



July 28, 2016

Ms. Kathy Gallagher  
Director, Employment and Human Services  
Contra Costa County  
40 Douglas Drive  
Martinez, CA 94553

Dear Ms. Gallagher,

I am writing in response to your letter dated July 19, 2016 to Peter V. Lee seeking clarification regarding Covered California's plans for the Contra Costa Covered California Call Center, and to address any confusion regarding the hiring, budgeting and staffing of the Contra Costa Covered California Call Center contract. While we have already had the opportunity to discuss this matter by telephone, let me take this opportunity to respond to your concerns in writing and provide you with information concerning your current fiscal year budget.

As you know, Covered California has undertaken a major shift in the availability of funding sources since last year, and has had to significantly reduce the budget of several services including funding for contracted services within the Service Center. Last month, on June 16, 2016, the California Health Benefit Exchange Board approved Covered California's 16/17 Fiscal Year budget. With regard to our engagement with Contra Costa County, we were able to include funds to continue our relationship and move to scaling down in preparation for ending the contract at the close of fiscal year 2016/17. In that final budget, funding for the Contra Costa Covered California Call Center contract was reduced to \$4 Million. The budget reflected the departmental plan to close the Contra Costa Covered California Call Center by the end of the same Fiscal Year and the anticipation of significantly reduced expenditures as part of scaling down our activities. Covered California will be amending the Contra Costa Covered California Call Center contract to reflect the reduction of funding available for this program and we look forward to working with you to make revisions that reflect both the effective partnership that has exemplified our relationship and recognition of Covered California's fiscal realities.

In reviewing your letter and cost analysis for fiscal year 2016/17, it appears that Contra Costa projects expenditures for the Contra Costa Covered California Call Center that exceed the current allocation authorized under the 2016/17 budget. Both Clarissa and I were concerned about Contra Costa exceeding that allocation when we each separately requested that Contra Costa cease hiring for the Contra Costa Covered California Call Center until we were able to meet. We made this request so that we could work with you to ensure Contra Costa is able to operationalize the current budget of \$4 Million.

We are currently scheduled to meet with you on August 8, 2016 to discuss your revised cost analysis and closure plan. The goal is to finalize your plan and discuss the implementation

strategy that successfully outlines the closure of the Service Center, which we hope will remain within the budgetary limit approved by the Board. With respect to your concern about current job offers with expected start dates of August 1, 2016, we have no concern with your current plans to hire 34 permanent intermittent staff.

We truly value Contra Costa's partnership and commitment to the mission of Covered California. While our funding limitations necessitate closing the Contra Costa Covered California Call Center, we recognize that Contra Costa has played an important role in the implementation of the Affordable Care Act in California.

I hope the above provides additional clarity concerning Covered California's plans for the Contra Costa Covered California Call Center. I look forward to meeting with you at your earliest convenience to further discuss your upcoming plans to ramp-down operations consistent with the current budget.

Respectfully,



Mavilla Safi

Director, Service Center



Fiscal Year 2016-17 Budget

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## **Budget Adjustments**

June 16, 2016





June 16, 2016

Dear Members of the Covered California Board,

Covered California's proposed 2016-17 budget was submitted for your consideration on May 12, 2016. Subsequent to the issuance of the proposed 2016-17 budget, board and stakeholder input as well as new fiscal and programmatic factors have informed proposed changes to the budget. This 2016-17 June Budget Adjustment report identifies those items that reflect changes to the originally proposed FY 2016-17 budget and revenue totals.

The most significant adjustments are related to revenue collection and specifically the timing of payments from the carriers. Although revenue collection is consistent with membership, the timing of payments for the individual market has been unpredictable. Based on membership alone, revenue collection would be expected to be approximately \$18 million per month. However, due to significant enrollment reconciliation efforts, carriers have been making payments from 60 to 90 days, and in some cases 120 days, after being invoiced. Even with this unpredictability, by the end of March 2016, FY 2015-16 revenue collections were approximately \$10 million (about 2 weeks worth of revenue) more than expected. However, just recently carriers have agreed to pay as billed. As a result, April collections exceeded \$45 million, approximately \$27 million more than expected. This recent trend, combined with an additional \$12 million more received for FY 2014-15, puts us on a path to receive increased revenue of approximately \$48 million which will boost year end reserves for this year to approximately 11 months of operating. These changes do not impact our revenue projections for 2016-17.

In addition to the revenue adjustments, Covered California staff are also proposing budget increases of 12 positions and \$12.9 million in spending over the originally proposed FY 2016-17 budget. These changes provide additional funding for the Navigator program, marketing, and consumer assistance. As a result of these changes, the revised FY 2016-17 budget is \$320.9 million and provides 1,323 positions. These changes will be incorporated with the May proposed budget upon board action.

Although Covered California is proposing additional budget expenditures in 2016-17, the multiyear plan continues to assume a budget of \$313 million in the 2017-18 fiscal year when revenue is expected to match expenditures.

Sincerely,

Peter V. Lee  
Executive Director

Department of Social Services. The purpose of this system is to manage the appeals workload for multiple departments.

- **Technology**

An additional \$6.5 million in contract funding was added to Technology for Covered California's portion of additional CalHEERS costs.

- **Administrative Services Division**

The Administrative Services Division is requesting two (2) new positions, temporary help, and overtime funding at a cost of \$331,596 for Business Services and Human Resources. The staff and funding will support the Healthier U program, the transition of Service Center positions from temporary help to permanent, and the reconciliation of overtime payments.

**Items that do not affect the overall FY 2016-17 Budget and are internal to an individual program:**

- **Office of Legal Affairs — Ombudsman**

In May's proposed FY 2016-17 budget, \$2.0 million was included for the Office of the Ombudsman in the Office of Legal Affairs budget as a place holder. Staff have since developed the structure of the office which is comprised of 10 positions and \$1.5 million for personal services and \$500,000 for contracts.

**Other items of significance:**

- **Contra Costa**

The Proposed FY 2016-17 Budget includes \$4.0 million for Contra Costa County call center services. The contract expires on June 30, 2017, and at this time there are no plans to renew this contract.

Table 2 below summarizes the specific June adjustment items and the corresponding funding or position impact.

**Table 2**  
**Summary of FY 2016-17 June Budget Revision Items**

May Proposed FY 2016-17 Budget		\$ 307,979,089
June Revised FY 2016-17 Budget		\$ 320,924,993
Total Change		\$ 12,945,904
<b>ITEMS WITH FISCAL IMPACT</b>		
<b>Additional Personal Services by Organizational Function (Business Unit)</b>		
	<b>Positions</b>	<b>Dollars</b>
Administration (Human Resources, Business Services)	2	\$ 331,596
Administration (Legal - Ombudsman) <sup>1</sup>	10	\$ -
<b>Total</b>	<b>12</b>	<b>\$ 331,596</b>
<b>Additional Contractual Funding by Organizational Function (Business Unit)</b>		
		<b>Dollars</b>
Outreach & Sales, Marketing (Outreach & Sales, Navigators, Marketing)		\$ 4,760,000
Plan Management & Evaluation (Policy, Evaluation and Research)		\$ 845,002
Service Center		\$ 509,306
Technology (CalHEERS)		\$ 6,500,000
<b>Total</b>		<b>\$ 12,614,308</b>
<b>Total Fiscal Impact</b>	<b>12</b>	<b>\$ 12,945,904</b>

<sup>1</sup> The budget revision adds authority for 10 positions; the funding associated with these positions was previously included in the proposed FY 2016-17 budget

