Health exchange adds employees, seeks first service center

Now called 'Covered California,' the agency will offer coverage next fall

KATHY ROBERTSON | STAFF WRITER

Local hiring is picking up as Covered California — the new name for the state health benefit exchange — charges ahead with plans for a new insurance marketplace in 2014.

With 13 new staff, the program is up to 66 employees. Another 36 hires are in the works, which will bring the Sacramento headquarters to more than 100 by Jan. 1, executive director Peter Lee reported at a board meeting Tuesday. Ultimately, the number is expected to double to about 200.

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Additional staffing statewide is in the works as the program moves from planning to implementation in 2013. Enrollment in the new insurance pool for individuals and small businesses is slated to launch Oct. 1. Millions of California residents will be eligible for subsidized health coverage under the Affordable Care Act on Jan. 1, 2014.

Service centers will handle enrollment in the program. Covered California plans to hire a total of 860 to staff three service centers, including the first one, which will be in Sacramento.

"We are pursuing the first site," chief technology officer Juli Baker said. "We have a few good leads but are still evaluating them."

The gritty work of health plan enrollment is only part of the work ahead.

Exchange staff have submitted a grant to the feds asking for $706 million to fund operations from January 2013 through December 2014. Approval is expected in mid-January. A blueprint plan for the program was submitted to the feds Dec. 14; certification is expected by Jan. 1.

There have been five major announcements of changes in federal market rules in less than a month. They address issues ranging from geographic rating areas for premiums to substitution of essential health benefits.

After the California Legislature begins its 2013-2014 session in earnest on Jan. 7, Gov. Jerry Brown will release his proposed new state budget Jan. 10 and call a special session on health reform.

Spot bills already introduced seek to conform the individual health coverage market in California with provisions of the Affordable Care Act; establish an alternate, Basic Health Program outside the exchange, and ensure compliance with state and federal mental health parity laws. The special session is expected to take up legislation related to expansion of the Medi-Cal program, too.

Then there's the issue of health plan selection, model contracts and rate negotiation.

A total of 33 health insurers responded to a nonbinding request for expressions of interest in the insurance program. Combined, they offered more than 400 different products.

The response suggests significant interest — or anxiety — by health plans that want a role in a new marketplace that may serve as many as 4.7 million Californians. Not all of those that responded to the initial request are expected to go forward with a formal application.

While there was some discussion of the proposed model contract Tuesday, the document will not be finalized until mid-January. Provider network plans are due in February; bids, including premium rates, are due in March. Tentative certification notices will be sent in May, followed by contract negotiations. Contracts will be signed by June 30 — and participating plans announced, a new timeline suggests.

COVERED CALIFORNIA

It's a far different process that traditional requests for proposals for big federal health care purchasing programs like Tricare, which serves military personnel, retirees and their families.

Given the novelty of the exchange program, policy is being invented along the way. But health plans, anxious for business in the new program, are not complaining out loud.

"We're all in the middle of the stream, swimming. We don't want to be hit by the rocks, but we're all swimming," said Patrick Johnston, president and CEO of the California Association of Health Plans. "There's nothing easy about reforming so much of the health care system. Building an exchange is an enormously complex task in a state like California, so health plans are committed to working through all the issues coming up in preparation for enrollment in October."

One issue floated Tuesday with actual figures was a fee health plans will be charged for participating in the pool, or to help subsidize it if they offer business in California outside the program. A decision will be made by the exchange board next month.

The proposed participation fee for 2014 is 3 percent; health plans would be charged 1.5 percent for business outside the pool. The fee could be adjusted in 2015.

Health plans are watching.

Long-term viability of the program boils down to two things, Johnston said: attracting a wide range of people to get coverage, including young people who are healthy, and affordable coverage.

"We are keeping an eye on these two important objectives — the wide range of people in the pool of Covered California and costs at every level, including internal efficiency," he said. "The shared goal health plans have with the exchange is getting more people coverage that's reliable and affordable. Coverage is easier than commitment to affordability. Health plans get criticized when premiums go up, but the factors vary. Sometimes government itself imposes requirements that cause the increase."

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Plan offers a health blueprint for state

KATHY ROBERTSON | STAFF WRITER

A report released this week finds that per-capita spending on health care in California is ninth lowest in the nation.

But the state's total spending on health care in 2009, the latest year studied, exceeded $230 billion and is growing faster than the rate of inflation or the economy.

A range of initiatives are key to cutting costs and making health care more affordable in California, concludes a report by Gov. Jerry Brown's "Let's Get Healthy California" task force.

FROM THE WEB

These include lowering the rate of uninsured in the state, integrated health care delivery systems that make providers accountable for the care they provide, transparent information on cost and quality and payment systems that reward value instead of volume.

Formed by executive order six months ago, the task force was co-chaired by California Health and Human Services Agency Secretary Diana Dooley and Dr. Don Berwick, founder and former president of the Institute for Healthcare Improvement.

The report offers a blueprint for how California can improve health, control costs, promote personal responsibility and advance health equity in the state. It tackles the problem with six goals:

- Healthy beginnings: laying the foundation for a healthy life.
- Living well: preventing and managing chronic disease.
- End of life: maintaining dignity and independence.
- Redesigning the health system to provide efficient, safe and patient-centered care.
- Creating healthy communities that enable healthy living.
- Lowering the cost of care by making coverage affordable and linking money to outcomes.

Diana Dooley

"It's not cost containment through cutting care," Berwick told reporters on Wednesday. "It's better health through better quality."

The goal is to restrain the rate of increase over time by creating more value, efficiency and effectiveness.

One target is to reduce the annual growth rates for total health expenditures and per-capita spending — now 7 percent and 6 percent respectively — to 4 percent by 2022. That's the average growth rate of the gross state product.

To get there, the state wants to cut the percentage of residents without insurance to 5 percent by 2022; it's 21 percent today. Another goal would get the rate of increase in health care premiums closer to growth in family median income. While premiums increased an average of 53 percent from 2005 to 2011, median family incomes rose 7 percent over the same period.

One way to bend the cost curve is to increase the California baseline of 48 percent of residents in managed-care plans to 61 percent by 2022.

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