

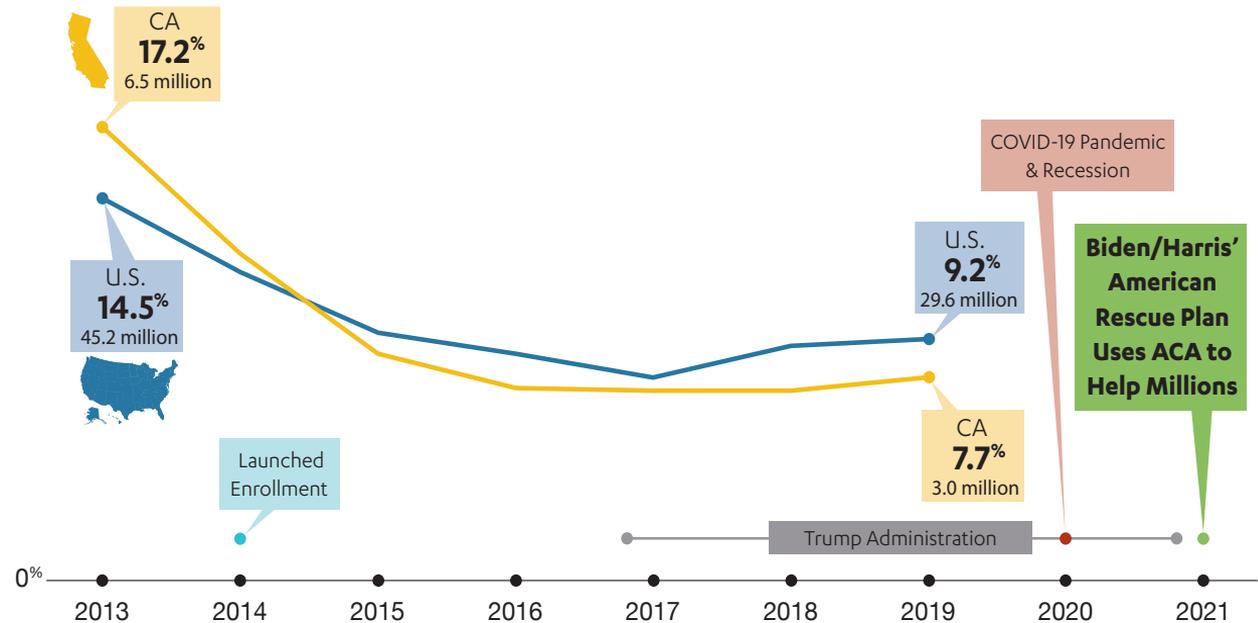


Covered California Announces American Rescue Plan Roadmap to Lower Premiums and Help Millions Get Covered

March 18, 2021

CALIFORNIA BUILDING ON ITS HISTORY OF MAKING THE AFFORDABLE CARE ACT WORK

- Since launch of ACA, California experienced the nation's largest drop in the uninsured rate.
- More than 4.7 million Californians have gained coverage since 2013.
- As of 2019, there are about 3 million uninsured, with about 60% undocumented/ineligible for federal programs.
- In 2020, California implemented state subsidies and a state penalty, which resulted in a 40% increase in new enrollment and contributed to premium increases of less than 1% for 2020 and 2021.
- COVID Special Enrollment Period in 2020 led to surge in sign-ups



Source: U.S. Census 2014-2020

WHO CAN BENEFIT FROM THE AMERICAN RESCUE PLAN'S NEW HEALTH SUBSIDIES: THE NATIONAL AND CALIFORNIA PICTURE

Landscape of the 25 Million Americans Eligible for New Assistance*

			US Total		California	
ACTION NEEDED BY CONSUMER	Currently Uninsured	Uninsured Marketplace Eligible, below 400% FPL	11.2M	45%	990,000	32%
		Uninsured Marketplace Eligible, above 400% FPL	2.1M	8%	230,000	8%
		<i>SUBTOTAL: Currently Uninsured - Action Needed to Benefit</i>	13.3M	54%	1,220,000	40%
	Currently Insured	Off-Exchange Enrollees, below 400% FPL	.8M	3%	210,000	7%
		Off-Exchange Enrollees, above 400% FPL	.7M	3%	220,000	7%
		<i>SUBTOTAL: Currently Enrolled - Action Needed to Benefit</i>	1.5M	6%	430,000	14%
NO ACTION NEEDED BY CONSUMER	Currently Insured	Marketplace Enrollees, below 400% FPL - No Action Needed to Benefit	9.1M	37%	1,270,000	42%
		Marketplace Enrollees, above 400% FPL - Newly Eligible for ARP	.9M	4%	140,000	5%
		<i>SUBTOTAL: Currently Enrolled - No Action Needed to Benefit</i>	10.0M	40%	1,410,000	46%
TOTAL		Total Eligible to Benefit from Subsidies	24.9M	100%	3,060,000	100%
ACTION NEEDED	Currently Uninsured	Uninsured Medicaid Eligible	7.3M		1.0M	
TOTAL		Total Eligible to Benefit from Affordable Coverage	32.2M		4.0M	

Average New Monthly Financial Help For Current Marketplace Enrollees, below 400% FPL	\$ 80	\$ 74
Average Monthly Financial Help for Newly Enrolling Individuals, below 400% FPL	\$ 571	\$ 527
Average Monthly Financial Help Per Newly Eligible Enrollee, above 400% FPL	\$ 335	\$ 309

* Table only shows those estimated to be eligible for subsidies based on maximum required contribution percentage of household income using available administrative data (on income, age, and benchmark premiums) from California's marketplace: the actual eligibility may differ to the extent that there are differences in the age, income, and premium costs for other states and the off-exchange from what is observed in Covered California's data. **Not shown are the estimated 1.4 million consumers who may receive higher subsidies because they are receiving unemployment insurance income.** Additionally, off-exchange estimates do not include consumers who may be enrolled in coverage that is not ACA compliant (e.g. "grandfathered" plans), who may also benefit from new subsidies.

** Federally-Facilitated Exchanges includes State-Based Exchanges utilizing the Federal Marketplace Platform.

*** The "states with largest drops in unsubsidized enrollment" reflects total of the nine States (which were all in FFE) that had 2016 to 2019 drop of unsubsidized enrollment of over 70% (AZ, GA, IA, MS, NB, NH, OK, TN, WV).



WHO CAN BENEFIT FROM THE AMERICAN RESCUE PLAN'S NEW HEALTH SUBSIDIES: 25 MILLION AMERICANS

American Rescue Plan – Landscape of the 25 Million Americans Eligible for New Assistance*

			US Total		Federally-Facilitated Exchanges		States with Large Drops in Unsubsidized Enrollment		State-Based Exchanges	
ACTION NEEDED BY CONSUMER	Currently Uninsured	Uninsured Marketplace Eligible, below 400% FPL	11.2M	45%	8.5M	49%	1.8M	54%	2.7M	37%
		Uninsured Marketplace Eligible, above 400% FPL	2.1M	8%	1.4M	8%	.3M	8%	.7M	9%
		SUBTOTAL: Currently Uninsured - Action Needed to Benefit	13.3M	54%	9.9M	57%	2.1M	62%	3.4M	46%
	Currently Insured	Off-Exchange Enrollees, below 400% FPL	.8M	3%	.4M	2%	.0M	1%	.4M	5%
		Off-Exchange Enrollees, above 400% FPL	.7M	3%	.4M	2%	.0M	1%	.4M	5%
		SUBTOTAL: Currently Enrolled - Action Needed to Benefit	1.5M	6%	.7M	4%	.0M	1%	.8M	11%
NO ACTION NEEDED BY CONSUMER	Currently Insured	Marketplace Enrollees, below 400% FPL - No Action Needed	9.1M	37%	6.4M	36%	1.1M	34%	2.7M	37%
		Marketplace Enrollees, above 400% FPL - Newly Eligible for ARP	.9M	4%	.4M	3%	.1M	3%	.5M	6%
		SUBTOTAL: Currently Enrolled - No Action Needed to Benefit	10.0M	40%	6.8M	39%	1.2M	36%	3.2M	43%
TOTAL		Total Eligible to Benefit from Subsidies	24.9M	100%	17.5M	100%	3.4M	100%	7.4M	100%
ACTION NEEDED	Currently Uninsured	Uninsured Medicaid Eligible	7.3M		4.8M		1.3M		2.5M	
TOTAL		Total Eligible to Benefit from Affordable Coverage	32.2M		22.2M		4.7M		9.9M	

Average New Monthly Financial Help For Current Marketplace Enrollees, below 400% FPL	\$ 80	\$ 85	\$ 91	\$ 70
Average Monthly Financial Help for Newly Enrolling Individuals, below 400% FPL	\$ 571	\$ 603	\$ 648	\$ 497
Average Monthly Financial Help Per Newly Eligible Enrollee, above 400% FPL	\$ 335	\$ 353	\$ 380	\$ 291

* Table only shows those estimated to be eligible for subsidies based on maximum required contribution percentage of household income using available administrative data (on income, age, and benchmark premiums) from California's marketplace: the actual eligibility may differ to the extent that there are differences in the age, income, and premium costs for other states and the off-exchange from what is observed in Covered California's data. **Not shown are the estimated 1.4 million consumers who may receive higher subsidies because they are receiving unemployment insurance income.** Additionally, off-exchange estimates do not include consumers who may be enrolled in coverage that is not ACA compliant (e.g. "grandfathered" plans), who may also benefit from new subsidies.

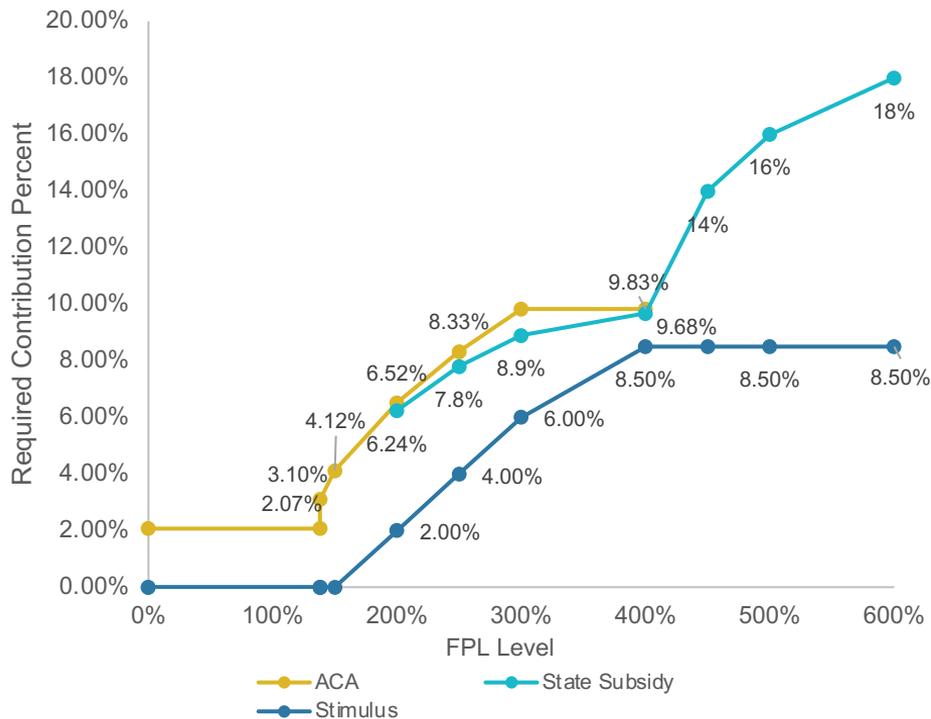
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*** The "states with largest drops in unsubsidized enrollment" reflects total of the nine States (which were all in FFE) that had 2016 to 2019 drop of unsubsidized enrollment of over 70% (AZ, GA, IA, MS, NB, NH, OK, TN, WV).

THE AMERICAN RESCUE PLAN: PROVIDING MORE HELP TO MILLIONS AND MORE THAN COVERING CALIFORNIA'S TEMPORARY STATE SUBSIDIES

The new “required contribution curve” will significantly reduce the share of income that consumers must pay towards their premiums, fully replacing the current ACA policy design for plan years 2021 and 2022.

The Rescue Plan also includes a provision that allows anyone receiving Unemployment Income in 2021 to receive Advanced Premium Tax Credits (APTCs) at the level of eligibility at 138% FPL (meaning they pay 0% of their monthly income towards their benchmark plan and be eligible for Silver 94).



Required contribution curves are for the 2021 plan year.

AMERICAN RESCUE PLAN LOWERS PREMIUMS AS A SHARE OF INCOME

2021 Coverage Year: Percent of Household Income Paid for Benchmark Silver Premium						
Income Range		Required Contribution as Share of Income			Enrollees to be redetermined without taking action	
Income As Percent of Federal Poverty Level (FPL)	Income for Single Household	Affordable Care Act	California State Subsidy Program	American Rescue Plan	Covered California enrollees	Percent of total
Under 138%*	\$0 to \$17,609	2.07%	0.0%	0.0%	38,000	3%
138% – 150%**	\$17,609 to \$19,140	3.10% – 4.14%	N/A	0.0%	226,000	16%
150% – 200%	\$19,140 to \$25,520	4.14% – 6.52%	N/A	0.0% – 2.0%	442,000	31%
200% – 250%	\$25,520 to \$31,900	6.52% – 8.33%	6.24% – 7.80%	2.0% – 4.0%	236,000	16%
250% – 300%	\$31,900 to \$38,280	8.33% – 9.83%	7.80% – 8.90%	4.0% – 6.0%	198,000	14%
300% – 400%	\$38,280 to \$51,040	9.83%	8.90% – 9.68%	6.0% – 8.5%	192,000	13%
Over 400%	\$51,040 and up	Not eligible for subsidies	9.68% – 18.0%***	8.5%	112,000	8%

NOTES:
 *Individuals with income at or below 138% of the federal poverty level are generally eligible for Medi-Cal, California's Medicaid program. In certain limited circumstances, however, they are eligible for the federal premium tax credit and the California state subsidy program.
 ** Under the American Rescue Plan, Covered California enrollees receiving Unemployment Insurance (UI) in 2021 are treated as though their income is no more than 138.1% of the federal poverty level for the purposes of the federal premium tax credit meaning their required contribution for a benchmark plan will be 0%.
 *** Eligibility for the California state subsidy program ends at 600% of the federal poverty level.

SAVINGS TO CALIFORNIANS UNDER THE AMERICAN RESCUE PLAN

Uninsured Californians earning between \$19,000 and \$32,000 per year – comprising 2/3rds of the eligible uninsured – can enroll in a benchmark silver plan (with reduced cost sharing) for an average cost of \$61 per month, and virtually all can get a Bronze plan for \$1 per month per member.

Off-exchange consumers over 400% FPL, who enroll with Covered California in May, will receive on average of \$500 per month in federal financial assistance, for a potential savings of nearly \$10,000 if enrolled for 20 months from May 2021 through December 2022.

Current Covered California consumers who will receive subsidies, will pay an estimated \$119 less per month per household on average, which translates to \$1,428 per year.

	Income Ranges for Single Person Household	Share of Enrollment	Monthly Premiums		Savings Due to American Rescue Plan (for those who receive credits only)		
			Gross Premium	Consumer's Premium After American Rescue Plan Assistance	Monthly Savings compared to ACA	Monthly Savings compared to Gross Premium	Savings from 20 months of ARP subsidies (compared to gross)
Under 150% FPL	Under \$19,140	18%	\$734	\$55	\$59	\$679	\$13,588
150% - 250% FPL	\$19,140 - \$31,900	47%	\$766	\$61	\$93	\$704	\$14,088
250% - 400% FPL	\$31,900 - \$51,040	27%	\$964	\$228	\$144	\$736	\$14,720
Over 400% FPL	More than \$51,040	8%	\$1,100	\$507	\$593	\$593	\$11,860
Total		100%	\$820	\$118	\$119	\$702	



Note: Modeling assumes uninsured population characteristics match Covered California membership, including plan choice. Source: Covered California administrative data of effectuated enrollees' current plan selections, and only reflect those who are estimated to receive subsidies greater than \$0. Premiums are at the household level.

SCENARIO: YOUNGER UNINSURED IN LOS ANGELES CAN NOW GET SILVER PLAN FOR LESS THAN \$50 PER MONTH

Uninsured younger consumers in low-cost regions can now get even more affordable coverage: a 21 year old in LA earning \$25,520 per year (200% FPL) can purchase a benchmark plan (Enhanced Silver 94) for \$43 per month, or a Bronze plan for \$1 per month.

		ACA Baseline	American Rescue Plan
One-Person Household	Benchmark Silver Premium (monthly)	\$275	\$275
Los Angeles, CA	Cap on Share of Income for Benchmark Plan	6.52%	2%
21 year old	Net Premium (monthly)	\$139	\$43
Income: \$25,520	Federal Subsidy (monthly)	\$137	\$233
200% FPL	Federal Subsidy (if enrolled all of 2021 and 2022)	\$2,736	\$4,659

SCENARIO: MIDDLE-INCOME OFF-EXCHANGE COUPLE CAN SAVE \$14,000 IF SWITCH TO MARKETPLACE THROUGH 2022

A couple in Oakland, both 45 and earning \$77,580 (450% FPL) purchased a benchmark silver plan off-exchange.* Now, if they switch to enroll at Covered California, they can keep the exact same place and receive financial help worth \$722 per month, or over \$14,000 if enrolled from May 2021 to December 2022.

		Enrolled Off-Exchange	American Rescue Plan	Difference for Enrolling through Covered California
Couple	Benchmark Silver Premium (monthly)	\$1,271	\$1,271	
Oakland, CA	Percent of Income Spent on Premium	19.6%	8.5%	11.1% of income saved
Both Age 45	Net Premium (monthly)	\$1,271	\$550	\$722 saved
Income: \$77,580	Federal Subsidy (monthly)	\$0	\$722	\$722 new monthly credits
450% FPL	Federal Subsidy (20 months in 2021 and 2022)	\$0	\$14,438	\$14,438 savings if enrolled 20 months



* Not shown: this household would have been eligible for \$366 per month in state subsidy had they enrolled on-exchange for 2021. ⁸

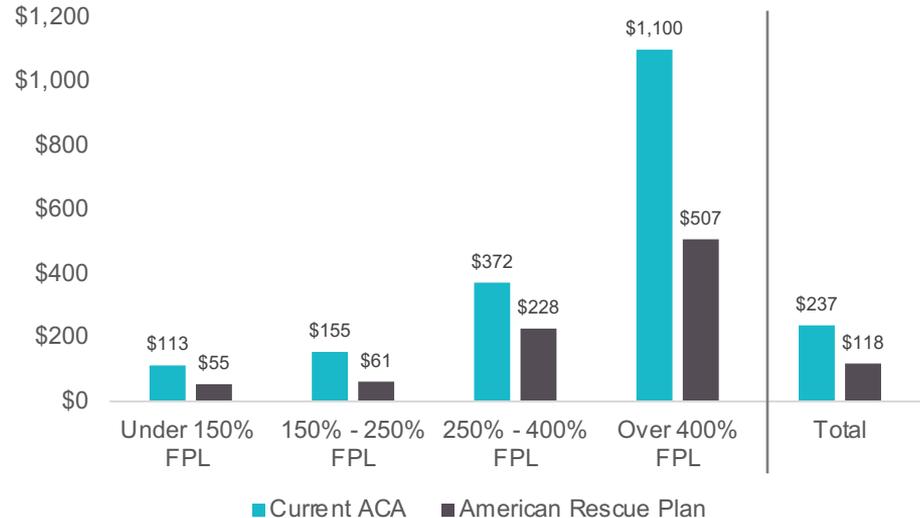
FOR THOSE RECEIVING SUBSIDIES NOW THROUGH COVERED CALIFORNIA AVERAGE “NET PREMIUMS” WILL DROP A LOT

For current Covered California members, “net premiums” – the monthly amount consumers pay after the federal subsidy – will decrease by an estimated \$119 per household per month (\$1,428 annualized) compared to what costs would be under the ACA.*

Many consumers in the lower income range will become newly eligible for \$1 Enhanced Silver premiums, while consumers over 400% of FPL will see significant reductions thanks to new federal premium assistance.

We estimate the American Rescue Plan will provide over \$1.5 Billion in new financial help *for current enrollees alone.*

Average Household Net Premium by FPL and Policy Design



Note: Modeling assumes uninsured population characteristics match Covered California membership, including plan choice. Source: Covered California administrative data of effectuated enrollees' current plan selections, and only reflect those who are estimated to receive subsidies greater than \$0. Premiums are at the household level, and net premiums do not include state subsidies.

MOST CALIFORNIANS PAYING FOR INSURANCE TODAY “OFF-EXCHANGE” CAN REDUCE THEIR COSTS IMMEDIATELY

Covered California estimates, based on income alone, that nearly three-quarters of all off-exchange households *could* be eligible to receive subsidies under the stimulus based on their income:

- Of households eligible to receive subsidies (of more than \$0), 94% could receive more than \$100/month, representing substantial benefit to these off-exchange consumers.
- For those households earning between 400% and 600% FPL, an estimated 82 percent would be eligible for financial help which would average \$690 per household – **that assistance would have a value of \$13,800 for a household that enrolled for May 2021 coverage and kept their insurance with same subsidy until December 2022.**
- Off-exchange households are ineligible due to their incomes meaning they can purchase a benchmark plan that costs less than 8.5% of income, and thus would qualify to receive subsidies.

FPL Group	Average Household Subsidy	Individuals Eligible to Receive Subsidies	Share of Total Households Eligible to Receive Subsidies
Less than 400% FPL	\$800	210,000	100%
400%-600% FPL	\$690	120,000	82%
More than 600% FPL	\$500	100,000	43%



ENROLLING AS MANY OF THE 25 MILLION ELIGIBLE NATIONALLY AND 3 MILLION IN CALIFORNIA IS THE RIGHT THING TO DO

- These provisions can provide fast and significant relief to Americans who are struggling with the pandemic and its economic repercussions. New subsidies will help uninsured GET coverage and those who have coverage without subsidies KEEP coverage while putting money in their pockets.
- The increased subsidies provide additional financial help to those currently enrolled which will help them stay covered and give financial help to lower income and those in communities of color most impacted by the COVID-10 pandemic and resulting recession.
- By enrolling consumers during 2021 and in the 2022 open enrollment period, the individual market would benefit from lower premiums in 2022 due to the healthier consumer pool. Covered California estimates effective enrollment could lead to 2022 premiums being 4 percent lower than they would otherwise be – saving the federal government over \$2 billion in reduced Premium Tax Credit spending.
- The American Rescue Plan can show how the Affordable Care Act (ACA) can meet the needs of consumers during a pandemic and recession, by delivering real results quickly through the existing infrastructure of the law. Successful implementation is critical as we look ahead to the potential of expanding coverage by making permanent improvements to the ACA.

POTENTIAL DOES NOT MEAN WILL BENEFIT: THE CONGRESSIONAL BUDGET OFFICE PROJECTS ONLY ABOUT ONE IN TEN OF ELIGIBLE UNINSURED WILL BENEFIT

The [Congressional Budget Office](#) projects that over 2021 and 2022 combined about 10 percent of uninsured eligible for the American Rescue Plan increased subsidies will enroll and 20 percent of those currently insured but unsubsidized will enroll. They think millions of Americans will leave big money on the table for good reasons:

- Most uninsured want insurance they just don't think they can afford it. The CBO does not think the Rescue Plan will change that.
- The American Rescue Plan is starting "mid-year" when consumers are less likely to switch.
- Since the program is temporary, many will just sit on the sidelines.

And there are other reasons for conservatism:

- Moving Consumers from "Off-Exchange" IS Difficult (inertia is a powerful force)
- Nationally need to rebuild awareness of Healthcare.gov and support navigators
- Danger of lower than needed marketing spending and risk that health plans don't "lean in"

BUT –THE AMERICAN RESCUE PLAN PROVIDES NEW OPPORTUNITIES BY MAKING COVERAGE MORE AFFORDABLE THAN EVER BEFORE

There are clear pathways and huge needs to be met that can help ensure consumers access subsidies:

- **Uninsured:** the new subsidies are large and make coverage MUCH more affordable than ever before for millions of Americans, IF Americans are told how much they can save.
- **Currently Insured “Off-Exchange” Consumers:** Qualified Health Plans and insurance agents can help consumers understand they can save thousands of dollars and convert to coverage that meets their needs.
- **Currently Subsidized Marketplace Consumers:** Consumers who are currently enrolled in either the Federally Facilitated Exchange (FFE) or a State Based Exchange (SBE) can gain the bigger subsidies automatically – either in the form of lower monthly premiums or by receiving a bigger tax refund at the end of the year without any action necessary on their part.
- **Health Insurance Carriers Can and Should Lean In:** New subsidies will help ensure that off-exchange enrollees in their plans will no longer terminate their plans prematurely because they can now better afford coverage.

COVERED CALIFORNIA'S CORE STRATEGIES TO MAXIMIZE ENROLLMENT AND HELP AS MANY CALIFORNIANS AS POSSIBLE



1. Establish a NEW American Rescue Plan special-enrollment period starting April 12th through the end of 2021.

**\$20-30
MILLION**

2. Maintain consumer-focus, support agents and navigators, new partnerships and significant marketing investments April, May, and June.



3. Hold health carriers accountable by encouraging them to invest in marketing and reaching out to every consumer who is eligible for a subsidy.

COVERED CALIFORNIA STRATEGY 1: NEW AMERICAN RESCUE PLAN SPECIAL ENROLLMENT PERIOD

Establish a NEW American Rescue Plan Special Enrollment Period – *Covered California will have a special enrollment period starting April 12th and going through the end of 2021*

- The Special Enrollment Period needs to be **NEW** because the benefits to consumers ARE NEW – need to create buzz, discussion and engagement by all interested (and disinterested) individuals so uninsured consumers “check-again.”
- A longer Special Enrollment Period allows for roll-out of effective marketing and will allow for broader word of mouth – minimum period should be through June 30, 2021.
- There is virtually no risk of “adverse risk selection” – Covered California’s 2020 COVID Special Enrollment saw same risk mix as our overall enrollment
- We do NOT want to turn away an uninsured person who is newly eligible for \$800 a month in subsidies (and many able to get virtually free coverage) in July to tell them “come back for coverage starting in January
- AND we can and must still market with the “sell” of urgency and “sign-up now” (which is often triggered by a deadline) with BIG marketing focus April through June.

COVERED CALIFORNIA STRATEGY 2: DOING ALL WE “NORMALLY” DO AND DOING IT WELL

Covered California must do all its “regular” activities and more – and we’ve got to do them well – to effectively reach and enroll all possible eligible consumers

- Consumer-centered technology to support getting the increased subsidies TO CONSUMERS as quickly as possible.
- Robust marketing – leaning in for April through June as if it were an Open Enrollment Period
 - Major spending, with current plans of spending \$20 to \$30 million in April through June.
 - Disproportionately targeting communities hardest hit by the recession: communities of color and lower income
 - Benefiting from lower cost of media buying AND we will “own” the health insurance market
- Actively reach out to subsidized members and eligible consumers in our “funnel” and provide great customer service for consumers and for those who help consumers (e.g., navigators and agents)
- Engage in partner activities with major state entities: the Employment Development Department, the Franchise Tax Board and California’s Medi-Cal Department

MARKETING TO PROMOTE THE NEW LOWER COST COVERAGE FROM THE AMERICAN RESCUE PLAN

- Covered California plans a statewide marketing campaign mirroring Open Enrollment levels with \$20-30 million investment reaching at least 97% of consumers 18 times April 12 – June 30.
- Build strong momentum out the gate with maximum media weight levels in the first three weeks of the campaign.
- Enhanced emphasis on ethnic market media across Hispanic, Asian and African-American/Black audience segments in all mediums possible within the timeline. Highlights include:
 - Dedicated digital buys on contextually relevant sites.
 - Purchase the most circulated Spanish, Black and API print publications in CA.
 - Purchase through every Black-owned radio station in the state as well as partner with influential Black, Hispanic and Asian radio personalities to deliver our message.



IN COMMUNITIES THROUGHOUT CALIFORNIA, THOUSANDS OF CERTIFIED AGENTS AND ENROLLERS ARE READY TO HELP



10,000 Certified Insurance Agents

581 Covered California Storefronts

3,753 Navigators and other Community-Based Organizations

COVERED CALIFORNIA WILL PARTNER WITH KEY STATE AND OTHER GROUPS TO MAKE A DIFFERENCE

Covered California will work to promote insurance enrollment with our public partners, including key state agency partners:

- **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. We will also work with EDD to explore any opportunities for data sharing to enable direct outreach by Covered California to unemployment compensation recipients.
- **California Franchise Tax Board (FTB) – for Californians who paid penalty for being uninsured in 2020:** By state law, 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 (DHCS) – for Californians leaving Medi-Cal coverage:** Covered California will partner with the 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 at the end of 2021 and early 2022.

COVERED CALIFORNIA STRATEGY 3: MAKE SURE CONTRACTED HEALTH PLANS DO THE RIGHT THING

Covered California will provide the tools and implement the policies to ensure its eleven contracted health plans do the right thing for consumers, including:

- Requiring health plans to actively reach out to all their off-exchange consumers to encourage them to see if they are eligible for assistance AND to help them “convert” if they are:
 - Covered California building “microsite” of CoveredCA.com for each carrier to facilitate these conversions and plan-based enrollment activities
- Requiring health plans to establish consumer-first conversion policies:
 - Assure any spending is carried over to credit deductibles with their new plan
 - Making sure they either keep same doctors/networks or understand the implications of changing
 - Making sure continuity of care issues are well addressed
- Do their fair share of marketing and promotion while coordinating with Covered California’s efforts.
- Support and partner with their agents (including paying fairly and being sure all transferring clients are still credited to those agents)

California's plan to make the American Rescue Plan work well is based on the same principles that have supported its effective implementation of the Affordable Care Act:

- Do the right thing for millions of Californians who can and will benefit
- Invest in marketing **and** supporting ground-up efforts in every community across the state
- Target efforts in communities of color and lower-income Californians
- Focus not just on coverage, but assuring consumers get the right care at the right time and delivering on health equity and quality.

Thanks to all the Californians who are working to make high quality, affordable health care real for millions of people in every community across the state.

