

# Bringing Off-exchange Consumers to Covered California under the American Rescue Plan

Insights from In-depth Interviews with Consumers and Agents in California

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## Background

Covered California commissioned a rapid-cycle research project from NORC at the University of Chicago (NORC) and Slosar Research to inform implementation of the American Rescue Plan (ARP) provisions related to the health insurance marketplace. This memo summarizes the key insights from the research, focusing on how to help Californians currently enrolled in off-exchange plans take advantage of the new subsidies available by switching to Covered California. The insights stem from a series of in-depth interviews conducted with a diverse set of these so-called “off-exchange consumers” as well as with health insurance agents from across California.

## Ten Key Takeaways

- 1. The opportunity: Off-exchange consumers want to spend less on health insurance.** Like most people, off-exchange consumers believe they pay a lot for their health insurance and would love to pay less. Note, however, that most of them do not think of themselves as wanting or needing “financial help.” In addition, most are used to paying a lot and have accepted it as a reality, so they aren’t actively looking for ways to save on health insurance – especially not outside of Open Enrollment (OE).
- 2. The biggest barrier: They don’t think they would ever qualify for financial help or coverage through Covered California.** Most off-exchange consumers do not believe Covered California is for people with their income levels and would likely dismiss messages saying they could qualify. Some of them have even checked in the past and learned they *didn’t* qualify. It will be challenging to break through these assumptions.
- 3. This needs to feel new.** To get people to pay attention, it will be important to show that this is different from the past – not an extension of it. Instead of messages that emphasize “more financial help” and/or “more people qualify,” consider messaging strategies that frame the

current subsidy expansion as something new and different (e.g., “a new tax credit” to help people with the cost of health insurance).

4. **It will be difficult to get people to act before OE.** Health insurance is not a top-of-mind issue in general and even less so outside of OE. These consumers have plans in place that work for them, and they aren’t likely to think about it again until they have to – which is likely during OE. Obviously, this will make it harder to get people’s attention to inform them that they might now qualify. Note, however, that even after learning that they might qualify, there’s likely still a fair amount of inertia around acting on this information outside of OE. Messaging must tackle this inertia head-on.
5. **Carriers are important messengers.** Off-exchange consumers are more likely to believe they could get more affordable coverage through Covered California if they learn about it from their carrier (versus from Covered California, the news, or other general messengers). Coming from their carrier, this message seems credible and like it might actually apply to them. Note, however, that not just any correspondence from carriers will do. To be effective, it needs to be as individualized as possible and crafted to overcome their skepticism that they would never qualify for coverage through Covered California.
6. **For some consumers, health insurance agents are key to both outreach and enrollment.** As long as they have a clear channel for reaching their off-exchange clients that would benefit from the new subsidies, agents are well poised to help these consumers switch to Covered California. This seems likely to happen during OE no matter what. It is less clear, however, whether agents will be able and willing to proactively try to convert people before OE. Agents are inundated with service requests from current clients during the pandemic, and there are no clear incentives to make off-exchange conversion take priority right now.
7. **Talking about financial help.** In order to even consider looking at Covered California, these consumers need clear signals that they would qualify – and they want information (e.g., references to income levels, etc.), not messaging. Most of these consumers don’t think they need “help”; they just want to pay less. Note that “tax credits” resonate with higher-income consumers; it feels normal for someone like them to claim a tax credit, but not to take “financial help.”
8. **Potential savings.** In general, off-exchange consumers need to know that they could save \$100/month or more; this amount of savings would make it feel worth the hassle to look into. Some consumers will likely make the switch for less, but saving over \$100/month seems to be the amount that would motivate them to take the first step and look. This was consistent across all income levels. Keep in mind that overselling potential savings might make these consumers more skeptical; even if true, it may be hard for them to believe that they could qualify for savings of \$700/month, for example.
9. **Low(er)-hanging fruit: Just make sure they’re in the know.** These consumers likely have current or recent incomes that hover around 400% of FPL. They have had or looked into

coverage through Covered California before and would likely look again if they learned that the rules have changed. If they qualify, they're likely to switch – but they'll need additional support and motivation to take action before OE.

**10. Harder-sells: Making it easy is the name of the game.** These consumers likely have higher incomes (> 500% FPL) and have been on the individual market for a long time. They tend to associate Covered California with lower-income consumers and government programs, which makes them think it's not relevant to them. Like others, they need to be convinced that they could qualify to even consider looking into it. But it will take more than just qualifying to get them to make the switch. The process also has to be easy – easy to check if they qualify, easy to apply, and easy to find their plan. (They don't want to be dropped at “start” and have to navigate a maze to do these things; if it feels too difficult, they'll just stop and stick with the status quo, which isn't ideal, but is manageable.)

## Looking Ahead to Forthcoming Research

This rapid-cycle research project is ongoing. NORC and Slosar Research are continuing to conduct research with consumers and other stakeholders to inform Covered California as it does its part to implement the American Rescue Plan. The broader objective of this research is for Covered California to learn how it can best ensure Californians are able to take advantage of the new subsidies available. In addition to learning about opportunities to help off-exchange consumers access more affordable coverage, the research also seeks to understand how to help current Covered California enrollees use the new subsidies to access better coverage by, for example, upgrading from a Bronze plan to a Silver plan.

NORC and Slosar Research look forward to continuing to share timely insights with Covered California and other stakeholders as this research continues through April 2021.

These insights are based on in-depth interviews with ten (10) off-exchange consumers and six (6) health insurance agents from across California. Consumer respondents represented a diverse background in race, ethnicity, age, and household income (Asian American, African American, Hispanic, and non-Hispanic whites; 24 to 50 years old; 220% to 600% of FPL).

All agent respondents had certification to enroll consumers in coverage through Covered California. They represented a mix of large-scale agencies and independent brokers. Most serve a general population clientele, but one agent respondent primarily serves clients from the Chinese-American community.

All interviews lasted 60–90 minutes and were conducted online and in English. Respondents were given gift cards as tokens of appreciation for their time.

For more information about this research, please contact Rebecca Catterson at NORC at the University of Chicago ([catterson-rebecca@norc.org](mailto:catterson-rebecca@norc.org)) or Mary Slosar at Slosar Research ([mary@slosarresearch.com](mailto:mary@slosarresearch.com)).