

Per California Code of Regulations, title 2, section 548.5, the following information will be posted to CalHR's Career Executive Assignment Action Proposals website for 30 calendar days when departments propose new CEA concepts or major revisions to existing CEA concepts. Presence of the department-submitted CEA Action Proposal information on CalHR's website does not indicate CalHR support for the proposal.

**A. GENERAL INFORMATION**

1. Date

March 17, 2017

2. Department

California Health Benefit Exchange/Covered California

3. Organizational Placement (Division/Branch/Office Name)

Financial Management Division

4. CEA Position Title

Assistant Director, Financial Planning and Forecasting Operations

5. Summary of proposed position description and how it relates to the program's mission or purpose. (2-3 sentences)

Under the administrative direction of the Chief Financial Officer, the Assistant Director, Financial Planning and Forecasting Operations is responsible for policy development of fiscal models and research methodology to facilitate development of a sound basis for fiscal and financial sustainability for the California Health Benefit Exchange / Covered California ( Exchange / CC). The incumbent also provides leadership direction to the Budgets and Financial Planning and Analysis Units for budget development and other financial related activities; staff involved in data gathering for use in financial sustainability modeling, research and forecasting activities; and activities related to the conversion from the California State Accounting and Reporting System to the Financial Information System for California. Duties may include access to information systems containing protected enrollee information, including federal income tax information, protected health information and personally identifying information.

6. Reports to: (Class Title/Level)

Chief Financial Officer (Exempt)

7. Relationship with Department Director (Select one)

- Member of department's Executive Management Team, and has frequent contact with director on a wide range of department-wide issues.
- Not a member of department's Executive Management Team but has frequent contact with the Executive Management Team on policy issues.

(Explain): The Assistant Director will make presentations as needed to the Executive Management Team and the Board on financial planning, budgeting and sustainability forecasting matters.

8. Organizational Level (Select one)

- 1st
- 2nd
- 3rd
- 4th
- 5th (mega departments only - 17,001+ allocated positions)

## B. SUMMARY OF REQUEST

### 9. What are the duties and responsibilities of the CEA position? Be specific and provide examples.

High Level Specialist and Subject Matter Expert on Research Projects. Serves as a high level specialist and subject matter expert who provides leadership and direction to research personnel (through subordinate managers / supervisors) who perform complex research projects, that includes using forecasting analytic procedures, including judgment, regression equations, time series methods, econometric equations, structural macro-economic models for assessing the effects of fiscal policy on economic activity or combinations of different alternatives to facilitate development of a sound basis for fiscal and financial sustainability policy making. Approves and reviews methodology and metrics for evaluating forecast accuracy, including an assessment of forecasting procedures, methods, discussions and decision-making processes, possible bias/influences on the forecast model; the rationality and accuracy of the data utilized in the models, and criteria for making recommendations regarding assumptions for price adjustments up or down in premiums and assessment fees for different components of the Exchange /CC.

Financial Planning, Forecasting and Special Projects. Provides policy direction and leadership oversight over activities performed by consultants, research and specialist staff related to the completion of difficult financial forecasting projects for sustainability purposes. Such projects include the financial research and analysis of the outcome of new business strategies based on various business scenarios and corresponding recommendations based on the outcomes of each scenario; the development of complex spreadsheets, tables and workbooks of data analyzing various budget scenarios to determine revenue projections for each scenario; the development of options and recommendations.

Research Related Projects. Makes policy decisions that establish the parameters and/or underlying fiscal policy assumptions for conducting research and financial studies. Provides management oversight and direction over research activities that include: 1) the determination of future values of the key fiscal variables and associated risks on the basis of the expected developments in the health care industry, budgetary elasticities, technical assumptions, inflation forecasts and discretionary fiscal policy measures; 2) the determination of economic inputs that drive variables influencing enrollment in the individual market and employer plans, the Exchange / CC costs, health care premiums and medical costs; and 3) the determination of economic factors related to California's economy which influence enrollment in healthcare plans, eligibility for tax credits and potential interactions with Medi-Cal, variables that affect costs for future fiscal years (such as the development of enrollment, premium and spending projections, trends in the health insurance market, changes in Federal and/or State laws, and other regulations or policies impacting the Exchange / CC's operations).

Financial, Budget and Sustainability Activities. Develops long term strategic financial objectives for the Exchange / CC, which includes maintaining and updating the Exchange / CC's sustainability plan, providing departmental policy related to the budget operations of the Exchange / CC, providing leadership and executive direction for budget management, allocation, and analysis activities; and preparing budget planning documents for the Exchange / CC and each program. Provides guidance over other financial analysis and grant monitoring (decreasing) activities, reviews of encumbrances and expenditures to develop budget projections, financial reports regarding operating budgets, budget planning documents, etc.

Financial Systems activities. In collaboration with the Deputy Director, Accounting and Accounting Systems Operations, provides general direction to the Chief of Financial Planning regarding activities related to the implementation of the Financial Information System for California (FI\$CAL), that includes working with the Department of Finance to install the system, preparing FMD staff to receive training and learn how to use the new system; providing generated necessary ad hoc and ongoing accounting information reports to accounting and program staff from FI\$CAL . Works with the Deputy Director, Accounting and Accounting Systems Operations and the Chief Accounting Officer in determining the accounting information requirements from FI\$CAL. Provides general direction to the Chief, Financial Planning regarding daily operational activities related to the maintenance of the current California State Accounting and Reporting System.

Leadership and Supervision. Provides leadership to approximately 15 staff, comprised of research, analytical, budgets and financial systems staff. Provides direction, guidance and support to managers and research staff who conduct difficult research studies, develop fiscal models, forecast revenue projections, etc., and develop information that is used for policy decisions, strategy decisions, program decisions, etc.; selects, trains, mentors, assigns work and evaluates performance of subordinate managers; meets regularly with direct reports and subordinate staff as needed; meets with subordinate managers to discuss staff selection issues, staff performance, managers' performance and individual developmental needs and career aspirations.

Consultation and Other Responsibilities. Makes presentations and advises the Exchange / CC executives on the research, development and implementation of complex statewide financial sustainability strategies, as well as fiscal implications of program proposals and other issues impacting the Exchange / CC.

**B. SUMMARY OF REQUEST (continued)**

10. How critical is the program's mission or purpose to the department's mission as a whole? Include a description of the degree to which the program is critical to the department's mission.

- Program is directly related to department's primary mission and is critical to achieving the department's goals.
- Program is indirectly related to department's primary mission.
- Program plays a supporting role in achieving department's mission (i.e., budget, personnel, other admin functions).

Description: The policies set by this position are essential to the primary mission of Covered California which is to provide affordable health care to millions of Californians. The overall goal of this position is to ensure that Covered California maintains financial sustainability which is critical to ensure its continued existence and the provision of affordable health care to millions of Californians. The incumbent is the policy maker over fiscal modeling, forecasting and economic analysis of various business strategies and methodologies to determine enrollment projections and financial sustainability; financial planning and analysis of revenues for both individual and the small business markets; management of the entire organization's budget; and financial analyses of vendor contracts, ad hoc requests related to legislative changes and various financial scenarios and various projected budget scenarios to determine business policy changes that affect the overall sustainability of Covered California.

**B. SUMMARY OF REQUEST (continued)**

11. Describe what has changed that makes this request necessary. Explain how the change justifies the current request. Be specific and provide examples.

It is beneficial for FMD to consolidate all the financial activities under one CEA position as it will increase organizational efficiency and effectiveness, and the overall accuracy of financial operations. Consistent management of entities providing such information is intended to facilitate provision of a complete and accurate picture of the financial condition of Covered California when fiscal policy decisions are made. This is because consolidation of functions allows the Assistant Director to have direct access to all relevant and updated financial information derived from budget analyses, financial analyses, forecasting projections to enrollments and revenues, research projects and models created to determine the outcomes of possible change, etc., when making policy decisions and recommendations. Such policies may result in high level and sensitive organizational changes involving business strategies (such as changing the Exchange's fee for each new enrollment).

Additionally, this realignment is necessary to relieve the Deputy Director, CEA B to assume the expanded responsibilities including development of GAAP based financial statement, the implementation and use of the new Financial information system for CA, FI\$CAL and the implementation of associated new business policies and processes.

### C. ROLE IN POLICY INFLUENCE

12. Provide 3-5 specific examples of policy areas over which the CEA position will be the principle policy maker. Each example should cite a policy that would have an identifiable impact. Include a description of the statewide impact of the assigned program.

- a. The Assistant Director makes policy decisions regarding the structure of the models that are created and used as the basis for forecasting enrollments and revenues as well as the future financial and operational needs of the Exchange. This includes critical policy decisions regarding the appropriate data sources to be used in building the forecasting models, and the underlying assumptions of future trends in the health marketplace that should be incorporated to the forecasting models in addition to the selection of the specific information from the various data sources, how that particular information will be used, interpreted or extrapolated, along with the specific research methodologies, forecasting techniques, underlying assumptions, etc. that are used. These decisions are complex and have a direct impact on the projections from the forecasting model. For example, the decision to use information from a specific data source, such as ABE or the Data Warehouse, can create different forecasting results, which affects the projections of incoming financial revenues results.
- b. The Assistant Director makes policy decisions that determine the appropriate forecasting analytic procedures for research projects for revenue and enrollment in the individual and small business markets which includes using technical tools such as regression equations, time series methods, econometric equations, economic models, etc. To be specific, the Assistant Director makes policy decisions such as how exogenous factors will be quantified and reflected when modeling enrollments. (For example, this could include determining which factor will have a greater impact on enrollment and how will this factor be reflected or incorporated when developing the model to project enrollments.)
- c. The Assistant Director makes policy decisions/recommendations to the Executive Director and Board regarding methodology for determining revenue rates, such as the recent change from a flat per member cost to a percentage of gross premium. Such policy recommendations have direct internal impact on all program operations as well as external impact on the various providers, enrollees, and the agents who sell our health plans. The forecasting and projections will affect loads / capacities, staffing in programs such as the Service Center and CalHEERS, timing of operations decisions, etc.
- d. The Assistant Director makes policy decisions regarding Covered California's continuously appropriated annual budget, mid year budget changes, as well as the appropriate reserve levels that should be maintained to ensure continued operation in the event of unanticipated fiscal shortfalls. Covered California does not receive General Funds, therefore, its budget is very complex and the organization must be self supported through its generation of revenue.
- e. The Assistant Director makes financial planning policy decisions regarding the underlying assumptions used in the preparation of the projected incoming revenues and outgoing costs for future years. In addition to the underlying assumptions, other important components include the underlying design of the analytical approach and the determination of the appropriate data sources. It is important that the assumptions are accurate so that it will closely resemble reality and the estimated financial outcome, as changes in business strategies will impact the overall financial sustainability of the Exchange / CC.

**C. ROLE IN POLICY INFLUENCE (continued)**

13. What is the CEA position's scope and nature of decision-making authority?

The scope of the Assistant Director's decision-making authority encompasses all of Covered California. The Assistant Director has statewide management responsibility for budgets, forecasting, financial planning, and revenue analysis. All these components are interrelated and the information developed for each function is used to determine the Exchange / CC's ongoing financial needs to maintain current and future financial sustainability. As Covered California is a revenue generating entity and must be self supporting, these policies are essential to the basic mission of Covered California which is to provide affordable health care to Californians.

14. Will the CEA position be developing and implementing new policy, or interpreting and implementing existing policy? How?

The CEA will do both as it is assuming responsibility for existing functions, and new policy setting is essential to the Exchange's ability to provide quality health plans to Californians and remain solvent.