



Comments to the Board

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January 16, 2020 Board Meeting

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- Kevin Knauss, Certified Covered California Agent – Comments regarding agent marketing violations – January 16, 2020

From: [Kevin Knauss](#)
To: [BoardComments \(CoveredCA\)](#)
Subject: Agent Marketing Violations
Date: Thursday, January 16, 2020 9:43:03 AM
Attachments: [Blue Shield Program To Steer Consumers Board Letter.docx](#)

Attached is a letter to the Board over what I find to be marketing violations by Blue Shield in their program to enroll off-exchange in Covered California with explicit instructions to agents not to discuss any other health plan other than Blue Shield plans.

Kevin Knauss



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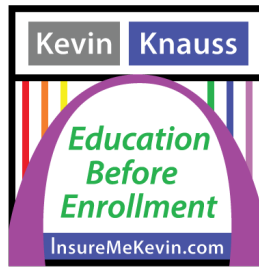
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Covered California Board of Directors
1601 Exposition Blvd.
Sacramento, CA 95815

January 16, 2020

Re: Blue Shield Marketing Program To Steer Consumers To Only Blue Shield Health Plans

Covered California seems to be ignoring Blue Shield's marketing violation of directing agent to only represent Blue Shield plans to prospective Covered California consumers. Blue Shield's special effort targeted at their off-exchange members who might be eligible for the new California premium subsidy conspires to deny consumers important knowledge of lower cost health plans through Covered California.

In 2020, California will be offering a new health insurance premium subsidy to household's whose income is above the threshold for the federal Premium Tax Credit. Blue Shield of California recognized that they had tens of thousands of members in their individual and family plans who might qualify for the new premium subsidy. As the Blue Shield PPO plans are some of the most expensive on Covered California, if a current Blue Shield member went shopping on Covered California, they would most likely find a plan much less expensive, with or without the new California premium subsidy.

In order to blunt the potential loss of subscribers, Blue Shield devised a plan that targeted those unsubsidized members and channel them into a system where only Blue Shield plans, through Covered California would be offered. The name of this program is BSCLiveCall run by Nationwide Senior Plans, LLC dba Seniors Preferred Choice Insurance in Westlake Village, CA.

The challenge faced by Blue Shield was the enormous volume of calls they were hoping to generate through their marketing campaign to keep their subscribers and enough Covered California Certified Insurance Agents to handle the enrollment. A health insurance agent must be certified by Covered California before they can enroll individuals and families into Covered California health plans with the premium subsidies.

Nationwide Senior Plans, LLC, led the program to recruit Covered California Certified Insurance Agents. Nationwide became a General Agency at Covered California who could then add certified agents under their umbrella organization. There are many General Agencies operating through Covered California. The twist on this program was that agents who signed up for the BSCLiveCall program could only discuss Blue Shield health plans offered through Covered California.

The prohibition of discussing any other health plans, except Blue Shield, seems to force agents to violate their contract with Covered California. The 2016 Covered California agent contract stipulates;

Exhibit A, Agent Agreement Scope of Work

7. Representations. Agent shall represent the plans offered through the Exchange in accordance with the following:

- a. Fairly and accurately present to Consumers all available enrollment options and prices regardless of the Agent's appointments with any health plan;
- b. Unless specifically requested by the Consumer not to, when quoting prices, Agent shall fairly describe and display the health plans that the Consumer is eligible for;
- c. Explain to all potential Consumers about the availability of APTCs and that APTCs are only available through the Exchange.
- d. Agent agrees not to steer Consumers towards or against any of the QHPs sold by the Exchange solely on the basis of payment schedules or other consideration made to agent;
- h. If Agent sells any ancillary products that are not offered by the Exchange, Agent shall clearly identify those products to the Consumer and explain that such products are not offered by the Exchange. Agent shall further inform the Consumer that ancillary products are not required to be purchased as a condition for obtaining health coverage.

The two contractual conditions that agents are forced to violate with the BSCLiveCall program were to fairly represent all Qualified Health Plans (QHP) to the consumer and not to steer the consumer to a specific health plan.

The flow of the BSCLiveCall program began when a current Blue Shield member called Blue Shield member services to inquire about eligibility for the new California Premium Subsidy. After the customer service representative determined the member might be eligible, they were transferred to a certified Covered California agent. The agents had to use a special webphone internet-based application software to receive the phone call. The agent then signed into the Nationwide GA Covered California account as an agent to complete the enrollment.

Within the BSCLiveCall project rules for agents, there was one very clear bullet point.

- Discuss only Blue Shield of California products.

Agents contracting with BSCLiveCall were also encouraged to sell Blue Shield's dental and vision products. There are several dental plans offered through Covered California, but Blue Shield is not one of them. There are also a couple of Covered California approved vision plans, off-exchange, but Blue Shield is not one of them. Agents were instructed that if a consumer wanted dental or vision insurance, the agent should use a special url for Blue Shield application link for those enrollments. Implied in the instructions to agent was not to mention the dental plans offered through Covered California or the approved Covered California vision plans off-exchange

The dental and vision plan pitch to consumers by agents violates contract provision 7. h. condition of the agent contract, "If Agent sells any ancillary products that are not offered by the Exchange, Agent shall clearly identify those products to the Consumer and explain that such products are not offered by the Exchange."

I am familiar with the scope of the BSCLiveCall program to steer existing Blue Shield members only to Blue Shield of California plans because I signed up to be one of their agents. After reviewing all of the details, then consulting the Covered California agent agreement, I decided I could not participate. One of the foundations of the health insurance market place exchange, known as Covered California, is the ability to review all health plans available to the consumer and eligibility for the Premium Tax Credit subsidies.

Blue Shield PPO and HMO products are some of the best, albeit expensive, plans available to consumers in California. However, with the extraordinarily high rates for health insurance in California, especially if the individual or family is receiving very little to no subsidy, it is the job of an agent to help the consumer explore all of their options. To lock consumers out of learning about other health plans, as designed by the BSCLiveCall project, is a disservice and appears to be a violation of the agent contract.

I recently enrolled a family into Covered California. The two health plan carriers in their region were Anthem Blue Cross EPO, Blue Shield PPO, and Blue Shield HMO plans. Their doctors were in-network with both the Anthem Blue Cross EPO and Blue Shield PPO plans. The Blue Shield PPO options were several hundred dollars more per month than the Anthem Blue Cross plans, even after the subsidy. The family ultimately opted to go with the Blue Shield PPO because it had a larger network of local providers. However, I would have failed as an ethical agent if I had not at least explored the lower cost plans from Anthem Blue Cross with this client.


Had I participated in the BSCLiveCall program and I received a call from this family through that project, I would have been prohibited from discussing any plan options other than Blue Shield. Agents were told that all calls were recorded.

For a project as large as the BSCLiveCall program, I would be surprised if Covered California was not aware of it. Covered California may not have known of all the conditions placed on agents participating in the program. As I noted earlier, one of Covered California's missions is to create an open market place for health insurance so that consumers can explore all their options.

Blue Shield created a marketing program, BSCLiveCall, to maximize the retention of their current subscriber base by leveraging the California Premium subsidy program. At the heart of the program was to withhold information about other health plans available to the consumer.

I take the Covered California agent contract very seriously. Even though I may disagree with some of Covered California contract conditions, I understand that all of their rules are meant to ensure that consumers get adequate plan and cost information in order to make a good decision. For example, Covered California will be instituting a new rule for agents that mandates that agents must show consumers considering enrollment in a health care sharing ministry program all the plans, costs, and subsidies associated with Covered California available to them.

In the spirit of Covered California and an open market place, agents should be offering information on all health plans available to the individual or family in their region. If a marketing program is designed to restrict consumer information or attempts to steer consumers into a specific health plan, the loser is the consumer. This sort of devious marketing arrangement is made even more egregious when the bait to entice a consumer is a government funded subsidy.

A handwritten signature in black ink that reads "Kevin V. Knauss". The signature is written in a cursive style with a large, prominent 'K' at the beginning.

Kevin Knauss

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