

Implementing California's Small Business Health Exchange

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Small Business Majority
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About Small Business Majority



- **Small business advocacy organization** – founded and run by small business owners
- **National** –offices in Bay Area, Sacramento, Washington, DC, New York, Ohio & Missouri
- **Research and advocacy** on issues of top importance to small businesses (<100 employees) and the self-employed
- **Very focused on healthcare** over the past 6 years

- **Cost is the No. 1 issue:** SHOP must sell products small business owners & employees can afford.
 - It must sell products small business owners actually want—not just the ones we want them to buy.
- Small businesses are unique in terms of:



- Size
- Profit margins
- Employee make-up
- Culture; different languages
- Industry; in the office, in the field, etc.

- The **SHOP exchange** must sell a broad enough selection of products to meet the **diverse needs** of small businesses
- It must be **differentiated from the outside market**—otherwise, why would employers switch to the SHOP?



*Will the exchange offer “value”
– lower price; better
coverage; better services?*

Brokers are Essential Partners



- Our research has found successful exchanges partner with brokers and use them as a de-facto sales force. **Exchanges that limit broker participation don't last long.**
- As trusted sources of information, brokers have a key **education role**: 75% of small business owners with <20 employees use brokers.*
 - 88% of those owners say their brokers' opinion carries significant weight.*
- Brokers' compensation must be **competitive** with the outside market



*Pacific Community Ventures, research released March 2011

Marketing & Outreach



- In addition to brokers, the exchange should utilize other **trusted sources of information** like accountants, chambers of commerce and trade groups that have existing relationships with small employers. *These voices will be more effective than government.*
- **There's plenty of work to go around.**
 - Conducting outreach to 700,000 owners will be difficult—we'll need all hands on deck (brokers, agents, navigators, business groups, etc.)



Employee Choice



By a 2:1 ratio, employers **want to offer** employee choice*

- **Relieves small employers** from having to find one-size-fits all plans for their workers
- **Levels the playing field:** large businesses and government agencies already get to offer employee choice

Note: *We must balance the need for choice with the need to avoid adverse selection*

*Pacific Community Ventures, research released March 2011



Human Resources Services



- Successful private market small business exchanges in CT and NY offer **additional HR services** to make exchanges more appealing.
- These are not all necessary on day one but **as time goes on**, a more seasoned, sophisticated exchange should offer:
 - COBRA administration
 - Wellness plans
 - Section 125/cafeteria plans
 - HSA/FSA/HRA
 - Vision and dental coverage



Customer Service Mentality



The exchange is a business—we can't just wait for people to show up. Keep in mind:

- **A strong launch is essential;** word will spread if initial customers have a bad experience and this can ruin the exchange brand
- **Flexibility is crucial;** you must be ready to respond to what your customers are doing, what's happening outside the exchange, etc.
- **The SHOP must work for all its customers:** employers, employees, brokers and insurers. All must “win” by participating.

Questions?

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