



Attachment 1.  
**Covered California's Approach to Promoting the American Rescue Plan: Target Groups and Strategic Approaches**

March 18, 2021

This document summarizes Covered California's strategic framework to promote insurance enrollment to target populations that will benefit from the American Rescue Plan's individual market health insurance affordability provisions. Estimates of the target populations in California are included for reference at the end of the document and more details on estimates for California and nationally are provided in a separate excel document. In virtually all cases, the strategic approaches could be adopted, with adaptation for differences in market-mix and carriers by the Federally Facilitated Marketplace or State Based Marketplaces and by carriers across the nation.

### **The Target Groups Who Benefit from the American Rescue Plan**

Covered California will promote enrollment to the following target consumer segments. Additional detail on the target populations are provided in Table 1. California's American Rescue Plan Key Target Populations, at the end of this document, and in Attachment 2. Landscape of 25 Million Eligible for the American Rescue Plan (which includes both eligible population data for every state and potential marketing spending).

- 1. Currently Uninsured:** Uninsured individuals who can now benefit from much lower premiums are primary targets for outreach. In many cases these individuals do not believe they can afford coverage, which is why the Congressional Budget Office (CBO) projects that only 10 percent of those eligible will enroll. CBO also projects that some of those uninsured and individuals who would otherwise have insurance coverage through COBRA will enroll for subsidies because of the greater benefits available to them if they receive any income from Unemployment Insurance. Enrollment of the uninsured requires aggressive outreach and communications. Based on pre-pandemic data, which is the most current available, California has approximately 1,220,000 uninsured Californians who were eligible for subsidized coverage, with 990,000 earning less than 400 percent of the Federal Poverty Level (FPL) and 230,000 earning more than 400 percent FPL. For the average household earning less than 400 percent FPL they would receive over \$790 per month to reduce the costs of their premium and those making over 400 percent FPL would receive over \$460 per month.
- 2. Individual Market Insured Not Through Covered California – Eligible for Subsidies:** Covered California estimates there are currently about 590,000 Californians who purchase insurance "off-exchange" – enrolling directly with insurance carriers.<sup>1</sup> Almost all these insured Californians are enrolled with health plans that are Qualified Health Plans offering products through Covered

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<sup>1</sup> This estimate is based solely on income. Insured individuals will have to meet all eligibility requirements – including citizenship and immigration requirements and requirements related to offers of other minimum essential coverage – to qualify for subsidies through Covered California.

California – with most of that coverage in “mirrored products” (identical in benefit designs and networks to the products with Covered California). About 68 percent of the off-exchange enrollees are eligible for premium tax credits to lower their monthly premiums: an estimated 210,000 make less than 400 percent FPL (and could now receive on average \$790 per month) and 220,000 earn more than 400 percent FPL (and could now receive on average \$460 per month per household).

### **3. Covered California Enrollees – Currently with and Without Subsidies:**

Covered California 1.5 million current enrollees fall in five groups of consumers who can potentially benefit from the increased financial help provided by the American Rescue Plan. In the case of all consumers in the first four groups – for whom their eligibility information is known and have completed an application – Covered California will automatically adjust their coverage, lowering their costs and informing them of the opportunity to adjust or change their plan if they chose. The last group – those who did not complete a full eligibility application – will be contacted to encourage them to complete their application: These five groups are:

- **Covered California Enrollees Receiving ACA Subsidies:** There are about 1,270,000 consumers who are currently receiving federal subsidies and will now be eligible for increased tax credits to lower their costs. About half of those individuals are also now receiving California state-subsidies that lowered their costs in 2020 and in the first few months of 2021, but the American Rescue Plan subsidies are larger and will take the place of the state subsidies.
- **Covered California Enrollees Earning More than 400 percent FPL Receiving State Subsidies:** There are about 40,000 consumers who earn over 400 percent FPL and are receiving the California state subsidies that provide support based on income for those earning between 400 and 600 percent FPL. All of these individuals benefited from lowered health care costs in 2020 and in the first few months of 2021, but the American Rescue Plan subsidies are larger and will take the place of these state subsidies.
- **Covered California Enrollees Earning More than 400 percent FPL Who Will Now Receive American Rescue Plan Subsidies:** There are about 65,000 consumers who earn over 400 percent FPL and completed an eligibility application for subsidies and were not previously eligible for either the federal or state subsidies, but – based on their completed application – will now be eligible for the American Rescue Plan subsidies.
- **Covered California Enrollees Who Earned Income from Unemployment Insurance in 2021:** There are an estimated 130,000 Covered California enrollees who reported they had received Unemployment Income in 2021. Many of these individuals are eligible for higher subsidy levels.
- **Covered California Enrollees Who Did Not Complete an Application for Financial Assistance:** There are approximately 140,000 consumers who are enrolled through Covered California but are not receiving subsidies, either because they declined them or because they need to provide more

information to confirm their eligibility. These consumers will need to be informed to take action in order to benefit from the new financial help.

## **Covered California's Three Strategic Approaches**

Covered California's three key strategies to promote enrollment are designed to complement and reinforce each other. They are:

### **1. Establish a New American Rescue Plan Special Enrollment Period to Maximize Enrollment: Covered California is having the period start on April 12<sup>th</sup> and last through the end of 2021**

The first step to support the new and expanded subsidies is to declare a *new* special-enrollment period (SEP). Establishing a new special enrollment period highlights and promotes the fact that premiums can be far less than they were before and encourage uninsured consumers to “check again.” The only way uninsured consumers will shop and check again to see if coverage is now affordable is to relentlessly “sell” that cost-saving benefits are on the table for the taking.

Given Covered California is having the American Rescue Plan special-enrollment window run through the end of 2021, this longer period allows the needed lead time to develop and implement a paid marketing campaign that is essential to reach the uninsured.

Covered California is on track to implement technology to support new subsidies in early April so that new and existing members will be able to receive the enhanced subsidies starting May 1.<sup>2</sup> We are paying special attention to assuring that coverage will take effect at the earliest possible effective date. While existing Covered California subsidized enrollees will be able to benefit from the enhanced subsidies for all months of 2021 – with those months not appearing in lower monthly premiums being paid at tax reconciliation – individuals who are currently insured off-exchange or uninsured are not eligible for “retroactive” benefits and will have to sign up for exchange coverage and receive the lower premiums on a go-forward basis. Covered California will allow new enrollees to sign up through the last day of the month for coverage effective on the first day of the next month (e.g., April 30 for a May 1 effective date).

A longer Special Enrollment Period is vital to have marketing and other related strategies be as effective as possible. Given the large monthly savings and simplicity of keeping the enrollment period open, Covered California is having the Special Enrollment Period run through the end of 2021.

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<sup>2</sup> Implementation of enhanced subsidies for unemployment compensation recipients will occur later than the implementation of the increased tax credits due to the complexity of implementing this provision in exchange eligibility systems. Enrolled consumers will be informed of this fact and that their benefits will be retroactive to the beginning of their coverage in 2021.

## 2. Implement Robust Efforts Under Covered California's Control

Covered California will use a variety of marketing, outreach and technology strategies to convert or sign up target populations into subsidized coverage. Covered California's key strategies outlined below can be easily adapted by federal and state exchanges.

- **Direct communication and automatic transitions for enrolled members.** Covered California has already begun communicating with those it provides coverage that they will be automatically provided with increased subsidies that will lower their monthly premium. Covered California enrollees not receiving subsidies today will be contacted to inform them of the significant savings they can get if they return to Covered California to update their eligibility information.
- **Active outreach to consumers who have had prior contact with Covered California:** Covered California will send letters and emails to "funnel" consumers – those who have previously inquired about coverage and not enrolled – with information about the new benefits and how affordable coverage is within reach. Covered California will also outreach to those who have dropped Covered California coverage in the past year. (Note: for the FFE and some State Based Exchanges it may be important to have a longer reach-back period. Prior to 2020, survey data indicated that less than 10 percent of Covered California members who dropped coverage left without insurance, this increased to 24 percent last year. Exchanges need to decide how far back to go with "win-back" efforts informed by their understanding of the portion of consumers that left and were likely to be uninsured to assess the value proposition of these outreach efforts.)

Covered California is also developing messaging that can be used by health plans to send to their off-exchange consumers. Covered California will share its messaging points with health plans, State Based Exchanges and the federal exchange on communicating the benefits of new subsidies available through the American Rescue Plan.

- **Marketing campaign:** Covered California is developing a marketing campaign to ensure that all eligible consumers are informed of the opportunities to get coverage. The campaign will run for the duration of the stimulus special enrollment period, yet with a heavy emphasis during April, May and June. Covered California is planning a broad marketing campaign for the American Rescue Plan Special Enrollment Period that will include the following:
  - Substantial investments in all major media channels (TV, Radio, Digital, Social);
  - Doing even more than our usual focus to disproportionately target communities of color and low-income communities hardest hit by recession and the pandemic;
  - Developing new creative content – with content released in phases as informed by consumer research; and

- Conducting consumer research specific to the value of new subsidies, “American Rescue Plan” messaging, and addressing time-limited nature – this research will inform media content in June and will likely be used for 2022 Open Enrollment.
- **Effective Partnerships:** Covered California will work with other key public and private partners to promote insurance enrollment among target groups.
  - **Employment Development Department (EDD) – for Californians receiving Unemployment Insurance:** Covered California will continue to work with the Employment Development Department (EDD), California’s unemployment insurance agency, to provide messaging that will be sent by EDD to unemployment compensation recipients.
  - **California Franchise Tax Board – for Californians who paid penalty for being uninsured in 2020:** California’s Franchise Tax Board will share data with Covered California to enable direct outreach to penalty payers. Covered California will develop material to make penalty payers aware of the new subsidies and the stimulus special enrollment period.
  - **California Department of Health Care Services – for Californians leaving Medi-Cal coverage:** Covered California will partner with Department of Health Care Services, California’s Medicaid Agency, to plan for the expected influx of newly eligible individuals coming from Medicaid when the public health emergency is lifted.
- **Provide effective support to agents and navigators:** Covered California will work with its 10,000 certified agents and almost 100 directly funded navigator partners and subcontractors in a highly focused campaign to quickly build partner awareness and understanding of the many advantages of the American Rescue Plan for consumers. The outreach and communications plan will vary in intensity based on the enrollment channel partner’s potential but includes some or all of the below initiatives.
  - American Rescue Plan specific courses, content, and educational broadcasts
  - Live events, meetings, and webinars
  - Consumer-facing tools and templates
  - Enroller toolkits and job aids
  - Program to distribute enrollment opportunities
  - Messaging and tools to support “win-back” enrollment of individuals previously insured
  - Navigator tools and targeted additional resources to support in-the-field outreach and educational activities
  - Reports and dashboards to provide enrollment efficacy feedback
- **Develop and regularly articulate clear messaging to support enrollment, including framing and linkage to state and national response to COVID:** Public messaging and framing of the American Rescue Plan plays an

essential role in developing broad understanding and awareness of the important benefits it will provide to millions of Americans and how it is a critical element of state and national response to the pandemic and keeping all of us on the path to recovery.

In its developmental stage, the central message revolves around the transformational nature of the subsidies to make coverage even more affordable and bring it within greater reach of millions of Americans. Key focus areas speak to:

- The impact to both uninsured *and* those who are already insured and who stand to significantly gain from new subsidies they now are eligible for;
- How the American Rescue Plan addresses the economic impact of the recession and economic equity, taking us a step forward in addressing longstanding barriers faced by working families and communities of color who have struggled economically and also have been disproportionately impacted by COVID-19; and
- How the American Rescue Plan builds on the Affordable Care Act in ways that we have not seen since its inception bringing us closer to fulfilling the promise of coverage and the law itself.

### **3. Ensure Contracted Health Plans Maximize Enrollment of Those Subsidy Eligible**

Covered California will work to ensure that health plans make consumers aware of the new benefits and are encouraged to take the necessary action to get the new higher subsidies by completing eligibility applications and, where eligible, switching to exchange coverage. Covered California will hold its eleven contracted health plans accountable to reach out to all target groups. Covered California expects health plans to actively promote the benefits of the American Rescue Plan in a variety of ways.

- **Convert eligible off-exchange membership into Covered California.** Health plans are expected to partner with Covered California to notify all off-exchange enrollees about the new benefits, assist all consumers in completing eligibility applications and providing enrollment support to get subsidized coverage. As part of their efforts to convert off-exchange members, health plans will be expected to assist members in transitioning their coverage including, for example, transferring amounts accrued to deductibles, reassigning primary care providers and reauthorizing treatments. Finally, health plans and exchanges need to work together to ensure that agents do not lose their “delegation” for consumers enrolled off-exchange when they convert to marketplace coverage.
- **Engage in marketing and outreach activities.** Health plans will be expected to spend on marketing and outreach activities to convert off-exchange members as well as to broadly promote the stimulus benefits and associated special enrollment period.

- **Support agents in converting off-exchange members and signing up new members.** Health plans will be expected to work with agents to ensure that they have the tools they need to participate in converting their clients to exchange coverage. They will also be expected to continue their efforts to assure adequate commissions.
  
- **Covered California will support and coordinate efforts with its contracted health plans:** to ensure contracted plans are successful, Covered California will support health plan efforts through a range of technology, outreach and policy initiatives to maximize the uptake of the new subsidies among existing insured and the uninsured, including:
  - **Enabling technology and policies to effectively convert off-exchange members:** Covered California is exploring technology solutions that health plans will be able to use to facilitate off-exchange enrollee transfer into subsidized exchange coverage. These solutions would leverage Covered California’s application infrastructure but would limit plan display to only show products offered by the consumer’s health plan. Covered California is assessing how best to develop a microsite of its enrollment system that would support health plans in seamlessly converting off-exchange consumers to subsidized coverage with Covered California. To the extent it uses this technology, Covered California will develop appropriate consumer-first guardrails and solutions will be implemented on a temporary basis to run the course of 2021 and 2022, with evaluation to understand consumer outcomes and business impacts.
  - **Communicating benefits to members:** Covered California will work with health plans to develop outreach material for off-exchange consumers to inform them of the new subsidies and motivate them to act.
  - **Coordinating with advertising and promoting appropriate investments by Qualified Health Plans:** Covered California has communicated its expectation that health plans invest at least 0.6 percent of gross premiums on marketing AND that at least half of that expense is on “direct response” advertising that includes a call-to-action for consumers to enroll, that they can save money and where to go (in contrast to “brand” marketing which focuses on Whatever Health Plan “is good”). Covered California is actively working with its health plans to do expanded marketing both for the period from April to June 2021 and for the 2022 Open Enrollment Period.

**Table 1: California's American Rescue Plan Key Target Populations**

TARGET POPULATIONS	ESTIMATED ELIGIBLES	
	Covered California	Medi-Cal
<b>1. Uninsured<sup>i</sup></b>	<b>1,220,000</b>	<b>950,000</b>
<400% FPL	990,000	N/A
>400% FPL	230,000	N/A
Target populations at risk of being uninsured		
<b><i>Unemployment compensation recipients<sup>ii</sup></i></b>		
New monthly	24,000	5,000
Total	535,000	106,000
<b><i>Monthly disenrollment from commercial coverage (pending)<sup>iii</sup></i></b>		
<b><i>Monthly Medi-Cal transitioners (starting early 2022)<sup>iv</sup></i></b>		
Redetermination at end of public health emergency	520,000	N/A
Monthly flows	43,000	N/A
<b>2. Insured individuals who need to take action to receive subsidies (data at individual level)<sup>v</sup></b>		
<b>Off-exchange enrollees</b>	<b>580,000</b>	<b>N/A</b>
<i>By Off-exchange line of business</i>		
Mirror (includes mirror-like no-load Silver plans)	310,000	N/A
Non-mirror	130,000	N/A
Grandfathered	140,000	N/A
<i>By FPL</i>		
<400% FPL (avg household subsidy \$800/month)	300,000	N/A
400-600% FPL ((avg household subsidy \$690/month)	150,000	N/A
>600% FPL (avg household subsidy \$500/month)	130,000	N/A
<b>Covered California unsubsidized enrollees</b>	<b>140,000</b>	<b>N/A</b>
<b>3. Covered California subsidized enrollees<sup>vi</sup> - no action required</b>	<b>1,400,000</b>	<b>N/A</b>



## Data Notes and Sources

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<sup>i</sup> KFF estimates of the uninsured eligible for marketplace coverage by state. FPL distributions represent the national breakdown of 72% under 400% FPL, and the remaining 28% above 400% FPL. Estimates may be overstated by the inclusion of those with an offer of ESI. We assume that 58% of the over 400% FPL uninsured will be eligible to receive APTCs, an estimate we take from the share of off-exchange consumers with incomes above 400% FPL estimated to be subsidy-eligible. At this time, we do not have better estimates of the uninsured population to adjust this estimate.

McDermott, D. Cox, C. Glaxton, G. Marketplace Eligibility Among the Uninsured: Implications for a Broadened Enrollment Period and ACA Outreach. Kaiser Family Foundation. January 27, 2021. <https://www.kff.org/report-section/marketplace-eligibility-among-the-uninsured-implications-for-a-broadened-enrollment-period-and-aca-outreach-appendix/>

Medi-Cal eligibility includes those who are eligible for restricted scope Medi-Cal: Kaiser Family Foundation. Distribution of Eligibility for ACA Health Coverage Among Those Remaining Uninsured as of 2019. <https://www.kff.org/health-reform/state-indicator/distribution-of-eligibility-for-aca-coverage-among-the-remaining-uninsured/?dataView=1&currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>

<sup>ii</sup> California EDD Individuals Paid Benefits Total. <https://edd.ca.gov/newsroom.htm>. Totals are adjusted based on Census Pulse Survey Data, to show the share of individuals in California that reported using UI benefits in the past week, and reporting being uninsured or no other source of insurance (excluding those with public or private insurance). Health Table 3: <https://www.census.gov/data/tables/2021/demo/hhp/hhp23.html>. Micro Data from the Week 23 PUF was used to estimate the breakdown of UI recipients without a reported source of coverage by whether their household income was above or below 138% FPL, to estimate the distribution of those eligible for Covered California or Medi-Cal.

<sup>iii</sup> Data will be provided by commercial carriers to Covered California as required by SB 260. Current estimates take EDD new monthly unemployed in December 2020 (<https://edd.ca.gov/newsroom/unemployment-december2-2020.htm>), and assume that 48% had ESI, from Commonwealth Fund analysis of BLS data (<https://www.commonwealthfund.org/publications/issue-briefs/2020/oct/how-many-lost-jobs-employer-coverage-pandemic>). Using UC Berkeley Labor center analysis of Californians with ESI at risk of job-loss, by FPL levels, we assume 8% of the newly monthly unemployed have incomes that make them eligible for Medi-Cal, and the rest will be eligible for exchange coverage (<https://laborcenter.berkeley.edu/health-coverage-ca-workers-at-risk-of-job-loss-covid-19/>).

<sup>iv</sup> SB 260 will require Covered California to automatically enroll Medi-Cal transitioners into the lowest cost silver plan available to them.

Current estimates use the historical average share of monthly Medi-Cal enrollees subject to annual eligibility renewal, and the share of those that are found ineligible for Medi-Cal, as released by DHCS. These average rates are applied to the monthly 2020 Medi-Cal total enrollment for estimates on the share that had paused redeterminations during the Public Health Emergency. Redeterminations are likely higher, as Medi-Cal enrollment continues to grow in 2021 and potential economic expansion could increase the share that are ineligible for MAGI Medi-Cal.

<sup>v</sup> Totals and APTC estimates based on modeling a hypothetical population of off-exchange enrollees weighted to estimated off-exchange FPL and issuer distributions. Distribution of income among off-exchange enrollees assumes 38% with incomes under 400% FPL, 23% 400-600% FPL, and 39% with incomes greater than 600% FPL. Estimates based on QHP issuer submissions, CalSIM & NHIS data, & Fung et al. "Nearly One-Third of Enrollees in California's Individual Market Missed Opportunities to Receive Financial Assistance," *Health Affairs* Vol 36.1 (2017) 21-31. Distribution of mirror, non-mirror, and grandfathered plans based on 2019 QHP issuer submissions.

<sup>vi</sup> Covered California effectuated enrollment.