rate submissions for both SHOP and the individual marketplace, within rating regions and metal tier, including assessment of relevant factors affecting rates such as administrative costs, the implementation of the 3Rs, proposed profit margins, the inclusion of appropriate participation fees for Covered California, overall market changes and state and federal laws applicable to issuer rates.	4/1/14	9/30/14		X	X	
Develop actuarial and expert analysis and reports on related topics, as needed, to support Covered California’s analytic needs and its compliance with existing and emerging state and federal laws and regulations.	Ongoing		X	X	X	X

Organization and Human Resources

Covered California continues to actively recruit to fill staff vacancies consistent with the Level 2.0 budget and staffing plan, including staff for the service center which accounts for over 70 percent of staffing resources. During the initial phase of the Level 2.0 grant period, Covered California has also identified the need for additional, unanticipated positions in most core areas (see Budget Narrative for details relating to Supplemental staffing). To fully implement the goals and work plan outlined in the Level 2.0 grant, Covered California has also identified the need for unanticipated staffing and support in the following areas:

- Service center. In order to sustain service level response times and continue to provide and support a first-class customer service experience to maximize enrollment success, Covered California has identified the need for additional staff in the service centers that can be adjusted up or down to ensure adequate service level response time during peak open enrollment periods.

- Information technology. The scope of responsibility has expanded to a level of complexity and a pace that is not sustainable by the current staffing levels. As technology demands have grown, information technology needs have expanded and require the addition of technical staff with an array of specialized technical expertise.
- Human Resources, Finance and Accounting. The scope of responsibility has expanded and is no longer sustainable by the current staffing levels. As Covered California has grown in size and complexity the operations units must expand to ensure adequate infrastructure support for the critical program functions.
- Consumer protection. Covered California proposes to expand internal capacity to investigate complaints and make appropriate law enforcement and regulatory referrals related to enrollment assistance, identify and prevent program fraud and to protect consumers from illegal steerage, imposter Internet sites and other misleading communications.
- Training. Covered California will continue and expand its training programs, materials and Learning Management Support System for internal and external consumer assistance entities.
- Public relations and communication. Covered California proposes to expand its internal communications capability to meet the unexpected demand for training videos, webinars with Covered California's consumer assistance entities (e.g., In-Person Assisters and Agents), and statewide outreach and communication with stakeholders.

Postage and Fulfillment

A well-designed and smoothly operating eligibility and enrollment process is critical to achieve the robust enrollment goals established by Covered California. Providing timely and effective written communication is an integral part of ensuring that this process operates smoothly. Between October 1, 2013 and December 31, 2014, Covered California expects to send millions of pieces of mail. These documents include the forms and notices required to be sent to various "clients" -- consumers, employers, health plans, brokers and agents, regulators and other state and county partners, as well as pre-paid postage Business Reply Mail envelopes for subsidized and non-subsidized Single Streamline Applications.

Although Covered California is committed to leveraging technology to reduce postage costs, Covered California did not anticipate the volume of postage needs associated with core area activities described in the Level 2.0 work plan. For example, to establish and maintain its relationships with individual consumers, Covered California anticipates that it will send over 13 million eligibility and enrollment-related notices. Covered California also expects to mail documents in connection with the outreach and sales campaign; commission remittance advices, 1099 and 1095 forms to Certified Enrollment Counselor Entities and Counselors, Certified Licensed Agents and Brokers; and correspondence with QHP issuers and SHOP employers and employees.

Workers Compensation

California state law requires every California employer, including state agencies, using employee labor to have Workers' Compensation Insurance. This coverage was previously provided through a master service agreement with the CDSS who handled administrative functions for the Covered California. All administrative activities have recently been returned to Covered California and as such an independent workers' compensation policy must be obtained.

Technology

The mission of the Covered California information technology program is to deliver quality services, support and technical solutions to achieve the business objectives of Covered California. The Covered California IT division

aims to provide agile, cost-effective, innovative, reliable and secure technology that meets current and future information management and operational services. The services provided by Covered California information technology division includes IT support for Covered California operations, financial management, health plan management, SHOP, program integration, eligibility and enrollment, consumer assistance and outreach.

During the Level 2.0 grant period, Covered California continued development, testing, implementation, and effectuated successful initial launch of CalHEERS, the consolidated support engine for eligibility and enrollment in Covered California programs. Covered California requests supplemental funding in two technology areas: enhancements to the CalHEERS system and information technology support for Covered California operations.

CalHEERS Enhancements

Covered California is requesting additional Level 2 Establishment Grant funding for the development, testing, implementation, and operations of CalHEERS to meet additional business needs in support of eligibility and enrollment in Covered California programs, Medi-Cal (California’s Medicaid program) and Healthy Families (California’s Children’s Health Insurance Program (CHIP)). These new business needs include: (1) Enhancing existing functionality to meet additional federal guidance (e.g., identity proofing, 834 processing) and state legislation; (2) Enhancing the consumer experience through usability testing including A/B or multivariate testing of the online system; and (3) Accelerating deployment of the data warehouse to support business analytics and enhance the Customer Relationship Management (CRM) and CalHEERS systems.

The CalHEERS supplemental funding request will support the CalHEERS systems integrator, project management and technical support consultants and state IT staff in carrying out the following activities:

- Perform Business Analysis. The scope of work to be performed by the business analysts is much larger than originally expected to meet the needs of the State in the compressed timelines of the project. Business analysts are the functional liaisons between the CalHEERS Project and the Project Sponsors. In order to meet current project needs, the business analysts are consistently exceeding their budgeted hours. In addition, Covered California has asked for additional business analyst support from the CalHEERS Project in order to facilitate the operationalization of Covered California. These business analysts would be aligned and integrated with Covered California business areas to ensure continuity between the business areas and the CalHEERS system.
- Perform testing activities. Covered California will continue testing throughout the System Development Life Cycle to mitigate project risk. The scope of testing with the revised CalHEERS release schedule (see Attachment 1) requires additional resources to meet Affordable Care Act deadlines as multiple testing cycles are occurring simultaneously. With implementation of the first releases, there is additional testing required for maintenance releases as well.
- Perform additional technical project management activities. The project has experienced delays in hiring technical team members to complete the technical duties and tasks currently needed to ensure successful implementation and ongoing maintenance of the system. Additional contract resources have been acquired to assist in performance testing and technical project integration.
- Comply with new federal requirements. Federal guidance and standards were received at a time in the CalHEERS system development lifecycle when Covered California was not able to implement prior to go-live of the associated release or where implementation requires additional work, which impacts system documentation, development and testing activities. Supplemental funding is requested to unanticipated systems changes including:

- Additional federal guidance including remote identify proofing, changes to the federal 834 transaction process, and changes to the single streamlined application;
 - Enhancing the consumer experience through usability testing including A/B or multivariate testing of the online system. In addition, provide Apple and Android specific mobile application versions;
 - Provide earlier deployment of the data warehouse to support needed business analytics and enhance the integration and analytics across the Customer Relationship Management (CRM) and CalHEERS systems; and
 - Extending help desk services to provide technical support for all users of the system.
- Develop System Interfaces. Additional work will be required by state and county partners to ensure that their systems will be able to meet the remote identity proofing federal guidance. These efforts will require partners to enhance interfaces currently under development and test as well as develop a new interface to implement remote identity proofing.

Activities and Tasks

Key Milestones and Tasks	Start Date	End Date	2014			
			Q1	Q2	Q3	Q4
Develop and implement remote identity proofing service in CalHEERS system	1/1/14	3/31/14	X			
Develop and implement remote identity proofing service with SAWS systems.	1/1/14	3/31/14	X			
Develop and implement change requests associated with Release 3.	1/1/14	3/31/14	X			
Develop and implement change requests associated with Release 4.	1/1/14	6/30/14	X	X		
Develop and implement change requests associated with Release 5.	1/1/14	9/30/14	X	X	X	
Develop and implement accelerated data warehouse.	1/1/14	6/30/14	X	X		
Develop and implement Apple and Android specific mobile application versions.	1/1/14	6/30/14	X	X		
Develop A/B testing and development environment.	1/1/14	6/30/14	X	X		
Develop and implement 2015 Open Enrollment modifications.	4/1/14	9/30/14		X	X	
Develop and implement CalHEERS Usability updates.	Ongoing		X	X	X	X
Implement extended help desk services.	Ongoing		X	X	X	X

IT Support

Covered California is requesting additional Level 2 Establishment Grant funding to support operational growth and expanded technology service delivery tool support. The requested funds for technology will support the business transformation of Covered California Service Center operations from startup to an ongoing business operation.

Specifically, the IT support supplemental funding request will support the following activities:

- Consumer Relationship Management Functionality Expansion. Covered California is requesting supplemental funding to support enhancement of the existing Customer Relationship Management System with new processes and procedures to distribute leads to the sales/enrollment workforce who will in turn convert the leads into fully enrolled members. This would include technical capacity for specialized assignment and redistribution procedures for non-English speaking consumer leads to enrollers with the capability to serve their needs as well as the development of a “personal proposal” in the form of a customized, printed proposal to allow consumers, regardless of their technical literacy and comfort, access to the information needed to make their purchasing decision separate from an online session.
- Service Center Operations. Supplemental funding is requested to support expansions at all existing service center sites. The expansion of service center staff and operational activities require additional technology infrastructure, hardware, and software licenses as well as expanded service delivery tools to support open enrollment and consumer support activities.
- Print Process. Covered California is requesting supplemental funding to expand Optical Character Recognition functionality to include integration of the capture information into the automated eligibility and enrollment process which is needed to improve customer outcomes. In addition, this request will also allow Covered California to develop print communications and collateral in color to emphasize critical information.
- IT Operations Infrastructure Support. Covered California contracts with the Department of Health Care Services for network infrastructure and connectivity as well as data center services. The transition of Covered California business activities from startup to an ongoing business operation has exposed business needs for technology that requires a broader spectrum of IT services from the Department of Health Care Services than originally anticipated and budgeted. The additional services will support Enterprise Content Management, website hosting, business partner collaboration, infrastructure improvements, and normalization of operational support functions.

Contracting, Outsourcing and Agreements

Covered California is continuing to strategically partner with outside experts to leverage limited state and federal resources during the critical start-up phase of the organization. The supplemental funding requests described above include ongoing support for vendors, contractors and consultants.