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Good morning, Chairman Jordan, Chairman Lankford, Ranking Member Speier, Ranking Member Cartwright and distinguished members of the committees. My name is Peter V. Lee, and I serve as the executive director of Covered California. It is an honor for me to be here in Washington, D.C., before this committee, to speak with you about the implementation of the federal Patient Protection and Affordable Care Act in California.

I sit before you today proud of what we have accomplished as a state and as a nation. Covered California, the state-based health care insurance exchange, stands with an array of partners in the privileged position of touching the lives of millions and making history. Thanks to the Affordable Care Act, the approximately 5 million Californians who were previously without health insurance now have new opportunities, new hope and new peace of mind. The Kaiser Family Foundation recently found that uninsured medical bills forced nearly 1 million Californians to use up all, or most, of their life savings in the past year. Nearly 1 million Californians spent less money on food for themselves and their families because of those bills, and hundreds of thousands of Californians made the painful choice of missing or skipping payments for their electricity, gas, rent or mortgage. Ultimately, more than 100,000 declared bankruptcy, all because they were uninsured and needed medical help. And many Californians who actually had health insurance have been surprised by gaps in their coverage.

That can now all come to an end, because together we have opened the doors to health care in America. People now have the promise of guaranteed issue, access to insurance they can afford and insurance that is fair for all. For the first time in our history, health care is now a right and not a privilege. We have done this by putting in place a competitive marketplace and giving consumers the tools to make better choices. And central to these changes has been not only the expansion of coverage, but also the reform of the individual and small-group insurance markets

to now reward the delivery of quality, affordable care, rather than rewarding health insurers that did a better job at risk selection and excluding from coverage those who most needed care.

Before I address where Covered California stands now, let me take a moment to reflect on what it took to get to this point. We are now four days after the end of the first open-enrollment period. Reaching this moment has not been easy. Today I want to share with you the lessons we've learned, including what we've done well in California and where we've stumbled in this historic launch.

OVERVIEW OF THE AFFORDABLE CARE ACT'S EXPANSION OF COVERAGE IN CALIFORNIA

Following the passage of the federal Patient Protection and Affordable Care Act in 2010, California's then Governor Arnold Schwarzenegger and our Legislature created the California Health Benefit Exchange, the first state exchange under the new law. Since then, under the leadership of Governor Jerry Brown and a new Legislature, California adopted the Affordable Care Act's provisions to expand the state's Medi-Cal program.

As you know, California is one of 15 state-based exchanges and was approved to develop and operate the marketplace in California to administer the coverage expansion elements of the Affordable Care Act. To operate as a state-based exchange, we needed to demonstrate to the Center for Medicare and Medicaid Services' Center for Consumer Information and Insurance Oversight (CCIIO) that we had the plans, systems in place and capacity to meet the federal requirements. To establish as a state-based exchange, we have requested establishment funds, provided regular reports on our status, participated in design reviews and audits of our systems and processes, and developed a blueprint that has detailed our plans for operating during the initial phase and our plan for sustainability. The oversight and review of our efforts by CCIIO has been rigorous and thorough.

Our early estimates were that as many as 4 million Californians would benefit from either federal subsidies or new expansion of Medi-Cal that California has implemented (Covered California serves as a single point of review for eligibility for both Medi-Cal, California's Medicaid program, and the advanced premium tax credits that can be used to support the purchase of a private plan through our marketplace).

Over the past two years, Covered California has received a series of federal grants to fund the initial establishment of the marketplace in California, totaling just over $1 billion. The funding we have received has been, and is being, used to develop, launch and enroll individuals in this new marketplace. The four main areas of expenditures are:

- Development of the online enrollment system (California Healthcare Eligibility Enrollment Retention System or "CalHEERS")
- Outreach, Education and Communications
- Service Center
- Eligibility and Enrollment
- Small Business Health Options Program (or SHOP)

(The budget details are included in Attachment 1, which is the fiscal report that was presented to our board in March.)

Covered California is an independent part of the State of California, overseen by a five member board. In August of 2011, I had the honor of joining Covered California as its first executive director. The board has provided ongoing leadership and direction on major policy issues and early on established a mission statement and set values that have guided us over the past years.

The mission of Covered California is to increase the number of insured Californians, improve health care quality, lower costs, and reduce health disparities through an innovative, competitive marketplace that empowers consumers to choose the health plan and providers that give them the best value.

The six values that the board has indicated should guide the work of Covered California are to be:

- Consumer-focused;
- Consistently focused on the affordability of care for families and small businesses;
- A catalyst for broader improvement in care and affordability;
- Operated always with the highest integrity;
- Anchored in working in partnership with others to achieve our mission; and
- Results driven – improving based on the evidence.

Covered California is a public-sector start-up that has grown rapidly in a few short years. When I joined the organization, we had 10 employees. Since then, we have strived to implement a program that would be nimble, innovative, self-sustaining and reflective of the people and spirit of California.

We now have more than 1,100 public employees. We have also engaged the services of contractors that are national and international leaders in areas of information technology,

consumer research, organizational development, marketing and sales. In addition, we have worked in close partnership with other state departments, including the California Department of Health Care Services, which oversees Medi-Cal, and the two entities that regulate the insurance industry in California, the California Department of Managed Health Care and the California Department of Insurance. We have also built partnerships with insurers, counties, consumer groups, community organizations, churches, schools, clinics, small businesses and tens of thousands of individuals who have been "on the ground" doing education, outreach, enrollment and organizing to make this historic effort work.

Today, because of these thousands of partners, we are delivering on the promise of health care for Californians, a promise that's been decades in the making and put forth by leaders from both sides of the aisle.

The title of this hearing is "Examining ObamaCare's Problem-Filled State Exchanges." There's no question that there have been problems, but that's to be expected in an undertaking this large and this historic. This is our nation's most significant health reform since the enactment of Medicare and Medicaid in 1965. We are literally recreating America's health insurance markets and dramatically expanding health coverage, and doing it in a timeframe that most people did not think was possible.

Some experts were doubtful that an enrollment system could be created in less than three years. We did it in 18 months, and, for the most part, it has worked.

I will be the first to admit our launch has not been perfect. Many have compared it to building the car while driving 70 miles an hour. Still, sitting before you today, I can say that California has much to be proud of, and we continue to work on many challenges, but we are learning and improving as we go.

OVERVIEW OF INITIAL ENROLLMENT

Before providing an overview of the major elements of our operation, I wanted to provide an update on our enrollment. When we began implementation of the Affordable Care Act in California, concerns were raised that low enrollment and an adverse risk mix would imperil the sustainability of the marketplace and increase rates.

Our preliminary numbers show that more than 1.2 million Californians enrolled in a Covered California health insurance plan by the end of March 31. With our decision to allow those who started the enrollment process by the deadline to complete their application by April 15th, the final number will certainly be higher.

In addition, more than 2 million more enrolled in California's expanded Medicaid plans, which we call Medi-Cal.

(See Attachment 2 for Covered California enrollment and Medi-Cal numbers. Note: this attachment will be provided on April 3rd, as Covered California is seeking to provide figures that reflect the final rush to enroll on March 31st.)

Covered California has used projections developed by the University of California as a reference point for our enrollment efforts. These "CalSIM" projections provided the basis for estimates of enrollment, not only for the initial open-enrollment period, but also for enrollment over future years. The CalSIM projections reflected estimated potential enrollment based on a "most likely" scenario (the "base enrollment") and high estimate ("enhanced enrollment"). Based on these projections, we estimated that by the end of the first open-enrollment period about 580,000 Californians would enroll under the "base enrollment scenario," and about 830,000 would enroll under the "enhanced enrollment scenario".

We recognize that not everyone who picked a plan will follow through and pay their premium. The health plans report that over 85 percent of consumers paid their premium for coverage starting in January. If that trend continues, Covered California will have over 1 million customers who will have effectuated their coverage and we will surpass the "enhanced enrollment scenario."

Recently both the University of California and Kaiser Family Foundation have done independent studies estimating there are about 2 million Californians eligible for subsidies. The Kaiser Family Foundation issued a report that summarized the enrollment status of subsidy-eligible individuals compared to their enrollment as of March 1st. At that point, with a month of open enrollment still to go, California was one of five states, along with Connecticut, Rhode Island, Vermont and Washington, to have topped the 30 percent mark in enrolling their subsidy-eligible population.

Each month Covered California has reported its enrollment statistics by race, age, language and metal tier selected. The most recent report, which covered October through the end of February, was released in March and is attached. Based on the data here are the key findings to date:

- Enrollees who self-identified as being Hispanic, Latino or Spanish-origin increased from 18 percent in the first three months to 32 percent of those enrolling in the first weeks of March
- We had nearly met our "base projection" for African-American enrollment
- We had more than doubled our "base projection" for Asian enrollment

- We had maintained steady growth among young adults ages 18-34
- Far more subsidy-eligible enrollees are picking Silver and Bronze plans. (This suggests our consumers understand the benefit of the cost-sharing subsidy and are getting the most coverage for their money.)

(See Attachment 3 for Race/Age/Language/Metal Tier Enrollments)

Again, we have just begun. During this initial open-enrollment period, Covered California has demonstrated a willingness and ability to learn and adjust. We continuously examined what we had accomplished, adjusted our strategies as necessary and directed more resources and effort where they were needed, whether that has been to adjusting our marketing or our policies for assisting consumers who struggled with enrolling to meet the December and March deadlines.

To provide broader context to Covered California's effort, I want to focus on the three elements that we consider to be necessary in order to have a successful state-based exchange:

- Providing affordable health plans;
- Effective marketing and outreach; and
- Effective enrollment.

HEALTH PLANS PROVIDING AFFORDABLE AND QUALITY CARE

The starting point of making a successful state-based exchange is having affordable health care plans. The ending point is making sure the people who enrolled get the quality care they need, deserve and have paid for.

While the federal subsidies provide crucial support to make care affordable for millions of Californians, underpinning that affordability is the premium charged by the health plans we contract with. The Covered California Board adopted the policy that we would be an "active purchaser." As such, we conducted a robust bidding and negotiation process, and Covered California has actively sought to create a more competitive marketplace that best serves consumers. Originally, 33 different health care providers reached out to us and expressed an interest in potentially joining Covered California. We ultimately selected 11 health plans to serve the individual market.

In every corner of California, consumers can choose from at least two health insurance companies. In the more populous regions of the state consumers can choose from among five or six. While the four largest plans in the individual market all participate in Covered California, we also have as active participants regional plans that are market leaders in specific areas and a number of plans that have historically only served the Medi-Cal population.

The rates submitted to Covered California for the 2014 individual market ranged from 2 percent above to 29 percent below the 2013 average premium for small-employer plans in California's most populous regions. Like the small employer market, the new individual market is "guarantee issue," but this is particularly impressive since the 2014 products include doctor visits, prescriptions, hospital stays and more essential benefits, protecting consumers from the "gimmicks and gotchas" of many insurance policies.

Another benefit of Covered California being an active purchaser is the development of standardized benefit designs. These standardized designs we put in place are crucial for consumers, and authorized by California law. Even health insurance plans that are not in Covered California's marketplace must offer a product that matches the standardized design in the individual market.

By standardizing the process, California has made it far easier for consumers to compare plans both inside Covered California and in the broader individual and small group markets. The standards are designed to facilitate access to health care and to make it clearer when a consumer's deductible does not apply. For instance, consumers can get four annual visits under a Bronze plan, without spending one dollar of their deductible. While our standard Silver plan has a deductible, many entire categories of service are never subject to the deductible. Some of our enhanced, subsidized Silver plans have little or no deductible and very low co-pays, such as a $3 office visit.

We designed plans that would provide access to care, without letting finances be a burden. By standardizing benefits, consumers can pick a plan based on value rather than obscure and incomprehensible variations in benefit design.

Besides allowing consumers to more easily compare plans, the standardization of benefits rightly focuses consumer attention on network differences. It is critical for consumers to know that networks are different, and one of the most important choices consumers have is which mix of "competing" delivery systems and clinicians they want to have as part of the plan they select.

Every health plan we selected is required to meet regulatory "network adequacy" standards to ensure that there are enough clinicians and hospitals — with clear geographic access standards — across the state. In California this means that every consumer must have access to a doctor within a minimum standard for network adequacy, which requires the plans to maintain a network of primary care physicians which are located within 30 minutes or 10 miles of a customer's home (for the California Department of Managed Health Care).

Covered California is continuing to monitor the individual companies and is working with California's Department of Insurance (California Department of Insurance) and the California

Department of Managed Health Care (DMHC) to make sure these standards are maintained and that all enrollees get covered in a meaningful and effective way.

Covered California has been working with both the health plans it contracts with and with their regulators to provide for continuity of care for individuals who are in treatment with particular providers that do not contract with their new plan. Ensuring continuity, however, does not mean that every consumer will always have "their" doctor as part of their plan. We know that some people no longer have the doctors they once did. That's part of what happens when a new system is put in place, when people change jobs and when larger employers change plans.

It is important to note that while some plans narrowed their networks, many did not, and across all plans offered, enrollees have a very broad choice of physicians and hospitals, but which plan they choose does make a difference.

Covered California produced a cross-plan combined directory, which was based on the provider network rosters submitted to us by each plan and used by those plans to represent the providers available to their enrollees. In addition to the well-known and long-standing challenges associated with health plans maintaining accurate lists of participating providers, the additional task of creating the ability for enrollees to check for providers across multiple plans was significant, especially given different provider licensing and naming conventions. While our first efforts for open enrollment were generally well received by consumers, concerns over the accuracy of the provider lists required us to suspend this functionality in February. Our goal remains to provide a true cross-plan directory that is accurate, reliable and consumer-focused.

Covered California is also pushing hard to bring plan-quality information to consumers — a full two years before the federal Quality Rating System will be available for enrollees. Already in California, enrollees can use standardized information on plan quality to assist in their selection, and we are aggressively pushing toward having this type of information based on the exchange enrollee experience as soon as open enrollment 2015.

Several other initiatives and contractual requirements of the qualified health plans highlight the focus on quality, the focus on addressing disparities in care, and network composition that are all reflections of Covered California's role as an active purchaser.

As is reflected in the mission statement adopted by the Covered California board of directors we are focused not just on coverage, but also on Californians getting access to quality, affordable care. In the coming months and years, this will be an increasing focus of our efforts.

EFFECTIVE MARKETING AND OUTREACH

For any exchange, having affordable plans is the foundation that then needs to be communicated to potential enrollees. How well Covered California and other exchanges succeed will depend greatly on how effectively they educate and engage consumers through marketing. Covered California developed an outreach, marketing and education plan with input from advisory groups, experts and others that has been used as a roadmap — with adjustments made based on lessons learned as we have progressed.

From the outset, Covered California has seen community mobilization and grass-roots education as the starting point for educating Californians about the benefits of coverage through the Affordable Care Act. Covered California made outreach and education grants that went to more than 250 trusted community-based organizations across the state, with funding totaling $39 million.

Organizations that received this grants included the Asian American Advancing Justice Los Angeles; Bienestar; California Black Health Network; Cal State LA University Auxiliary Services, Inc.; Community Health Councils; 2-1-1 San Diego; JWCH Institute Inc.; Los Angeles County Federation of Labor, AFL-CIO; Sacramento Employment and Training Agency; Service Employees International Union, Local 521 and ULTCW; The Los Angeles Gay and Lesbian Community Services Center; the Regents of the University of California; and Vision y Compromiso.

Our grantees supported education and outreach in 13 different languages, in all 58 counties. Covered California contracted with organizations that demonstrated they were trusted in their communities and could reach targeted regions and demographic sectors. Approximately 45 percent of the outreach and education funding was allocated to organizations that were part of, and could reach out to, our Latino population. Funding was also allocated to groups that specifically targeted the African-American community, the Asian-American community and based on where subsidy eligible Californians live.

We estimated that our grantees would reach nearly 9 million Californians. Covered California supported training of thousands of certified educators, but also supported hundreds of additional organizations that did not receive funding but wanted to participate in outreach and education activities – Covered California's "Community Outreach Network."

We coupled our community outreach with a broad marketing strategy. Covered California developed a multi-faceted marketing and advertising program that was geared to garner brand awareness and educate consumers about the costs and benefits of coverage. As we moved through the open enrollment period we included a "call to action" and promoted the actual enrollment in coverage. Covered California's marketing effort included a portfolio of multiple advertising channels (e.g., television, radio, social media, print collateral, billboard and out-of-

home, direct mail) and coordination with other groups such as the contracted health plans and foundations in California.

From the very beginning Covered California recognized the unique needs of Latino consumers. We worked closely with Latino firms and developed material and tactics specifically geared toward Latino communities. In particular, Covered California developed a radio, television and social media campaign that was weighted to those stations with high Latino listeners/viewers – both for Spanish-only and those who are English speaking. We did the same for our African-American and Asian consumers.

One part of Covered California's marketing strategy was to use social media to promote awareness, particularly among young people, African-Americans and Latinos. This effort included the ***Tell a Friend – Get Covered*** campaign which promoted the development of YouTube and other social content that could be shared through multiple platforms during the final months of open enrollment. When Covered California launched this campaign in December, many young people – and consumers in general – were focused on website problems rather than the opportunities for coverage. ***Tell a Friend – Get Covered*** was created to help change the debate, and encourage young people to engage in a social discussion about the Affordable Care Act and its benefits. The ***Tell a Friend – Get Covered*** project used influential voices and bloggers, and featured stars like Adam Levine, Pitbull, Tatyana Ali, Marlon Wayans and many more, including Richard Simmons. Five promotional videos began a viral discussion that included more than 2.7 million views. The launch and the promotion of a live-stream YouTube event generated more social content. The initiative got substantial news coverage with more than 50 broadcast segments and over 600 placements in magazines and newspapers. Overall the *Tell a Friend-Get Covered* campaign received 200 million impressions on Twitter, including a tweet from People magazine's "sexiest man alive" who thought coverage was the right discussion, and not websites.

Covered California built its marketing plan to be agile, so we could adjust things, reallocate resources and sharpen our focus as needed. In January, after doing early evaluation of the results of the first three months of open enrollment, we realized we still had not reached our base projections in Fresno or San Bernardino counties; and the enrollment of Latinos was substantially below the CalSIM base projections. At that point, we increased our Latino marketing by 73 percent in the first quarter of 2014 and provided additional focus and resources to seven specific regions in the state where we had relatively low enrollment, particularly in Latino and African-American communities. We zeroed in on those seven regions, where more of those populations lived, doing targeted community organizing and additional targeted advertising in ethnic media.

Dolores Huerta, one of the most trusted voices in the Latino community, joined our outreach efforts. She became a key spokeswoman throughout the state and issued a call to action that was grounded in Cesar Chavez's commitment to social justice. Covered California developed a new "Days of Action" social media campaign as part of this effort, and highlighted that the final day of open enrollment was Chavez's birthday and a state holiday.

Based on focus groups that Covered California conducted, we also adjusted our messaging in January, switching from an awareness campaign to one that spoke specifically to the benefits of affordability. In addition, we shifted the message to promote the in-person assistance available through thousands of agents, certified enrollment counselors and county workers – all free and all confidential. As more Californians enrolled, we began to feature real individuals who had signed up for one our health plans, to motivate and inspire others to do the same.

In February, Covered California rolled out our "I'm In" campaign ads — and the Spanish version, "Tengo un Plan" — showing the transformative effect Covered California is having on people's lives. In their own words, real enrollees told us how they feel to be covered and how they are benefiting from the federal Patient Protection and Affordable Care Act.

The shift in strategies and messaging appears to have had an impact. In our first three months of open-enrollment, the number of enrollees who self-identified themselves as Hispanic, Latino or Spanish-origin was 18 percent (compared to the proportion of subsidy eligible at somewhat above 40 percent). And, while some of this relatively low enrollment can be explained by the fact that it is likely many of those who enrolled before January were previously insured – and hence less likely to be Latino – this data heightened our focus. During January through March, enrollment rates among Latinos improved every month – with approximately 32 percent of those who enrolled in the first two weeks of March being Latino, and over 38 percent of those enrolling in Medi-Cal being Latino.

We also increased our African-American marketing by 23 percent in the first quarter of 2014. In the case of African-Americans, while they represent about 4 percent of subsidy eligible Californians, as of the end of February they represented only about 2.6 percent of enrollment. Covered California will almost certainly enroll more African-Americans than the "base enrollment" projection and our aspiration is to greatly exceed that projection — as we have for the enrollment in the Asian-American community.

In the coming weeks and months, Covered California looks forward to doing more evaluation and build for the second open enrollment period. Covered California needs to learn what worked and what did not, particularly with regard to Latino and African-American enrollment.

Even though we tested our print, radio and television ads and got feedback from stakeholders, focus groups and others – a full evaluation will help us revise our strategies and tactics for future enrollment.

EFFECTIVE ENROLLMENT

The third element that is central to the success of an exchange is having a smooth enrollment process. This includes the technology of the on-line enrollment website and the human assistance provided to individuals seeking to enroll.

California's online enrollment system, or CalHEERS, is an extremely large, and complex database, and set of consumer-facing tools. The system was built in compliance with federal and state requirements, including privacy and security safeguards. As I mentioned earlier, CalHEERS was built in half the time that most IT experts told us it would take, and it still went online on time and on budget.

While our online enrollment hasn't been perfect, it has worked for an overwhelming majority of customers, for an overwhelming majority of the time. We have had more than 12 million unique visitors to our website and the enrollment portal was up 92 percent of the time. This included nearly five days in February when the system was offline, which was the only significant unplanned outage in our entire six month period. When the system was operating, 90 percent of consumers received response times of two seconds or less.

The system interfaces with 11 other agencies, including the federal data service hub; California's Department of Health Care Services, which oversees Medi-Cal; California's Employment Development Department; the California Franchise Tax Board; and our CRM system that connects it to our service centers in Rancho Cordova, Fresno and Concord.

California's system has not been perfect, but it has functioned relatively well, especially in the context of the size of the project and the timeframe in which we implemented it. The challenges we have seen faced by the federal website and to varying degrees by virtually every state-based exchange are not surprising – in many ways, what is surprising is that we have nationally launched the set of new enrollment systems to enroll millions of consumers. Among the factors that we believe were important for Covered California's relative success are:

- The system requirements were defined and validated early with stakeholders, policymakers, project sponsors and potential vendors commenting on draft designs;
- Strong vendor selection, delegation and accountability mechanisms after the selection;

- Effective governance and oversight processes (with the joint control and decision-making of Covered California, the Department of Health Care Services and the state Office of Systems Integration
- Project team and Project sponsors stayed laser-focused on security issues and functionality needed for launch, which meant some functions deferred

But, relative success does not mean "perfect" – we have had challenges and continue to seek to build and improve the system as we go forward.

One of the central design elements of our system was to provide the best possible "user experience." Covered California and the Department of Health Care Services conducted extensive testing of potential designs to facilitate the determination of consumers' eligibility for financial assistance and then their selection of a health plan. These designs included conducting consumer testing and building a Spanish-language enrollment site that we made continuous improvements to over time. We also added printed applications in January in Spanish and several other key languages including, Chinese, Korean, Hmong, Vietnamese and Arabic.

As we launched the system, or primary focus was on security and core functionality. We conducted user-acceptance testing on all components and we have identified the need for many improvements that would enhance the consumer experience. We will continue to test the system and make upgrades.

With regard to assuring that our systems are safe and secure – Covered California has made the secure functioning of its data information systems, including the CalHEERS system, one of its top priorities. We are confident that the confidential information in these systems is protected as required by all federal and state laws. Consumers can be assured their data will be safely held and we have consistently put the security of consumers' information first. Examples include:

- CalHEERS incorporates and conforms to strict technical standards and requirements that include applicable provisions from the Federal Information Security Management Act (FISMA) of 2002, applicable publications developed by the National Institute of Standards and Technology (NIST), Federal Information Processing Standards (FIPS), Medicaid Information Technology Architecture (MITA) provisions and the Center for Medicare and Medicaid Services' Minimum Acceptable Risk Standards for Exchanges (MARS-E);
- Before we were given authority to connect to the federal data service hub by CMS, Covered California was required to complete and file (1) a systems security plan, (2) a safeguard procedures report, and (3) a security assessment report (SAR). In addition, the Internal Revenue Service (IRS) reviewed our plans and conducted an onsite visit to the Covered California data center before it gave Covered California authority to operate.
- Covered California continuously monitors the system to ensure our data systems remain compliant with all legal and security requirements. We run constant scans for DDOS (distributed denial of service) and audit the CalHEERS system to identify new threats or vulnerabilities. Without giving too much away, I can tell you that we audit

logs for review, conduct code review for any security-related defects and perform regular regression tests of each release to scan for any code that may introduce security leaks.

- In the event that a potential security breach occurs, the incident is sent to our Incident Review Board, which is a standing board that reviews every single case we receive. Our privacy officer then makes the determination where the incident gets reported.

Our enrollment isn't just about the online side of things. It's also about the people in communities across California and the familiar faces and trusted organizations in these neighborhoods that are helping people enroll.

Of the plans Covered California made, one element that did not play out the way we envisioned is enrolling them with a single contact — or a "one touch and done" approach. This may have been the case for some consumers, but we believe that for the vast majority — especially for those who are less familiar with insurance, and for non-English speakers this was not the case. Many people needed multiple touches before they understood their options and felt prepared to choose the plan that was right for them and their family. They needed in-person help from agents, certified counselors, county workers or Covered California's customer service staff to help them with their enrollment. These supports were vital to the next element of an exchange's success: effective enrollment.

We operate under a "no wrong door" approach, where consumers could apply online, over the phone, by mail or through one of our thousands of in-person enrollment specialists.

We have more than 5,400 Certified Enrollment Counselors, more than 10,000 county eligibility workers and nearly 12,000 Certified Insurance Agents who are providing free and confidential help. Add them up, and it's about 28,000 people who are certified to help consumers enroll. More than 5,000 of these Certified Enrollment Counselors and Certified Insurance Agents speak Spanish, and many speak other languages, including Mandarin, Cantonese, Korean, Hmong and Vietnamese, which is critical given California's rich diversity.

As part of being certified to provide consumers with enrollment assistance, all of those certified individuals go through an extensive training program and, for Certified Enrollment Counselors and our employees, we conducted background checks using the Department of Justice. Covered California's criminal background check process is consistent with other state agencies and based on the employer best practices as articulated in Title VII of the Civil Rights Act of 1964.

Covered California also supports enrollment through our three service centers, which are staffed by nearly 1,000 public employees. These employees, who either work for the State of California or through a contract with Contra Costa County, answer phone calls, process applications, and provide training and other support functions. Based on demand that far exceeded our expectations, we dramatically increased our service center staffing to provide

better customer service. We went from 469 trained service center representatives who were answering phones at the end of December, to 793 right now, which has helped us drop our wait times from nearly an hour to under 30 minutes. As of late March, more than 970,000 callers have been assisted by our customer service staff, with and average call "handle time" (time talking) of 20 minutes. We know that even with the increase in staff, the demand for service continues to drive wait times far beyond acceptable levels. In the coming months we will assess service levels and how to most cost effectively meet consumers' needs.

An example of a strategy that is already improving the customer service at our service centers is Integrated Voice Response technology. This technology allows consumers who call in to get recorded messages that may answer their questions while they wait to speak to a representative.

Covered California continues to make strides in improving our customer service, and we have done so while maintaining a constant eye on the costs of our financial plan. We know we don't have unlimited resources to hire thousands of operators to get those wait times down to zero, so we have tried to balance the needs of our customers with our budget.

EARLY LESSONS LEARNED

While we want to call out early observations, I want to caution anyone from jumping to any conclusions at this point. The dust has barely settled from the first open-enrollment period. If we were in a football game, we would still be in the first quarter.

California is one of 15 state-based exchanges. We share strategies, tactics and lessons on regular basis and we learn from one another. Based on those discussions and our experience, what follows are my early observations of elements that can contribute to the success of state-based exchanges:

- Leadership Focused on Consumers: Leaders and policy-makers in California have recognized that consumers are at the heart of the Affordable Care Act. Although, the law remains controversial, there is a broad consensus that it should be implemented in a manner that protects consumers and assures that they receive quality, affordable health care.
- Collaboration and Coordination of Key State and Local Agencies: We worked hand in hand with the California Department of Health Care Services, the California Department of Insurance, the California Department of Managed Health Care, counties and others to establish clear roles and governance.
- Key Stakeholder Engagement: We partnered with health plans, insurance agents, chambers of commerce, technology firms, marketing and communications

companies, leaders from the entertainment industry and social media, health care advocates, unions and advocacy organizations, community-based organizations, philanthropic groups, doctors, nurses, community clinics, medical groups and hospitals. Together these organizations have played a vital role, not only on the enrollment and education front, but also ensuring that all those who enroll get needed care.

- Maintain Flexibility: We remained nimble in our efforts when needed to achieve our goals. We switched our marketing focus and outreach efforts in the middle of open enrollment. We created new advertising material and made additional focused ad buys to reach California's Latino and African-American communities. We partnered with civil rights icon Dolores Huerta and used Cesar Chavez's birthday as an anchor for organizing throughout the state and continuing the substantial efforts that had been started earlier.
- Commitment to Transparency and Learning: Above all else, we have been committed to being transparent and engaged with our partners and the public. A key example of this was during the construction of CalHEERS, when we released a draft request for proposal and then revised it based on input from vendors and advocates.

Thank you for having me here this morning. The Affordable Care Act is making fundamental changes to our health care system and improving the lives of millions of people. This new era of health care has already provided life-saving treatments for some, has changed lives for others and has given people the priceless peace of mind and security that they deserve.

We are grateful for your support for this historic effort to ensure more Americans have access to the quality, affordable health care they need and deserve.

I look forward to answering your questions and doing whatever we can at Covered California to help the Affordable Care Act succeed in our state and across the country.

Peter V. Lee, Executive Director

Peter V. Lee is the first Executive Director for California's health benefit exchange, “Covered California.” Having been confirmed unanimously by the exchange Board on August 23, 2011, Mr. Lee oversees the planning, development, ongoing administration and evaluation of Covered California and its efforts to improve the affordability and accessibility of quality health care for Californians.

California's first health benefit exchange was established by the state in September 2010 to support the expansion of coverage enabled by the Affordable Care Act of 2010. As the first state to create a health benefit exchange following the passage of federal health care reform, it is charged with creating a new insurance marketplace where individuals and small businesses will be able to purchase competitively priced health care plans using federal tax subsidies and credits beginning in January 2014.

Prior to his current role as Executive Director of Covered California, Mr. Lee served as the Deputy Director for the Center for Medicare and Medicaid Innovation at the Centers

for Medicare and Medicaid Services (CMS) in Washington, D.C. where he lead initiatives to identify, test and support new models of care in Medicare and Medicaid; resulting in higher quality care while reducing costs.

Previously Mr. Lee was the Director of Delivery System Reform for the Office of Health Reform for the U.S. Department of Health and Human Services, where he coordinated delivery reform efforts for Secretary Kathleen Sebelius and assisted in the preparation of the National Quality Strategy. Before joining the Obama Administration, Mr. Lee served from 2000-2008 as the CEO and Executive Director for National Health Policy of the Pacific Business Group on Health (PBGH), one of the leading coalitions of private and public purchasers in the nation. Mr. Lee also served as the Executive Director of the Center for Health Care Rights, a consumer advocacy organization based in Los Angeles from 1995-2000; and was the former Director of Programs for the National AIDS Network.

Prior to his work in public service, Mr. Lee was a practicing attorney in Los Angeles.

A native Californian, Mr. Lee holds a Juris Doctorate from the University of Southern California and a bachelor of arts from the University of California, Berkeley.