



**AB 133 Health Care Affordability Working Group
Meeting #4**

December 16, 2021

HOUSEKEEPING ITEMS

- Working group members have been unmuted by Covered California. Please mute yourselves until you're ready to speak.
- We will take questions from working group members frequently throughout the meeting. Please wait to raise your hand until we call for questions.
- We will take public comment after each agenda item. Attendees can raise their hands and they will be unmuted. They then must unmute themselves.

To ask a question please use the raise hand button indicated here:



DISCUSSION TOPICS

1. Activity since last working group meeting
2. Organization of the draft report
4. Questions, feedback and next steps

Website: https://hbex.coveredca.com/stakeholders/AB_133_Health_Care_Affordability_Working_Group/

ACTIVITY SINCE LAST WORKING GROUP MEETING

- ❑ Covered California modeled the impact of expiration of the American Rescue Plan premium subsidies.
- ❑ Covered California assessed the potential impact of the Build Back Better Act (H.R. 5376) as passed by the House of Representatives on November 19, 2021.

THE AMERICAN RESCUE PLAN PROVIDES A SIGNIFICANT BUT TEMPORARY INCREASE IN PREMIUM SUBSIDIES FOR ELIGIBLE INDIVIDUALS

The American Rescue Plan (ARP) premium subsidies significantly reduce the share of income that consumers must pay towards their premiums, fully replacing the current ACA policy design and the California premium subsidies for plan years 2021 and 2022.

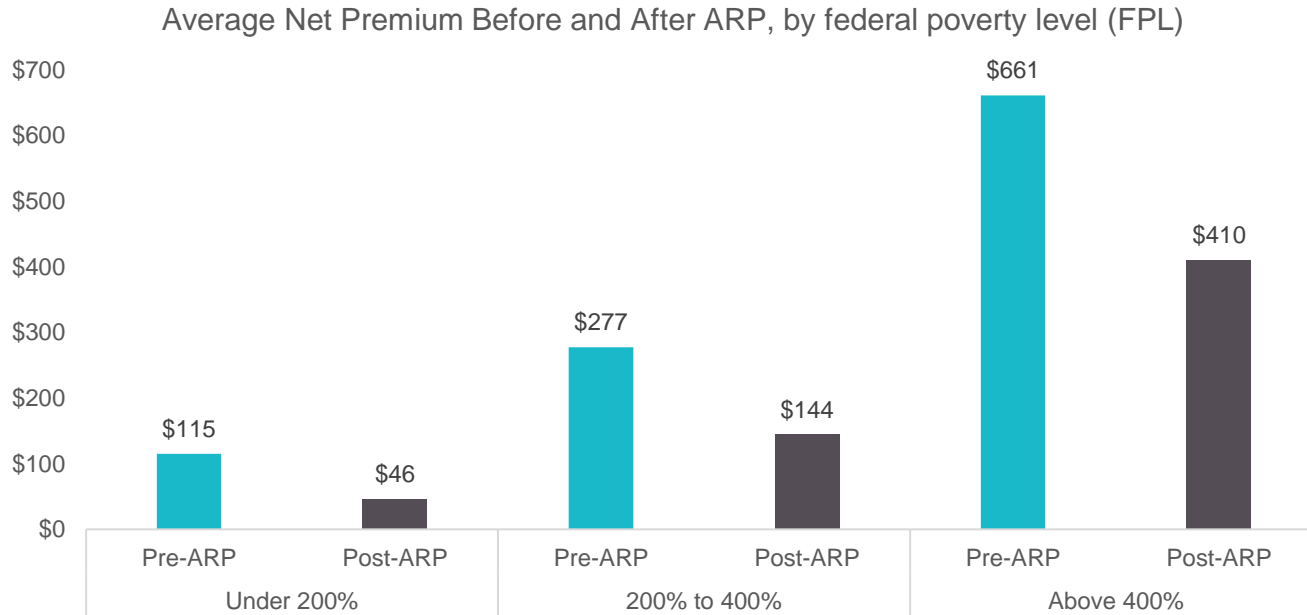
The Build Back Better Act would extend American Rescue Plan Premium subsidies through 2025.



Required contribution curves are for the 2021 plan year.

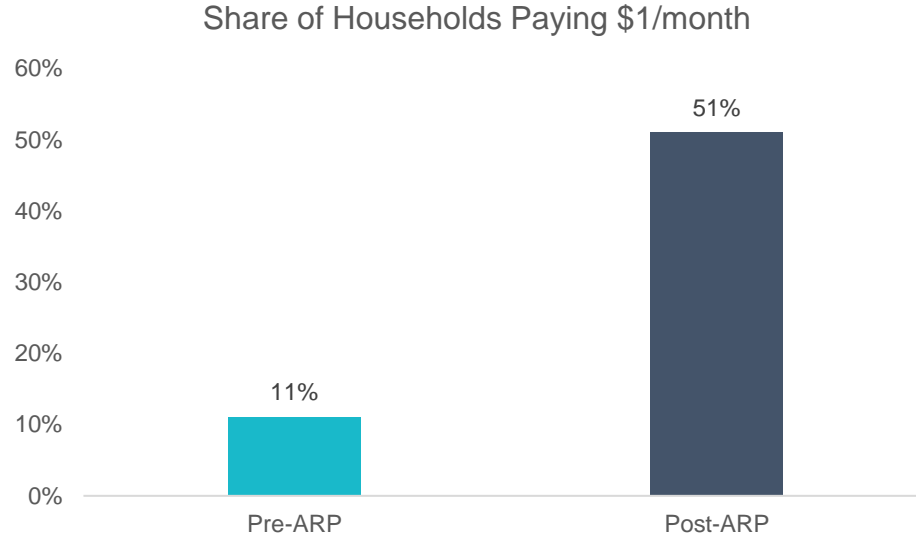
EFFECT OF AMERICAN RESCUE PLAN ON HOUSEHOLD-LEVEL NET PREMIUM BY INCOME BRACKET

- Households with incomes above 400% FPL saw the largest absolute decrease in net premiums (\$251/month).



SHARE OF HOUSEHOLDS PAYING \$1 PER MEMBER PER MONTH

- More than half of households enrolled in subsidized coverage now have a \$1 per member per month premium. This represents 467,000 households and 627,000 members.



COST TO REPLACE ARP SUBSIDIES FOR COVERED CALIFORNIA ENROLLEES

- In 2022, the estimated annual cost difference between ACA and ARP subsidies for Covered California's enrollment is \$1.6 billion.

FPL Bracket	Annual ACA-ARP Difference (2022)	Count of Enrollees
0-150% FPL	\$160 M	270,000
0-200% FPL	\$565 M	706,000
0-250% FPL	\$861 M	955,000
0-300% FPL	\$1,098 M	1,171,000
0-400% FPL	\$1,286 M	1,395,000
0-600% FPL	\$1,575 M	1,484,000
All Enrollees	\$ 1,617 M	1,519,000

KEY MARKETPLACE PROVISIONS OF THE BUILD BACK BETTER ACT

- Would extend the American Rescue Plan premium subsidies through 2025.
- Would establish an affordability fund that would provide \$10 billion per year between 2023 and 2025 for Marketplaces to lower enrollee cost including by reducing cost-sharing such as copayments and deductibles.
 - If funding were allocated proportionally based on state-level enrollment in cost-sharing reduction plans, California might receive \$1.2 to \$1.4 billion per year.
- Would enhance benefits for individuals with income at or below 138 percent of the federal poverty level who do not qualify for Medicaid coverage.

ADDITIONAL MODELING REQUESTED BY COVERED CALIFORNIA IN LIGHT OF POTENTIAL BUILD BACK BETTER FUNDING FOR COST-SHARING SUPPORT

Appendix C1: Summary of Estimated Total Cost for Build Back Better Act Combinations

	Plan Designs Modeled for Each FPL Range						Cost by Scenarios 1, 2, and 3 (millions)		
	Up to 150% FPL	150-200% FPL	200-250% FPL	250-300% FPL	300-400% FPL	400-600% FPL	Current	Some Tier	More Tier Switching
Current CSR Variant	94 Silver	87 Silver	73 Silver	70 Silver	70 Silver	70 Silver	\$0.0	\$0.0	\$0.0
Option 9: 95/90/85/80, no deductibles, inc. +400%	95 Silver	95 Silver	90 Silver	90 Silver	85 Silver	80 Silver	\$475.3	\$542.3	\$626.0
Option 10: Massachusetts plus Gold 300-400%	95 Silver	95 Silver	94 Silver	94 Silver	80 Silver	70 Silver	\$487.8	\$553.3	\$634.8
Option 11: CSR "Level Up" w/o Deductibles and 250-300% Upgrade	94 Silver, no deduct.	94 Silver, no deduct.	87 Silver, no deduct.	87 Silver, no deduct.	80 Silver	70 Silver	\$385.8	\$432.5	\$489.2

STRUCTURE OF THE DRAFT REPORT

- ❑ Covered California worked with Milliman to estimate the cost of various options to reduce cost sharing.
- ❑ Eleven options were modeled in total based on the requirements of AB 133, other state-based Marketplace cost-sharing reduction programs, and an option modeled recently at the national level by researchers at the Urban Institute.
- ❑ The report presents Covered California's summary of the options and operational assessment for implementing a cost-sharing reduction program in 2023.
- ❑ Full details of the modeling developed by Milliman are available in a companion report.

OPTIONS FRAMED AROUND THREE POTENTIAL FUNDING SCENARIOS

- The Build Back Better Act extends American Rescue Plan premium subsidies without adding new cost-sharing support:
 - Options range in cost from a low of \$37 million to a high of \$450 million and include eliminating deductibles, increasing the generosity of cost-sharing support for those eligible today, and providing Gold level coverage for individuals who receive little or no federal support today.

OPTIONS FRAMED AROUND THREE POTENTIAL FUNDING SCENARIOS

- The American Rescue Plan premium subsidies expire after 2022:
 - Options could include reinstating the state premium subsidy program to partially address the loss of federal premium subsidies.

OPTIONS FRAMED AROUND THREE POTENTIAL FUNDING SCENARIOS

- The Build Back Better Act is enacted with additional cost-sharing support:
 - Range of options that build on prior modeling with more generous cost-sharing support and/or expanded eligibility. One option includes provision of cost-sharing support for individuals up to 600 percent of the federal poverty level. Note that additional modeling would be needed if Build Back Better is enacted.
 - We did not attempt to model options that would combine both federal and state funding.

NEXT STEPS FOR BENEFIT DESIGN AND MODELING

- Update Patient-Centered Benefit Designs based on additional cost-sharing reduction funding.
 - Modeling for this report was based on a set of illustrative plan designs that either eliminated deductibles or were designed to hit a certain actuarial values.
 - Actual 2023 plan designs will be needed to assess the impact of enhanced funding on Covered California members based on important attributes such as utilization and income will.
 - Additional “AV” combinations can be modeled throughout the process.
- Update program cost estimates based on actual benefit designs, updated enrollment and 2023 enrollment projections.

PRELIMINARY LIST OF COVERED CALIFORNIA OPERATIONAL WORKSTREAMS TO IMPLEMENT A STATE COST-SHARING REDUCTION PROGRAM

WORKSTREAM	KEY ACTIVITIES
Benefit design	Incorporate state cost-sharing reduction program design into patient-centered benefit designs. Benefit design workgroup convenes annually to consider changes.
Carrier payment methodology	Develop a methodology to determine cost-sharing reduction payment amounts including any anticipated induced demand.
Enrollment forecasting and budgeting	Assess and incorporate potential enrollment impacts of state cost-sharing reduction program into Covered California enrollment forecast. Develop budget estimates for state cost-sharing reduction program.
Eligibility determination process	Make required changes to CalHEERS (Covered California's eligibility and enrollment system) to define the income ranges and associated Cost Sharing (CS) level for the state program design.
Enrollment process	Display appropriate benefit plans to consumers based on state cost-sharing reduction program design beginning October 1. Automatically renewal consumers into appropriate benefit plan.
Education and outreach	Develop plans for education and outreach to applicants, members and enrollment partners.
Carrier payment process	Develop a process to make state cost-sharing reduction payments to carriers.
Risk adjustment	Assess impact of state cost-sharing reduction program on the federal risk adjustment program.
Plan renaming	Assess the feasibility of renaming cost-sharing reduction plans (e.g., Silver 94) as early as 2023 to reduce consumer confusion and better communicate their value.

COVERED CALIFORNIA KEY MILESTONES FOR 2023 PLAN YEAR

MILESTONE	ESTIMATED TIMEFRAME
Plan Management Advisory: Benefit Design & Certification Policy Recommendation	January 20, 2022
January Board Meeting: Discussion of Benefit Design & Certification Policy Recommendation	January 2022
Final AV Calculator Released*	February 2022
QHP & QDP Applications Open	March 1, 2022
March Board Meeting: Anticipated approval of 2022 Patient-Centered Benefit Plan Designs & Certification Policy	March 2022
May Board Meeting: Discussion of 2022-23 Covered California Budget	May 2022
June Board Meeting: Anticipated approval of 2022-23 Covered California Budget	June 2022
QHP Negotiations	June 2022
Public Posting of Proposed Rates	July 2022
Carrier Integration Testing for 2023 Plan Year	July – August 2022
CalHEERS Release for 2023 Plan Year	September 2022
Public Posting of Final Rates	September – October 2022

NEXT STEPS

- Draft report is posted on the AB 133 website for review and comment.
- Staff will revise the draft with the goal of submitting the report in the week of December 20th.
- Covered California will provide technical assistance to the state Administration and the Legislature as requested.

Draft report available at: https://www.hbex.ca.gov/stakeholders/AB_133_Health_Care_Affordability_Working_Group/

Send questions and feedback to: policy@covered.ca.gov