

Welcome

2021 PRC Special Enrollment &
American Rescue Plan Conference



**COVERED
CALIFORNIA**



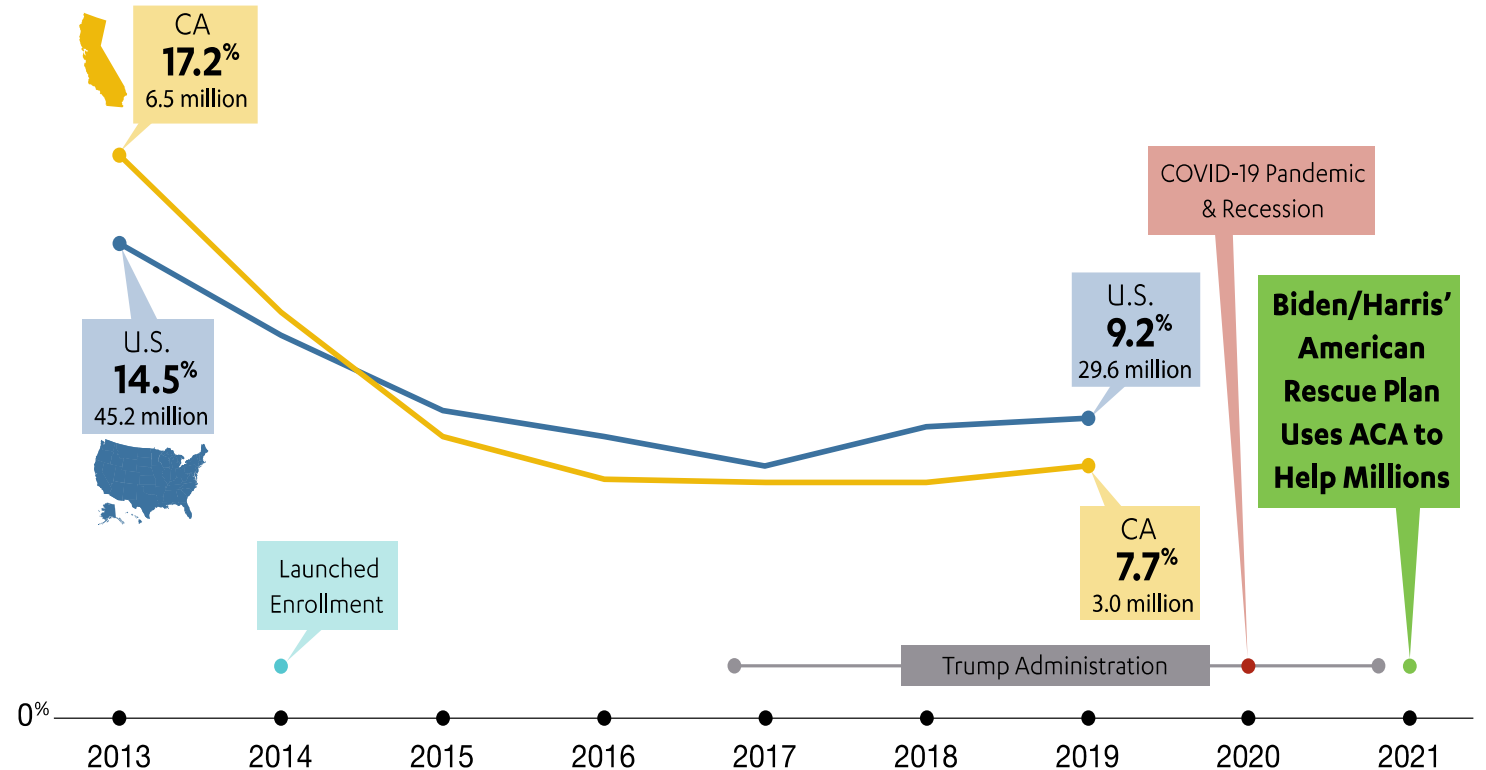
May 24, 2021

HOW THE AMERICAN RESCUE PLAN HELPS CALIFORNIANS

Marc Ross, Covered California

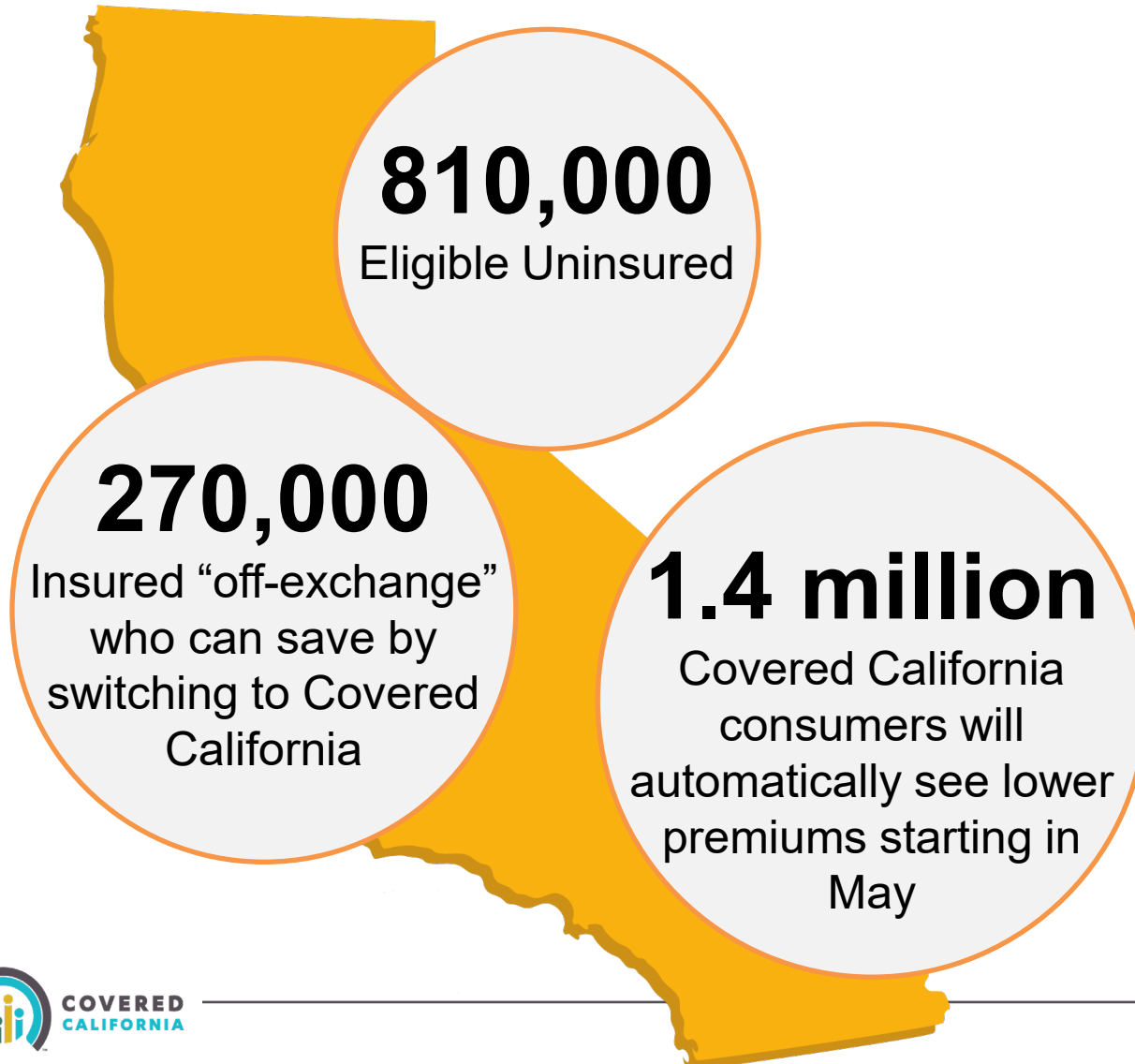
CALIFORNIA BUILDING ON ITS HISTORY OF MAKING THE AFFORDABLE CARE ACT WORK

- 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

THE AMERICAN RESCUE PLAN CAN HELP 2.5 MILLION CALIFORNIANS THROUGH LOWER PREMIUM COSTS



- The American Rescue Plan provides new and expanded subsidies so Californians without employer coverage will not pay more than 8.5% of income towards their health care premiums.
- The new subsidies will help Californians get covered and stay covered by lowering their premiums and putting money back into their pockets.
- Consumers who are currently uninsured, or enrolled in “off-exchange” coverage, will need to act in order to realize the benefits of the American Rescue Plan.
- AND...about 1 million lower income Californians are eligible for free Medi-Cal.

Lower Costs for Californians: The Impact of the American Rescue Plan Building on the Affordable Care Act



Couple Ages: 45, 45

City: Sacramento

Income: \$43,100/year (250% of Federal Poverty Level)

	Uninsured	Off-Exchange	Covered California
Silver 73 Plan	\$1,096	\$1,096	\$1,096
Current Subsidies	--	--	\$816
Current Monthly Premium	--	\$1,096	\$280
ARP Monthly Premium	\$144	\$144	\$144
Savings	Covered!	\$952	\$136

Bronze plan for \$2 per month

Lower Costs for Californians: The Impact of the American Rescue Plan Building on the Affordable Care Act



Family Ages: 45, 45, 12, 10

City: Oakland

Income: \$78,600/year (300% of Federal Poverty Level)

	Uninsured	Off-Exchange	Covered California
Silver Plan	\$1,945	\$1,945	\$1,945
Current Subsidies	--	--	\$1,362
Current Monthly Premium	--	\$1,945	\$583
ARP Monthly Premium	\$393	\$393	\$393
Savings	Covered!	\$1,552	\$190

Bronze plan for \$4 per month

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



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



2. Collaborate with carriers and encourage them to invest in marketing and reach out to every consumer who is eligible for a subsidy.

**\$20-30
MILLION**

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



Program Details and Mechanics

OBJECTIVE AND AGENDA

Objective

Overview of policy and Covered California implementation efforts regarding key American Rescue Plan (ARP) healthcare provisions.

Agenda

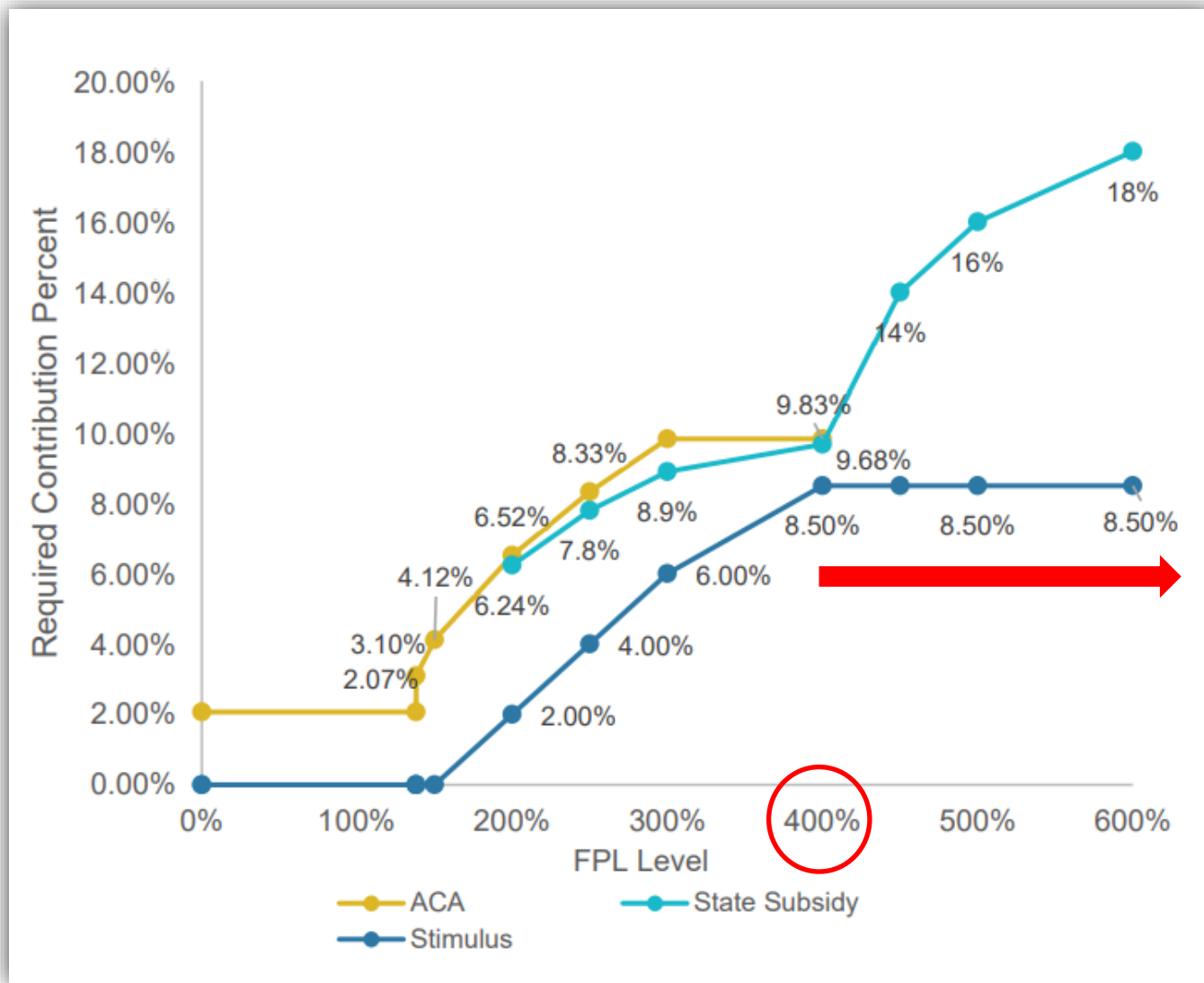
1. Key ARP Provisions
2. System Changes Overview
3. Premium Assistance for COBRA Continuation of Coverage Provision
4. Eligible Populations and Who Benefits from the ARP
5. Health Plan Implementation Activities and Tools to Facilitate Enrollment
6. ARP Implementation Timeline

AMERICAN RESCUE PLAN AND KEY HEALTH CARE PROVISIONS

- Comprehensive \$1.9 trillion federal economic relief and stimulus package, passed in response to the prolonged public health emergency and recession resulting from COVID-19 pandemic.
- Provides millions of Americans direct stimulus payments, extends jobless benefits, delivers financial aid to schools and local governments, funds COVID-19 testing and vaccine distribution, ...
- Significantly broadens health care access and eligibility previously made available under the Affordable Care Act:
 1. Provides **enhanced Advanced Premium Tax Credit (APTC)** by lowering the required contribution curve and removing the 400% federal poverty level (FPL) cap **for 2021 and 2022**
 2. Extends **APTC and Cost Sharing Reduction (CSR) eligibility for unemployment insurance (UI)** benefit recipients during **2021**
 3. **Waives repayment** of excess APTC for **2020**

APTC ENHANCEMENT

- The subsidy enhancement provision lowers an individual's required contribution for the cost of health care coverage and caps it to no more than 8.5% of overall household income for a benchmark plan.
- Eliminates the 400% FPL income “cliff” for PTC, making subsidies available for all eligible individuals.



2021 Required Income Contribution Curves

APTC ENHANCEMENT

- The ARP increased federal subsidies above and beyond the assistance previously provided by the California State Subsidy program. With these increased federal subsidies, enrollees will see their California State Subsidy reduced to \$0.00 because their APTC under the ARP is higher than what they would have received with California State Subsidy and APTC *combined*.
- To facilitate access for all eligible Californians to take advantage of increased health care affordability, Covered California opened a special enrollment period beginning April 12 through December 31, 2021 with “*Learned of American Rescue Plan*” SEP in the application dropdown menu.
 - Effective coverage date will be the first day of the next month following plan selection.

2021 Percent of Household Income Paid for Covered California Benchmark Silver Premium			
Percent of Federal Poverty Level (FPL)	Affordable Care Act	California State Subsidy Program	American Rescue Plan
Under 138%*	2.07%	0.0%	0.0%
138% – 150%**	3.10% – 4.14%	N/A	0.0%
150% – 200%	4.14% – 6.52%	N/A	0.0% – 2.0%
200% – 250%	6.52% – 8.33%	6.24% – 7.80%	2.0% – 4.0%
250% – 300%	8.33% – 9.83%	7.80% – 8.90%	4.0% – 6.0%
300% – 400%	9.83%	8.90% – 9.68%	6.0% – 8.5%
Over 400%	Not eligible for subsidies	9.68% – 18.0%***	8.5%

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 and cost-sharing reduction, meaning their required contribution for a benchmark plan will be 0% and they will be eligible for an Enhanced Silver 94 plan.
*** Eligibility for the California state subsidy program ends at 600% of the federal poverty level.

UNEMPLOYMENT BENEFIT INSURANCE PROVISION

- The ARP provides additional premium tax credit support and cost-sharing reduction (CSR) for eligible consumers who receive for unemployment insurance during 2021.
- If an eligible taxpayer receives, or is approved to receive, UI benefits for any week in 2021, the household is treated as eligible for PTCs and CSR as if their annual household income is 138.1% of the FPL.
- The FPL lock will apply for all members of the tax household that are not otherwise determined eligible for Medi-Cal. Any members who are eligible for Medi-Cal based on their attested income will be determined as such (e.g., child in household with attested income of 175% of FPL will be determined for Medi-Cal while parent reporting UI will be locked at 138.1% of FPL).
- At 138.1% of FPL, Covered California consumers will have 0% required contribution toward their benchmark plan and qualify for an Enhanced Silver 94 plan.

SYSTEMS CHANGES OVERVIEW

APTC Enhancement Provision

- System functionality went live April 5.
 - Existing eligible consumers and new consumers who apply on or after this date will see increased APTC applied as soon as May 1.
- Shop and Compare estimate tool was updated with ARP subsidies on April 12.
 - Note: Shop and Compare estimate tool will not have UI Benefit information, but on June 21 will have the following alert:

The screenshot displays the 'Covered California Programs' section of a website. At the top, the title 'Covered California Programs' is followed by a blue box with the number '19'. Below the title is the instruction 'Click 'Preview' to view the available health plans through Covered California.' A red-bordered alert box contains an information icon and the text: 'If your household receives Unemployment Insurance benefits, you may be eligible for additional financial help. This additional financial help will not be shown in the estimates when you preview the plans but will be applied once you submit an application.' Below the alert box, there are two columns of text. The first column, labeled 'Household Member' with a blue box '20', includes 'Person # (Age)' and a link 'More Information' with a blue box '22'. The second column, labeled 'Potential Eligibility' with a blue box '21', includes 'Lower Monthly Premium'. At the bottom right, there is a button labeled 'Preview Plans' with a blue box '23'.

Covered California Programs ¹⁹
Click 'Preview' to view the available health plans through Covered California.

Information: If your household receives Unemployment Insurance benefits, you may be eligible for additional financial help. This additional financial help will not be shown in the estimates when you preview the plans but will be applied once you submit an application.

Household Member ²⁰	Potential Eligibility ²¹
Person # (Age)	Lower Monthly Premium
More Information ²²	

[Preview Plans](#) ²³

SYSTEMS CHANGES OVERVIEW

Unemployment Insurance Benefit Provision

- New functionality will be live on June 21 granting the new enhanced eligibility to consumers as early as July 1.
- Once the functionality is live in the system, a batch process will run to redetermine cases that have already reported receiving UI benefits in 2021 in order to grant them the enhanced eligibility no later than August 1.
- This batch will include current consumers who have reported UI benefits and are eligible for APTC, have not terminated or cancelled their enrollment, and are not in Carry Forward Status.
- Consumers currently enrolled in Silver plans will be automatically moved into the Silver 94 variation of their current plan.
- Consumers **MUST** report in the application that they have received UI benefit income to receive the max APTC and CSR.
- Eligibility Results Page will include a snippet for each member eligible for the FPL lock:



Financial Help

Conditionally Eligible

[HHM], you are [eligibility status] for [program]:

[HHM] is conditionally eligible for Financial Help. Please select a plan now for coverage to begin [MM/DD/YYYY]. [Click here](#) to see what information needs to be verified and upload required documents.

Because your household has reported Unemployment Insurance Benefits, your household qualifies for the maximum amount of financial assistance available.

UNEMPLOYMENT INSURANCE BENEFIT Q & A

1. If an individual receives and reports unemployment insurance benefits in 2021 and has their household FPL assessed at 138.1% would that send the children within the household to Medi-Cal?

The ARP's UI lock provisions do not change existing Medi-Cal eligibility rules. Medi-Cal will continue to review program eligibility based on the family's projected income provided in their application regardless of the new UI FPL lock that provides PTC and CSR at the 138.1% level.

Example: A household with an eligible adult and two children reports an income of over 266% FPL and 2021 UI income. The household will be eligible for the PTC and CSR enhancement at 138.1% FPL, and children would not be moved to Medi-Cal.

2. For the UI benefit lock, will consumers have to provide substantiation for UI benefits received or will they just need to attest to it?

Barring new guidance, consumers will need to attest under penalty of perjury to having received at least one week of UI benefits in 2021 and report it as such in the application. Note that the IRS may require proof of UI Benefits when the consumer files taxes.

UNEMPLOYMENT INSURANCE BENEFIT Q & A

3. If a person is currently enrolled in a Covered California plan but received UI benefits at some point early in 2021 how can they submit proof to qualify for the Enhanced Silver if they are currently not on it?

The consumer will need to attest to having received UI benefits in 2021 and should report that income in the application. Reminder that consumers should always report changes to Covered California, including income changes, within 30 days. They will also need to enroll in a Silver 70 plan before June or enroll in an Enhanced Silver plan after the system has been updated.

4. If a consumer enrolls in a Covered California plan and does not mention they received UI in 2021 and they do not get the Enhanced Silver are they able to reconcile the APTC at tax time, so that they get a refund or credit for the APTC they should've received?

Covered California will not know if the consumer received UI benefits unless they report it as income in the application. If they are enrolled in a QHP through Covered California, they may receive PTC as credit or a refund at tax time as eligible, but they cannot have CSR retroactively applied or credited – this is why it is so important that they report their UI income, otherwise they will miss out on the CSR benefits.

FEDERAL TAX CREDIT REPAYMENT FORGIVENESS

- Given employment fluctuations and financial disruption caused by the pandemic, for tax year 2020, the ARP waives repayment of excess PTC subsidies when filing federal taxes.
- Consumers who overestimated their income, chose to not receive their maximum allowed PTC in advance, or experienced a loss or reduction in income during the year can still receive additional PTC at tax time as a refund or credit.
- On April 8, the IRS issued new guidance detailing how consumers can receive this tax credit repayment forgiveness, including if they have already filed their tax return or still need to file.
 - For additional information, refer to the IRS [News Release](#) and [Fact Sheet](#).
- Consumers with questions on their 2020 federal income tax returns should contact their tax preparer or a tax professional.

FEDERAL TAX CREDIT REPAYMENT FORGIVENESS Q & A

1. Is the forgiveness of an APTC overpayment temporary and will need to be paid back eventually? If so, what is the process for repayment?

Barring new federal legislation, the APTC reconciliation forgiveness applies only for tax year 2020; any 2020 excess APTC will not need to be repaid in future years.

2. If someone owes back their federal APTC and will get a large state refund, will the IRS wait for their payment before the person gets their state refund or will the state pay the IRS on their behalf?

The ARP waives the repayment of federal subsidies (excess APTC) for 2020. The IRS and the Franchise Tax Board (FTB) do not coordinate on the timing of any state subsidy refund owed to a consumer, nor will FTB pay the IRS on a consumer's behalf.

FEDERAL TAX CREDIT REPAYMENT FORGIVENESS Q & A

3. How will consumers who already filed their 2020 taxes and paid back their excess APTC get their money back?

In April, the IRS issued new guidance on this and related questions. For additional information, refer to the IRS [News Release](#) and [Fact Sheet](#).



More details about changes for taxpayers who received advance payments of the 2020 Premium Tax Credit

IRS suspends requirement to repay excess advance payments of the 2020 Premium Tax Credit; those claiming net Premium Tax Credit must file Form 8962

4. Does the California FTB have plans for reconciliation forgiveness similar to the IRS?

Covered California is working with our state partners to determine the impact the ARP will have on the California state subsidy program.

COBRA PREMIUM SUBSIDIES PROVISION

- The ARP temporarily subsidizes 100% of COBRA premiums from April 1 through September 30, 2021 for employees who experience an involuntary termination or reduction in hours.
- This provision applies to both federal COBRA as well as state continuation coverage (Cal-COBRA).
- On April 7, the U.S. Department of Labor released guidance on this COBRA Premium Assistance provision under ARP. For additional information, visit the site [here](#).



COBRA PREMIUM SUBSIDIES Q & A

1. Will there be any proof of cancellation of Medi-Cal or Covered California plan needed to enroll into COBRA coverage?

There will be no proof required; however, if a consumer elects to enroll in COBRA continuation coverage, they are no longer eligible for premium assistance during that period of coverage and could face tax penalties when they file their taxes next year.

2. Will there be a special Covered California SEP starting October 1 after the COBRA subsidy lapses, or will individuals have to maintain COBRA coverage for the remainder of the year?

An individual will not qualify for a SEP to enroll in a QHP until their COBRA continuation coverage is exhausted. An individual is considered to have exhausted their COBRA continuation coverage if the employer completely ceases its contributions. An SEP is then triggered. This triggering event would occur as of the last day of the period for which COBRA is paid for, in part or in full, by an employer. Therefore, the individual would have 60 days from the triggering event date (September 30, 2021) to enroll in a QHP through Covered California. Additionally, consumers can enroll in a QHP through Covered California anytime during the 2021 benefit year using the new SEP “Learned of American Rescue Plan”.

COBRA PREMIUM SUBSIDIES Q & A

3. Will Covered California allow retroactive terminations to April 1 for consumers waiting to hear back from their last employer if they become eligible for the no cost COBRA?

Covered California does not allow retroactive terminations for this reason.

4. For small employers will the carrier send the letters or is it 100% the employers' responsibility to inform employees about COBRA option?

Plans and Issuers are required to notify all qualified enrollees of their option for COBRA continuation and their rights under ARP.

5. Can a person losing their job get COBRA subsidized through Covered California? If so, how?

Yes, only if the employer-sponsored plan in which they were enrolled at the time of their job loss or reduction in hours is through Covered California for Small Business (CCSB). If the employer sponsored plan is through CCSB, then they can enroll in federal COBRA or Cal-COBRA, depending on the size of their employer, and their coverage will continue through CCSB.

ELIGIBLE POPULATIONS AND WHO BENEFITS FROM THE ARP

- **Current Covered California Enrollees**

- About 1.4 million Covered California enrollees can benefit from enhanced subsidies.
- 140,000 with household incomes above 400% FPL that previously were not eligible for APTC.

- **Currently Uninsured**

- About 810,000 Californians are uninsured and eligible for health insurance coverage through Covered California. Most would be able to enroll in a QHP for as little as \$1 per month, or a plan that offers richer benefits for less than \$100 per month.

- **Off-Exchange but Already Insured**

- Nearly 270,000 Californians are insured directly through a health insurance company, or through “off-exchange coverage.” They currently do not receive any financial help. The ARP ensures that everyone eligible will pay no more than 8.5 % of their household income on their health care premiums through enrollment in a Covered California QHP (unless they select a plan that costs more than the benchmark plan).

- **Past Consumer Win-Backs**

- Shop and Compare estimate tool was updated on April 12 to incorporate the new federal premium subsidies.

- **Ad Campaign**

- To promote the new ARP financial assistance and the SEP, Covered California will be spending upwards of \$30 million on an ad campaign, targeting communities hardest hit by the COVID-19 public health emergency and recession.

HEALTH PLAN IMPLEMENTATION ACTIVITIES

- Covered California expects carriers to dedicate funds for outreach and marketing to their enrollees, including individuals enrolled in an off-exchange plan.
- Covered California will allow flexibility through 2022 for a carrier-specific shopping experience to assist Californians currently enrolled off-exchange to maximize their new premium subsidy benefit under the ARP.
- Flexibility will include the introduction of **Microsites** ...



HEALTH PLAN TOOLS TO FACILITATE ENROLLMENT

Proposed Flexibility Through 2022

- Microsites will enable a carrier-specific enrollment experience through Covered California.
- Microsites are intended to facilitate the transfer of coverage from a non-exchange product into subsidized coverage, however, uninsured individuals will not be barred from using the microsites.
- Covered California will include language in plan shopping pages to inform prospective enrollees that other QHP Issuers are available. Plan-based enrollers and certified insurance agents may use the microsites or traditional enrollment channels (i.e., Covered California's broker portal).
- Carriers will be required to establish “consumer-first” coverage transition policies, including transferring amounts accrued to deductibles and maximum out of pocket (MOOP) – regardless of plan type within the same carrier; wherever possible, maintain primary care relationships with consumers; and assure continuity of care and addressing potential network changes.
- Microsites will launch in June.

AMERICAN RESCUE PLAN TIMELINE

2021	Key American Rescue Plan Milestones
March 11	President Biden signs the ARP into law
April 1 to September 30	The ARP covers 100% of COBRA premiums for individuals involuntarily terminated or whose hours are reduced
April 12	Shop and Compare estimate tool updated with ARP subsidies
April 12 to December 31	“Learned of American Rescue Plan” SEP available
April 15 to April 30	New ARP subsidies eligibility automatically redetermined for existing eligible consumers for May 1 coverage effective date
June 21	Microsite launch
June 21	UI Benefit provision system updates for new consumer or existing consumer reporting UI, for July 1 coverage effective date
June 22 to TBD	Eligibility automatically redetermined for existing eligible consumers receiving UI, for August 1 coverage effective date