

**Cassandra Lattin
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Established in 1995, Covenant Industries is a for profit California Corporation performing Human Resources Support, Benefits Administration and PEO Services for Small to Medium size companies through our PEOple OneSource Brand, and Operating Call Centers for Government Agencies.

General Comment

I attended the July 19, 2012 board meeting from beginning to end via Webinar. I would truly like to thank Secretary Dooley, Executive Director Peter Lee and each board member for your dedication, commitment and hard work in ensuring that CA is a front runner in the deliverance of our Exchange Program.

If you want to Market the Exchange as a place of preference for Small Businesses to purchase Health Care Benefits and make an employer contribution on behalf of its employees, you must clear up the perception that the Exchange is a Social Service Program. The board might want to note that you have an added stakeholder who appears to be under represented at least during the July 19, 2012 meeting. During the presentations and commentary, I noted the following types of stakeholders were well represented:

- Universities
- Public Health Providers
- Mental Health Providers
- The Provider Networks (Safety Nets)
- Diversity/ Language Community Based Organizations
- County Employees
- Labor Unions
- Health Insurance Carriers

Although the National Federation of Independent Businesses (NFIB) made a brief comment, small business owners did not appear to be well represented. Many people who will come to purchase services through the exchanges will have choices. Small business owners that employ between 16 to 49 people, represent a critical path. These companies may be participating in plans currently or will be in 2014 with or without the Exchange. If the companies are currently participating in a plan under CA guarantee issue (AB 1672), they offer multiple levels and types of coverage. However, because the plans are guaranteed issue they do not go through a strenuous underwriting or vetting risk process. These plans use a Risk Assessment Factor that can vary up to 20%. Therefore this makes plans easily accessible but sometimes cost prohibitive.

Small businesses of this category will likely be directed to the exchanges by professionals such as their CPA, their Human Resources Partners and Executive Coaches. These professional will advise their constituents on the Cost to Benefits of purchasing services through the exchanges or on the open market. If the process to participate in the exchanges is perceived as overly governmental or will deploy long wait times on hold to support benefits administration, the benefit of purchasing products

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through the exchange will be reduced. If the primary point of contact (Benefits Coordinator) can get a better answer from the health care broker about the best plan to choose and whether or not it is IRS compliant, the small business will not use the exchange.

Tax credits are available to subsidize the cost for healthcare for companies with less than 25 Full-time employees where the companies pay less than \$50,000.00 per employee per year. If small businesses do not participate in the Tax Credit process it could be because they don't make enough profit after paying the bills. Processing the paper to even receive the credit could cost more than the credit. Tax credits are more attractive to large companies as it helps them improve their bottom line. Cash flow tends to be as important to small companies as Tax Credits are to large companies.

Comment on the Customer Service Center

I was really impressed by the presentation by David Jolly, Craig Tobin (Event US) and Meg I must apologize I did not get her full name as she represented the 58 counties solution.

The presentation was very comprehensive and understandable. My comment is that the board might want to consider a Tier Approach to the Call Center. You might consider inclusion of the following to satisfy a strategic tier approach.

Tier 1 Private Contractor - This will ensure that calls are responded to within 30-45 seconds of wait time. A percentage of call will be answered and satisfied at tier 1.

Tier 2- 58 County representative - This will ensure that call requiring additional Medical, Healthy Families or Access enrollment support.

Tier 3- State oversight - Calls involving complaints at tier 1 or tier 2 to state for oversight.

This might help navigate through the concerns of the unions and existing staff within the counties allowing workers to pick-up additional work helping to address budget stress and furloughs without overburdening their existing work schedules resulting in a bottle neck of calls.

You might consider leveraging your statewide resources such as federal, state, county and cities to address unemployment in California. This could increase your tax base for the state's general fund, along with showing constituents that California is co-sourcing as oppose to outsourcing. In this economy terms such as socialized healthcare, Obama-care and outsourcing should not be associated with the historical event that make accessible affordable healthcare for uninsured citizens of the United States.

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To respond to inquiries regarding the Affordable Healthcare Act in California, all calls should be answered in California. The employees who answer these calls should live in California. This will benefit the state by:

- Impacting the unemployment rate of 10.7% (Bureau of Labor Statistics, June 2012)
- Increasing the California tax base
- Creating a minimum of 1,200 new jobs (California Health Benefit Exchange Board, July 19, 2012: projection for 4 Customer Service Centers)

Note, the selected vendor does not have to be a California domicile company, but the calls should be responded to in California. Because of high diversity in culture and language, California is viable for a multiple call centers solution. Moreover, geographically, California can respond during critical emergency state. This ensures that disaster recovery and business continuity are not an issue.

Home agents may be a viable solution to answer calls regarding the Affordable Healthcare Act; however they may not consistently meet HIPPA compliance requirements. Additionally, home agents present a challenge with Workers Compensation and Risk Management conformity.

Affordable healthcare is an exciting venture for our state. As a stakeholder, I now look forward to the interactive process in future development. Thank you for this opportunity to comment.

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