

Qualitative Study of Perceptions and Attitudes of Small Business Owners

conducted for
Mintz & Hoke, Inc. and
Connecticut Health Insurance Exchange
Small Business Health Options Program (SHOP) Exchange

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OBJECTIVES

1. Understand Attitudes, Perceptions and Beliefs

- Understand the current attitudes, beliefs and perceptions that will impact the success of the Connecticut Health Insurance Exchange's (CT HIX) Small Business Health Options Program (SHOP) Exchange.

2. Guide Communications

- Understand how the target audience reacts to the features of the SHOP Exchange.
- Uncover the perceptions and underlying beliefs that will inform the development of communications and messaging strategies.

Important Note

The focus of this study is communications. The ultimate goals are to introduce the SHOP Exchange and to get small business owners to open a dialogue with SHOP Exchange. Some of the findings will present the mindset against which communications will be received and must work. Inevitably, some of the findings will touch on areas that are beyond the scope of communications. Those will be presented but it is important to note that they are not recommendations for plan design or the structure, operation or policies of the SHOP Exchange.

OBJECTIVE 1 - CURRENT MINDSETS - ATTITUDES, PERCEPTIONS AND BELIEFS

Health Care Insurance

Affordability for employer

Many small businesses feel they can't afford another expense. They are trying to keep their businesses afloat in a difficult economic time. Because their income and cash flow is unpredictable, they are also very reluctant to look at anything that could be a recurring monthly expense.

Affordability for the employee

Many of the employees of the businesses who participated in the study are lower paid employees and the business owners don't believe their employees can afford an extra payroll deduction. Many of those who do not currently offer health insurance coverage had offered it in the past but found too few employees participated to continue.

It's the right thing to do

Small business owners, for the most part, believe that offering employees health care coverage is the right thing to do for their business and for their employee's health. For their business, it helps in recruiting and retention, especially for valued, skilled employees who have the opportunity to work for larger employers in their industry.

OBJECTIVE 1 - CURRENT MINDSETS - ATTITUDES, PERCEPTIONS AND BELIEFS

When employers think of group coverage, they think of it as coverage for themselves first

Several of the owners of smaller businesses thought about themselves first when they were thinking about offering healthcare. Often times it appears that this was due to a pre-existing condition.

The small-business business environment

Many of the businesses are stressed. There was a common theme that employers feel no one is doing anything for small businesses. Many small employers who participated in the study expressed concern that they will be placed at a disadvantage as a result of businesses that operate illegally, for instance, those who operate out of their households or employ individuals “under the table.”

Affordable Care Act

Concern about what’s coming

The overwhelming majority of small employers think the Affordable Care Act (ACA) and what they refer to as Obamacare is not going to be good for individuals, and even more of them believe it is not going to be good for small businesses. The small business owner’s perspective is different from the uninsured consumer’s perspective. The uninsured consumers don’t see much of anything on the horizon; small business owners see risk for their business on the horizon.

Effect on small business

Small employers expressed some very specific concerns about how the ACA would effect their business; they see the ACA placing an added burden on the small businesses.

OBJECTIVE 1 - CURRENT MINDSETS - ATTITUDES, PERCEPTIONS AND BELIEFS

Affordable Care Act (continued)

The good ‘known’

There was a minority, sometimes just one advocate in a session, who saw potential benefit for individuals and small businesses before being exposed to the details of what will be offered through the SHOP Exchange.

The unknown

Many admitted that they know very little about what the Affordable Care Act would mean to them or their business. They also believe that no one else really knows.

Reliance on agents or company representative to make insurance understandable

Small business people are busy. They wear many hats running a business. They have neither the time nor the expertise to delve into the detail and fully understand their insurance options (including the coming ACA), how it will effect their business, and what their options are. They rely on agents and insurance company representatives to do that for them.

OBJECTIVE 2 - DEVELOP MESSAGING STRATEGY AND GUIDE COMMUNICATIONS

What it costs

The first thing employers wanted to know was the cost to them. The important thing is that there is a significant reduction in the cost of providing health care coverage to their employees, rather than promise of a few percent or decrease or no increase.

What will be covered

The reactions to presentation of coverage details were 'glass half empty,' looking for shortcomings and deceptions. Participants were asked to present propositions to convince another small business person to look into the exchange in an exercise used to understand how focus group participants think . Consistently, no coverage details were used. The most important thing to convey is that plans offered are quality plans, providing coverage equal to that provided by large employers to their employees.

Eligibility for participation

Small business owners tend to believe that they are never the ones who benefit from government on the state or federal level. It will need to be made clear to small business owners that the SHOP Exchange is focused on all small business. The minimum number of employees required for an employer to be eligible may be as important as the maximum.

How it will be different from what is currently offered in the market

This was the information that made 'the lights go on.' The four most important differences between what is available now and what will be available through the SHOP Exchange are:

1. Availability of significant tax credits
2. No membership fees
3. Multiple carriers create competition which controls cost
4. Multiple carriers and levels of benefits give employees choice

OBJECTIVE 2 - DEVELOP MESSAGING STRATEGY AND GUIDE COMMUNICATIONS

What the SHOP Exchange is

It will need to be made clear to small business owners that the SHOP Exchange:

1. Is focused on all small businesses with 2-50 employees.
2. Is a marketplace in which health insurance carriers compete for their business and where there is choice of plans and levels.
3. Is a marketplace and not a carrier.
4. Does not charge a fee.
5. Is not competing with their agent.

Latino small business owners indicated that persuading Latino employees to buy into health insurance would be particularly challenging. In addition, they reported skepticism and low trust of the SHOP Exchange due to past negative experiences, and felt that it would ultimately serve the interests of the insurance companies.

How the government will reduce the costs of health care coverage

This is an area in which details proved to be very confusing. The mechanics of how the cost will be reduced should only be presented when all of the details can be presented, questions answered and misperceptions corrected.

The state's role

Some small business owners seem to fixate on how the SHOP Exchange is funded. It may be necessary to spell that out in great detail to that segment of the audience. But it does not seem to be an issue that needs to be cleared in order for others to appreciate the benefits of the Exchange, and in communications, the role of the state in assuring those benefits. The state's role should be presented as overseeing the SHOP Exchange, and not running or funding it.

METHODOLOGY – PARTICIPANTS

SPECIFIC TYPE OF BUSINESS OWNERS

Five focus groups were held, each with a very specific type of small business. Each small employer in the sessions would be eligible for participation in the SHOP Exchange and each would be eligible for the benefits offered by the Exchange.

Description	Place and Date	# of participants in session	Number of employees	Average employee salary (not including owner)
Currently offer health insurance but not satisfied with current program; Less than 50 employee	Stamford, CT July 24, 2012	8	3 – 3 to 10 employees 2 – 11 to 20 employees 3 – 21 to 49 employees	2 - Less than \$25k 6 - \$25k to \$50k
Do not currently offer health insurance; 11-20 employees	Stamford, CT July 24, 2012	8	11-20	3 - Less than \$25k 5 - \$25k to \$50k
Do not currently offer health insurance; less than 10 employees	Farmington, CT July 25, 2012	8	3 – 3 or less employees 2 – 4 to 7 employees 3 – 7 to 10 employees	4 - Less than \$25k 4 - \$25k to \$50k
Do not currently offer health insurance; Less than 10 employees Hispanic Bi lingual	Hartford, CT August 8, 2012	3	3 – 3 to 10 employees	1 - Less than \$25k 2 - \$25k to \$50k
Do not currently offer health insurance; Less than 10 employees Hispanic Spanish Dominant	Hartford, CT August 10, 2012	5	5 – 3 to 10 employees	2 - Less than \$25k 3 - \$25k to \$50k

METHODOLOGY – SESSION STRUCTURE

Each session followed the same structure.

- Pre-Exposure Mindset and Knowledge

The purpose of this section of the session was to understand awareness, determine the current level of knowledge and the perceptions and beliefs participants have around health care coverage and health care insurance in general, and the Affordable Care Act specifically. The focus was on what they felt the ACA would mean for their businesses.

- SHOP Exchange Features Exposure

The purpose of this section of the session was to gauge understanding of the features and to understand the reactions of small employers to SHOP Exchange features and their perceived benefits.

- SHOP Exchange Proposition Construction

The purpose of this section was to understand how information about the SHOP Exchange is processed, and what the most effective arguments and pieces of information are in convincing small business owners to engage in a dialogue with the SHOP Exchange.

FINDINGS – OBJECTIVE 1 – CURRENT MINDSETS

UNDERSTAND ATTITUDES, PERCEPTIONS AND BELIEFS

Understand the current attitudes, beliefs and perceptions that will impact the success of Connecticut's Small Business Health Options Program (SHOP) Exchange.

Health Care Insurance

Affordability for employer

Many small business owners feel they can't afford another expense. They are trying to keep their businesses afloat in a difficult economic time. They already have what they perceive as too many mandated 'insurance expenses' such as unemployment insurance, worker's compensation and social security.

Because their income and cash flow is unpredictable, small employers are also very reluctant to look at anything that could be a recurring monthly expense. Several had offered insurance in the past and had scaled back and finally stopped offering. Some still pay 100% of their employees' premiums, but even they are now asking employees to pay a portion.

- "If I make a lot of money I'd be happy to pay...but who is making a lot of money?"
- "It is a struggle every year. We've scaled down, now down to 5 employees."
- "Hate paying insurance at all, [it is] hard to stay in business."
- "Every year go back and forth [with agent], crazy the amount you have to pay."

FINDINGS – OBJECTIVE 1 – CURRENT MINDSETS (Continued)

Affordability for the employee

Many of the employees of the business owners who participated in this study are lower paid employees (For 12 of the 32 businesses in this study, the average wage was less than \$25,000). Many of those who do not currently offer health insurance coverage had offered it in the past but found too few employees participated to continue. Employers in the minority market reported that their employees feel it is out of reach and expect to have to work 11-12 hours daily to afford health coverage.

- “Lower paid employees are not interested in spending money that is a lot compared to what they make.”
- “Don’t offer; employees don’t take us up on it.”
- “They work on commissions, earning are not consistent, so some months there is no extra money.”
- “They’re young and they don’t want it. Even with me paying one half of the \$200 per month they don’t want it.”
- “[Their] salary is very unstable, sometimes they might have only two clients a day and that’s it.”

Employees covered as a spouse

Many of the employers in the study reported that their employees were covered by a spouse’s plan. In most cases their spouses were working for larger companies. This scenario seems to apply across all small businesses and cultural groups, both those who paid higher and those who paid lower average wages.

- “A lot of employees are covered under spouses’ insurance.”
- “We offered it 15-20 years ago and no one took it. They all go with their wives’ plans.”
- “Clerical people go on their husbands’ policies.”

FINDINGS – OBJECTIVE 1 – CURRENT MINDSETS (Continued)

Avoidance

One of the employers was very forthright in saying that he avoided having to provide insurance by hiring people who won't need or want insurance. Another employer learned a strategy from his trade association that serves as an alternative to directly funding employee insurance premiums, providing a "subsidy" that employees could use to upgrade their spouse's plan.

Several Hispanic business owners reported that they hire contracted workers instead of payroll workers, as it is more lucrative and practical for them, and has the potential to relieve them from taking upon more administrative responsibilities.

- "I hire part-time employees who are under 25. When they want insurance they move on."
- "I offer a subsidy to help employees move up on their spouses' plan. Then I'm not carrying the load."

It's the right thing to do

Small business owners, for the most part, believe that offering employees health care coverage is the right thing to do for their business and their employees' health. For their business it helps in recruiting and retention, especially for valued, skilled employees who have the opportunity to work for larger employers in their industry.

- "It does attract better employees. They stay with you a long time."
- "Try to do the right thing by your employee."
- "Being forced to 'do the right thing.' People come in and command greater salary and expect insurance."
- "Businesswise, everyone would love to offer it but can't. Emotional, human side, want to offer it."

FINDINGS – OBJECTIVE 1 – CURRENT MINDSETS (Continued)

Competitive Disadvantage

Some Hispanic business owners indicated that their legal businesses are at a competitive disadvantage by those being operated out of a home or hire unlicensed workers.

- “A lot of people are working illegally. People operate without licenses and have 5-6 operators [employees] and have no responsibilities. But if you do things legally then you will feel the pressure. The State needs to monitor these businesses.”
- “It’s hard to find people with licenses. People open up a shop across the street from me and aren’t licensed and then take my clients.”

Cultural Barriers

Some business owners discussed that convincing Hispanic employees to buy into health insurance would be particularly challenging. Participants discussed past instances in which workers have been opposed to paying into Social Security as well as paying taxes, and suggested that paying into a health insurance plan would be no different.

- “it’s hard to convince a Hispanic barber to do this, because they have a different culture and way of living”.

Skepticism & Lack of Trust

Some owners reported skepticism regarding health insurance companies and with the state by highlighting past negative experiences in which insurance companies or state programs did not provide the coverage they expected. Participants indicated that often a program appears promising at first, but would likely change over time in a manner that negatively impacts the consumer and benefits the company. In some cases, the lack of trust was characterized by perceived differences in state treatment of minority-owned businesses.

- “We don’t trust insurance companies, because when you need it, it doesn’t help.”
- “It usually starts like that, but then it [the premium] goes up.”
- “The program begins promising, but in the end companies will do what they want.”
- “The only barber shops being shut down [by the state] are the Latino ones.”

FINDINGS – OBJECTIVE 1 – CURRENT MINDSETS (Continued)

When employers think of group coverage, they think of it as coverage for themselves first

Several of the owners of smaller businesses thought about themselves first when they were thinking about offering healthcare. Often times it appeared that this was due to a pre-existing condition. One business owner paid for the coverage of a third employee so that they could qualify for a group plan.

The small-business business environment

Many of the businesses were stressed. That is, there were economic, social, and specific health insurance issues, that were challenging their businesses. There was a common theme expressed among participants that no one is doing anything for small businesses.

- “Being forced to ‘do the right thing.’ People come in and command greater salary and expect insurance.”
- “Younger guys enter the trades who ‘do not have a spouse to fall back on.’”
- “It is a constant yearly project. We sit down with our agent and he gives us our choice, our increase, every year.”
- “Not much out there...headache every year. It is a regulated industry, hard to shop, the only thing you can shop is the deductible, and that is hard on employees.”
- “I hate it every year. CBIA gives you a group plan if you’re small company. Luckily for me most of them [employees] opt out.
- “Every year we have an agent and go back and forth. It’s crazy the amount you have to pay.”
- “If I make a lot of money, I’d be happy to pay rent, social security, 401k. I can’t afford to pay insurance. But who is making a lot of money?”
- “Seven years ago unemployment was low, needed to offer [health insurance] now don’t.”
- “It is always the small guy, the little guy, who gets burnt first.”
- “A lot of businesses are suffering now because of inflation. It’s taking us out of business and this on top of it will take us out.”

FINDINGS – OBJECTIVE 1 – CURRENT MINDSETS (Continued)

Affordable Care Act

Concern about what's coming

The overwhelming majority of small employers think the Affordable Care Act (ACA), and what they refer to as Obamacare, is not going to be good for individuals, and even more of them believe it is not going to be good for small businesses. The small business owner's perspective is different from the uninsured consumer's perspective. The uninsured consumers don't see much of anything on the horizon; small business owners see risk for their business on the horizon. Hispanic business owners in the study had little to no knowledge of the ACA.

- “We’re going to be made to offer insurance to part-timers.”
- “After it gets going, that is when it is going to cost us more.”
- “Small business and average person are going to be hurt.”
- “Leaving it to a government, I have no confidence in anything the government does. Look at our debt.”
- “It is going to get worse. Mandatory health insurance. Medicare will be gone. All the money going into Medicare will go into Obamacare.”
- “This is only a beginning to get you to sign up. Costs will go up and up and up.”

Effect on small business

There were some very specific concerns about how the ACA would effect their business. Small employers see the ACA as placing an added burden or risk on small business.

- “If you have a growing business you’ll want to stop. It may be affordable to people, but not to companies.”
- “It’s going to stop the growth of companies. The minute you go higher than 50 people, all of a sudden you have to pay those people.”
- “If you can’t afford insurance next year and you have to let people go, that costs you on unemployment.”
- “We all have to pay insurance for fire, building, worker’s comp, and unemployment. It goes on and on and keeps going up. How many people out there with no insurance go to the hospital and we pay for it? That's crazy. Now they want us to pay even more.”

FINDINGS – OBJECTIVE 1 – CURRENT MINDSETS (Continued)

The good ‘known’

There was a minority, sometimes just one advocate in a session, who saw potential benefit for individuals and small businesses before being exposed to the details of what will be offered through the SHOP Exchange.

- “I am looking forward to it. But if we don’t get the young [to participate] we’ll take on all the pre-existing and it will be more expensive. What I’ve seen is encouraging. It will help people like us with paying.”

The unknown

Many admitted that they knew very little about what the Affordable Care Act would mean to them or their business. They also suspect that no one else really knows. One person reported that his agent told him he had no idea of what was going to happen.

- “You don’t know what is coming tomorrow. Everyone is in the dark.”
- “So what is it?”
- “I don’t even think about it. I have less than 50 employees.”
- “How will it affect family coverage if each employer has to insure? I don’t understand it at all.”
- “Who has time to read the book?”
- “Where is the money going to come from? Of 1,000 people, only 100 are paying insurance.”

Reliance on agents or company representatives to make insurance understandable

Small business people are busy. They wear many hats running a business. They have neither the time nor the expertise to delve into the detail and fully understand their insurance options (including the coming ACA), how it will effect their business, and what their options are. They rely on agents and insurance company representatives to do that for them. Several of the business owners in the group offering health care insurance are currently getting their coverage through CBIA, most through an agent.

- “You have a lawyer, an accountant, a banker, and an agent. You need a good agent.”
- “I need it in plain English. My agent puts them [plan options] into plain English.”

FINDINGS – OBJECTIVE 2 – FEATURES, BENEFITS AND QUESTIONS

OBJECTIVE 2 – DEVELOP MESSAGING STRATEGY AND GUIDE COMMUNICATIONS

- Understand how the target audience reacts to the features of the SHOP Exchange.
- Uncover the perceptions and underlying beliefs that will inform the development of communications and messaging strategies.

Order of Interest in Shop Exchange Features

The purpose of this section of the session was to gauge understanding of the features and to understand reaction to SHOP Exchange features and the perceived benefits. The features are presented in the order of the group participants' interest. The title of the feature was presented and the group prioritized the list based on their interest in learning about each of the features. The order of interest among all participant groups (averaged across all sessions) was:

1. How much will it cost
2. What coverage will be
3. Who will be eligible (combined with cost reductions in the last session)
4. How it will be different from current health insurance options
5. What is the SHOP Exchange
6. How will the government help reduce the cost of coverage
7. Purchasing options (only presented in the last session)
8. What is the state's role

Perception of and Reaction to Features

The benefits were not easily and consistently drawn from the statements. Most importantly the presentation of almost every statement raised more questions than it communicated benefits. The small business owners always seem to be looking for 'catches' and 'what aren't they telling you.'

Some of the participants exuded a need to access to information about the SHOP Exchange program on their terms, in a format and language that they are comfortable with, at the times they can review it.

FINDINGS – OBJECTIVE 2 – FEATURES, BENEFITS AND QUESTIONS (Continued)

How much it will cost:

The SHOP Exchange is expected to reduce costs and increase competitive pressure on insurance carriers, driving down premiums by up to 4% for small employers.

The base premium per employee for health insurance plans on the Exchange are estimated at \$430 per month or \$5,160 per year. For a small employer paying half of their employees' premium costs, the cost to the employer is \$2,580 per year. Through the Exchange, the employer gets credited up to 50% of that cost, reducing the employer's expense to \$1,290.

Perceived benefit

Of 32 participants, 25 saw a benefit in reduced costs for their business, and agreed that it would make insurance more affordable for their employees. A few believed that they could now afford to offer their full-time employees coverage, and that it would provide an incentive for their employees to stay with the company.

The claim of driving down premiums by 4% was met with indifference and skepticism based on their experience of never ending annual increases.

Premium costs of \$430 per month were seen as high, and in reality were higher than some of the offers they had seen.

Questions

The cost statement led to a barrage of questions. Questions focused on what they would get for what they are paying. Participants wanted to know more about deductibles, co-pays, year 2 through 10 costs, limits on pre-existing conditions, and how they would be credited. They also want information about requirements around contribution to family plans, employee age, number of employees who participate (minimum and maximum). Participants were very interested in how the tax credits and cost sharing are being funded.

Observation: The first thing employers wanted to know was the cost to them. However, when they presented features in their selling propositions they did not use the cost, rather, they articulated the percentage savings or percentage credit. The important thing is that it is a significant reduction in the cost to their business of providing health care coverage to their employees.

FINDINGS – OBJECTIVE 2 – FEATURES, BENEFITS AND QUESTIONS (Continued)

What coverage will be:

There will be many options in coverage and plan design. But every option, even the lowest cost plan, will cover the most important basics:

Doctor Services: Office visits, preventive and wellness, chronic disease management

Hospital Services: Emergency, maternity, hospitalizations, mental health and substance abuse disorder

Rehab Services: Rehabilitative and habilitative services and devices

Lab and Pharmacy Services: Prescriptions and lab tests

Pediatric Services: Maternity and newborn, vision and dental

Health plans purchased by small employers may not have an annual deductible that exceeds \$2,000 for single coverage or \$4,000 for family coverage.

Perceived benefit

Of 32 participants, 16 indicated that they felt the coverage was good: that it would be accepted by their employees and that it would help keep their employees healthy.

There were six participants who mentioned that the deductible was too high to be affordable to their employees, while four mentioned that the deductible was lower than what they currently had with their own current or past policies.

Questions

The coverage description also led to a barrage of questions asking for greater detail. The questions most frequently asked were about coverage for pre-existing conditions, and costs for office visits, annual physicals, mammograms and well-baby visits. The choice of doctors was also asked frequently. Participants often took note that they would have liked to have seen coverage included for adult vision and dental.

Observation: The reactions were 'glass half empty,' looking for shortcomings and deceptions. For example, the introductory sentence stating that there will be options and that even the lowest cost plan would cover basics was missed. Instead, small business owners dove into the details looking for negatives about the plan. Displaying the same 'what do I get for what I pay' attitude that was seen in consumer groups, small employers wanted to know what benefits would be covered 100% and what benefits would require cost sharing.

FINDINGS – OBJECTIVE 2 – FEATURES, BENEFITS AND QUESTIONS (Continued)

Eligibility for Participation

Small employers with 50 or fewer full-time workers will be eligible to purchase coverage through Connecticut’s Small Business Health Options Program or “SHOP” Exchange.

If your business has fewer than 50 employees, you do not have to pay a penalty fee if you do not provide insurance coverage to your employees. Businesses with 50 or more employees will be required to pay a fee if they do not provide coverage to their full-time employees.

Perceived benefit

This was seen as presenting an opportunity for small businesses to buy health care insurance at group rates and realize cost savings. A few saw the possibility that they would be able to get rates that were closer to what they believe larger businesses pay, and that their employees would be able to get health care coverage at rates that were ‘more reasonable’ than before.

However, the benefit most small business owners perceived was that they would not have to pay any penalty for not offering insurance to their employees. Everyone recruited for the sessions had fewer than 50 employees. As one said, “It is the benefit of being smaller.”

Questions

The fundamental question was, “Will this make everyone have to buy insurance or not?”

There were very few other questions about this feature. Mostly questions about particular scenarios. For instance, “What happens if you layoff people?” “What if the owner is the only one who chooses to buy the insurance?”

Observation: It will need to be made clear to small business owners that the SHOP Exchange is focused on all small business. The minimum number of employees to be eligible to participate may be as important as the maximum. Small business owners tend to believe that they are never the ones who benefit from government at the state or federal level. They will need to be assured that the SHOP Exchange is designed specifically to benefit them.

FINDINGS – OBJECTIVE 2 – FEATURES, BENEFITS AND QUESTIONS (Continued)

How it will be different from current health insurance options:

Small employers will only be eligible for tax credits for premium costs if they purchase health insurance coverage through the SHOP Exchange.

All major health insurance carriers that offer small group insurance in Connecticut will have plans available through the SHOP Exchange, including Aetna, Anthem Blue Cross, ConnectiCare and Oxford.

The Exchange provides a trusted source of information and assistance allowing small employers to compare and shop for quality plans from private insurance companies.

Insurance coverage through the Exchange will be accepted by every doctor in the established provider networks of the insurance carriers and will cover care in all of the 33 hospitals in the state.

Perceived benefit

The benefits were most apparent to participants who currently offered health care coverage. This was seen as ‘leveling the playing field’.

The benefits that were most strongly perceived were the ability to get tax credits, and choice of plans and doctors. Having multiple carriers offered was seen as increasing competition and keep prices down.

To a few this was seen as “offering choices like CBIA does.”

In discussion, questions were asked about fees employers would be expected to pay, and a contrast was drawn between the SHOP Exchange and CBIA.

Questions

The questions raised at this point revealed an audience that was moving into the ‘involvement’ stage of a sales process. They were asking about details such as: How many plans are there? How much is the difference in the premiums? How is this going to be staffed? Will I be able to speak with knowledgeable, local people?

Observation: This was the statement that made ‘the lights go on’. The four most important differences between what is available now and what will be available through the SHOP Exchange are: 1. Tax credits. 2. No fees. 3. Multiple carriers create competition. 4. Multiple carriers give employees choice.

FINDINGS – OBJECTIVE 2 – FEATURES, BENEFITS AND QUESTIONS (Continued)

SHOP Exchange

The Small Business Health Options Program or “SHOP” Exchange is being established by the state and health insurance companies as a new marketplace that gives you power similar to what large businesses have to get better choices and lower prices on healthcare coverage for your employees. It provides access to numerous choices in levels of coverage, plan designs and cost.

On the Exchange website, or working with unbiased insurance experts, you can compare different levels of coverage and costs to put together a benefits plan that fits the needs of your business.

The plans offered on the Exchange are from every major insurer offering small group coverage in Connecticut: Aetna, Anthem Blue Cross, ConnectiCare and Oxford.

Perceived benefit

The benefits were obvious. “Leveling the playing field” was a term used frequently. Almost universally, small business owners saw the SHOP Exchange as making it possible to benefit from competition by having options to compare, so employers could pass on their savings and make coverage affordable for their employees. Participants also perceived that the SHOP Exchange would provide a source of advice, to simplify their selection and save them time.

Questions

By the time this feature was presented the level of opposition had subsided quite a bit. Questions focused on three areas:

Lingering doubt: How will it be paid for and what is in it for the state?

Service: Can I speak to the same person all of the time? Can a person help explain everything and guide me?

Effect on their agent: Does this take the place of my agent?

Observation: It will need to be made clear to small business owners that the SHOP Exchange:

- 1. Is focused on all small business.*
- 2. Is a marketplace in which health insurance carriers compete for their business and where there is choice of plans and levels.*
- 3. Is a marketplace and not a carrier.*
- 4. Does not charge a fee.*
- 5. Is not competing with their agent.*

FINDINGS – OBJECTIVE 2 – FEATURES, BENEFITS AND QUESTIONS (Continued)

How the government will help reduce the cost of coverage:

Small employers with fewer than 25 employees and average annual wages less than \$50,000 that purchase coverage through the SHOP Exchange are eligible for a tax credit of up to 50% of their contribution toward their employees' health insurance premiums if they contribute at least 50% of the total premium cost. The credit will be available for two years.

The full 50% credit is available to employers with 10 or fewer employees and average annual wages of less than \$25,000.

The tax credit can be carried back and forth to other tax years for a small employer that did not owe tax during the year. Employers can continue to claim a business expense deduction for their employees' premiums in excess of the credit.

Perceived benefit

The benefits of this feature were overshadowed by the questions. Of the 32 small business owners, 19 saw a potential benefit to their business and their employees of being able to reduce the cost of premiums. Several saw the benefit of making coverage affordable for all of their employees, even the low earners.

However, the benefit was not certain. In many of their minds, the benefit was caught up in conditions that made it "sound good, but hard to get." One participant did a calculation showing that it would be a net loss to the company.

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FINDINGS – OBJECTIVE 2 – FEATURES, BENEFITS AND QUESTIONS (Continued)

How the government will help reduce the cost of coverage:

Small employers with fewer than 25 employees and average annual wages less than \$50,000 that purchase coverage through the SHOP Exchange are eligible for a tax credit of up to 50% of their contribution toward their employees' health insurance premiums if they contribute at least 50% of the total premium cost. The credit will be available for two years.

The full 50% credit is available to employers with 10 or fewer employees and average annual wages of less than \$25,000.

The tax credit can be carried back and forth to other tax years for a small employer that did not owe tax during the year. Employers can continue to claim a business expense deduction for their employees' premiums in excess of the credit.

Questions

This feature raised more questions than any other feature. Every line raised a point of uncertainty or concern among participants. The most frequently raised questions were concerns about cash flow. Even though the statement indicated that the tax credit was based on average wage, there were questions about higher wage earners. Even though the statement indicated a contribution of at least 50%, there were questions about contributing 100%. The 'up to 50%' raised questions about lower percentages. The statement indicating availability for two years raised concerns about what would happen after two years, and caused one participant to ask, "Is this a come-on offer like the cable companies?"

Observation: Present the mechanics of how the cost will be reduced when all of the details can be presented, questions answered, and misperceptions corrected.

Hispanic small business owners raised many questions regarding the applicability of the SHOP Exchange if employees are sub-contracted. It was not immediately clear if they would be responsible for these workers. Some owners discussed current challenges with managing their business (e.g. tax reporting) and viewed the SHOP Exchange as a new potential burden.

Observation: Need to be clear to small business owners what responsibility they have for non-full time employees.

FINDINGS – OBJECTIVE 2 – FEATURES, BENEFITS AND QUESTIONS (Continued)

(Group 3 only) Purchasing Options:

Health plans offered through the SHOP Exchange provide coverage at specific benefit levels. Benefit levels are based on the percent of medical costs paid by the insurance carrier versus costs paid by the individual member. Plans with a lower percentage of costs paid by the insurance carrier tend to have lower premiums.

Employers can choose to offer coverage options to their employees in one of two ways:

The employer selects an insurance carrier and allows employees to enroll in any of the plans with different benefit levels offered by that carrier through the SHOP Exchange.

The employer selects a benefit level and allows employees to select from any of the insurance carriers that offer plans at that level through the SHOP Exchange.

Perceived benefit

Participants considered the benefits of this feature to be flexibility and choice for both the business owner and employee.

Questions

The only question raised was whether small employers would have an opportunity to see how different options would play out.

Observation: The benefit of flexibility and choice naturally leads to the question, “How do the options play out?” A tool that helps employees create ‘what-if scenarios,’ where they enter their previous or anticipated health care expenditures and see how the different plans pay, might be valuable.

FINDINGS – OBJECTIVE 2 – FEATURES, BENEFITS AND QUESTIONS (Continued)

The state's role:

Oversees the privately funded Exchange and establishes common rules for companies offering and pricing insurance to assure quality of the plans and competitive pricing.

The Exchange provides comparative information regarding the cost, quality and value of the different plans offered by major insurance carriers through the Exchange.

Perceived benefit

Participants responded positively to the idea of the state overseeing the SHOP Exchange, and felt this would provide assurance of quality and competition among insurance carriers. As one small business owner stated, “You will get better quality and the best prices.”

Small business owners focused on options as a benefit based on this statement. One person indicated that this will allow them to “have the opportunity to see a variety of plans and judge what is the best plan.”

Questions

Questions fell into four areas.

1. The now familiar questions about how the SHOP Exchange is funded arose, specifically if it is funded by taxes. This was asked even though the feature states that the SHOP Exchange is privately funded.
2. Out of state coverage. If the state is involved, will the plans be limited to the hospitals and doctors in the state?
3. Bureaucracy. The questions center around lack of confidence in any state agency to run a service organization.
4. If the state regulates the SHOP Exchange efficiently to benefit those businesses that are following the rules.

Observation: Some small business owners seem to fixate on how the SHOP Exchange is funded. It may be necessary to spell that out in great detail to this segment of the audience. But it does not seem to be an issue that needs to be cleared in order for others to appreciate the benefit of the exchange, and in communications, the role of the state in assuring those benefits. The state's role should be presented, as it is in the statement, as overseeing.

FINDINGS – OBJECTIVE 2 – SHOP EXCHANGE PROPOSITION CONSTRUCTION

OBJECTIVE 2 – SHOP EXCHANGE PROPOSITION CONSTRUCTION

The construction exercise is a tool that allows us to understand how small business owners have processed all of the information they have received as a result of being exposed to a discussion about health care coverage, the Affordable Care Act, and the features of the SHOP Exchange. They are asked to present what they would say “to get a small business owner to look into the program.”

Opening the dialogue

News and newness

More than half of the propositions written by participants started with a statement about a new organization or a new way to buy health care. Many also included a statement that it was designed specially for small business.

Lower Cost

A little less than half of the propositions started with a statement about reducing the cost of health care coverage for business owners and their employees. A few opened with statements of opportunity to get a generous tax credit. Others opened with a promise of an opportunity to lower or control costs.

Features/Benefits

Lower cost/tax credit/incentive

The most frequently cited feature was the financial benefit of the tax credit or an offer to reduce employers’ costs by half. It was included in almost every proposition. Sometimes it was the lead; other times it was a prominent feature.

Choice

The ability to choose plans, benefits and costs was the next most frequent prominently cited feature. It was presented as a benefit to both employers and employees, giving them the ability to find a plan that fits their needs and their ability to pay.

FINDINGS – OBJECTIVE 2 – SHOP EXCHANGE PROPOSITION CONSTRUCTION (Continued)

Features/Benefits (continued)

Comparative shopping/competition

The presentation of plans from different carriers was an important and defining feature of the SHOP Exchange in small business owners' minds. It gives them the benefit of one-stop-shopping. The perception that companies are competing for their business gives small employers confidence that the prices will be lower than what they would get if they went to a single carrier.

No pre-existing conditions

This feature was included prominently in one quarter of the propositions. Based on the discussions this may be an issue for many business owners or key employees.

Major carriers

This feature was included prominently in more than half of the propositions. The inclusion of major carriers gives assurance that the plans are stable, the plans are of the same quality offered by larger businesses, and that employees' doctors and hospitals will be included in the plan(s) they chose.

Business competition

Several of the propositions included benefit statements or promises that the SHOP Exchange leveled the playing field and gave small businesses the ability to attract and retain employees.

Observation: Because so many small business owners are entering the dialogue with negative impressions and low expectations based on their perceptions of the ACA and Obamacare, it will be important to frame the introduction of the SHOP Exchange in terms of it being a new and different way for small business owners to dramatically reduce the cost of providing quality health care coverage for themselves and their employees.