



FOR **SMALL  
BUSINESS**

## Small Business Advisory Group

*Thursday, April 30, 2015*

# WELCOME AND INTRODUCTIONS

# AGENDA

**I. Welcome and Introductions**

**II. Purpose and Objectives of the Advisory Group**

**III. Program Update**

**IV. Break**

**V. Health Plans**

**VI. Marketing, Sales and Outreach**

# PURPOSE AND OBJECTIVES

BRAD DAVIS

# Advisory Group Members

**Alice Perez**  
California Hispanic  
Chambers of Commerce

**David Chase**  
Small Business Majority

**Emily Lam**  
Silicon Valley Leadership  
Group

**Julian Canete**  
CalAsian Chamber

**Patrick Burns**  
California Association of  
Health Underwriters

**Roy Perez**  
RMP Strategies

**Samantha Beasley**  
Los Angeles Chamber of  
Commerce

**Micah Weinberg**  
Bay Area Council  
Economic Institute

**Tana Elizondo**  
Central Valley Life &  
Health Benefits Inc.

**Brad Davis**  
Wraith, Scarlett &  
Randolph Insurance  
Services

**Patrick D. Reaume**  
Reaume Employee  
Benefit Solutions

**Jeff Fallick**  
Digital Benefit Advisors

**Albert Sullivan**  
ADValue CPA Services

**Frank Muller**  
Muller and Sons

**Jim Jordan**  
Mountain Manor Assisted  
Living Facility

**John Newman**  
Kaiser Foundation Health  
Plan

**Brent J. Hitchings**  
Blue Shield of California

**Bill Shepard**  
HealthNet

**Kenneth Ruotolo**  
Claremont Insurance  
Services

**Neil Crosby**  
Warner Pacific  
Insurances Services

# Purpose and Objectives of Advisory Group

- **Scope of Advisory Group**
  - To provide input on strategies to raise interest in the SHOP and insure it provides value for small employers.
- **Advisory Group Structure**
  - Two-year term
  - Chairperson serves a one-year term
  - Initially limited to 12-15 members
  - Frequency of the meeting was quarterly
- **Proposed Meeting Dates**
  - Thursday July 30th, 2015
  - Wednesday, September 30th, 2015

# Q&A

# PROGRAM UPDATE

KIRK WHELAN

## Background

# Patient Protection and Affordable Care Act

- **Law signed** March 23, 2010
- **Two insurance marketplaces:** Individual and Small Business
- **Funding:** Federal grants for establishment (2010-2015)
- **Sustainability:** Covered California has resources in-hand and business model to assure ongoing strength and viability

# Conditions Impacting SHOP Growth

- **Small business market – slow ACA adoption impacted by:**
  - 2013 Early Renewals
  - 2014 AB 1446 Grandparent legislation
  - Resistance to ACA change and new rating methodology
- **Small groups not required to offer coverage under ACA**
- **SHOP Online Enrollment System challenges**
- **Commission and Operational Issues:**
  - Some agents disenfranchised and cautious about offering SHOP to clients
  - Large Agencies hesitant; tendency to “wait and see”
  - Early operational issues impacting growth
- **Private Exchange**
  - Already well established
  - Larger selection of plans, benefit options & ancillary and voluntary benefits

# Covered California for Small Business Budget and Operations

- **End of 2014-15** Covered California moving into its ongoing operating mode after establishment phase
- **Transition** from being funded by federal grants to being funded with assessment revenue

# Current Status

- **Small businesses required to adopt ACA compliant plans in 2015**
  - Approximately 80% of the currently insured market will transition in the fall
- **Some sole proprietors may not meet new eligibility guidelines**
  - Approximately 64% of market
  - Sole proprietors with no common law, W-2 employees
  - May account for large percentage of uninsured small businesses in <50 market
- **Focused on Agent Support**
  - Over 14,000 Certified Agents
  - Agent Storefronts throughout the state
  - Large agencies
- **Advertising and Brand Awareness**
  - Small Business Campaign
  - Covered California Individual Exchange Advertising
- **Small Business Expansion to 100 employees starting January 2016**

# The California Small Business Market

GROUP SIZE	NUMBER OF FIRMS	% of 0-99
1-4	436,757	64%
5-9	117,715	17%
10-19	70,246	10%
20-99	59,465	9%
Total	684,183	100%

\*Kaiser Family Foundation survey 2012



# The California Small Business Market

- **39.6%** of employers with < 50 employees offer health insurance
- **93.7%** of employers with > 50 employees offer health insurance
- **64%** of small businesses (<=50) are uninsured
- **85%** of employers with <50 employees work with an agent

Note: Small businesses with <50 employees not mandated to offer coverage

\*Census Data, NORC 2013 and Kaiser Family Foundation

# The California Small Business Market

Ethnic-owned business percentage distribution among those with <=99 employees		
	Ethnic-owned businesses as % of CA businesses	Regions with high concentration of ethnic communities
White	70.20%	
Hispanic	8.10%	•LA, SF/Bay Area, SD, Sacramento, Inland Empire, Central Valley
African American	1.40%	•LA, SF/Bay Area •SD, Sacramento
Chinese	5.60%	•LA, SF/Bay Area •SD, Sacramento
Filipino	2.50%	•LA, SF/Bay Area •SD
Vietnamese	1.70%	•LA, SF/Bay Area •SD, Sacramento
Korean	3.30%	•LA, SF/Bay Area
Other	10%	

\*Census Data 2012



# Q&A

# OPERATIONS

# Operations

## Enrollment Statistics

### SHOP Cases & Members Sold

	# Groups	Total Membership
Total Q1 2015 Sales (as of March 2015)	560	3,509
Overall Total	2,289	15,644
Average group size		7.7

# Operations

## Enrollment Statistics

Groups sold by sales channel Q1-2015 YTD

Sales Channel	Grand Total	% of Total
Agent Assisted	173	31%
Agent plus GA	266	47%
Employer Direct	121	22%
Total as of March 2015	560	100%

# Operations

## Enrollment Statistics

Members sold by sales channel Total-To-Date

Sales Channel	Grand Total	% of Total
Agent Assisted	1,086	31%
Agent plus GA	1,964	56%
Employer Direct	459	13%
Total as of March 2015	3,509	100%

# Operations

## Enrollment Statistics

Group size (# of Employees) by sales channel

Group Size									
Sales Channel	01-05	06-10	11-15	16-20	21-25	26-30	31-35	36-40	Grand Total
Agent Assisted	131	33	3	4		1		1	173
Agent plus GA	184	44	21	10	4	2	1		266
Employer Direct	112	6	3						121
Grand Total	427	83	27	14	4	3	1	1	560
% of Total	76.25%	14.82%	4.82%	2.50%	0.71%	0.54%	0.18%	0.18%	100%

# Operations

## Enrollment Statistics

Billed members sold by Rating Region YTD

Region #	Region	Total	Region % of Total
1	Rural North/Sierra	24	0.68%
2	Wine County	174	4.96%
3	Great Sacramento Region	171	4.87%
4	San Francisco	247	7.04%
5	Contra Costa	188	5.36%
6	Alameda	289	8.24%
7	Santa Clara	160	4.56%
8	San Mateo	103	2.94%
9	Monterey Bay	232	6.61%
10	Central Valley North	78	2.22%
11	Central Valley South	177	5.04%
12	South Coast	76	2.17%
13	Southern Desert	4	0.11%
14	Kern	123	3.51%
15	Los Angeles East	311	8.86%
16	Los Angeles West	382	10.89%
17	Inland Empire	213	6.07%
18	Orange County	241	6.87%
19	San Diego	316	9.01%
	<b>Total</b>	<b>3509</b>	<b>100.00%</b>

# Operations

## Enrollment Statistics

### Group Renewal Rates YTD

Status	Grand Total	% of Total
Renewed	718	90.31%
Did not renew (DNR)	77	9.69%
Total Groups up for Renewal	795	100%

# Operations

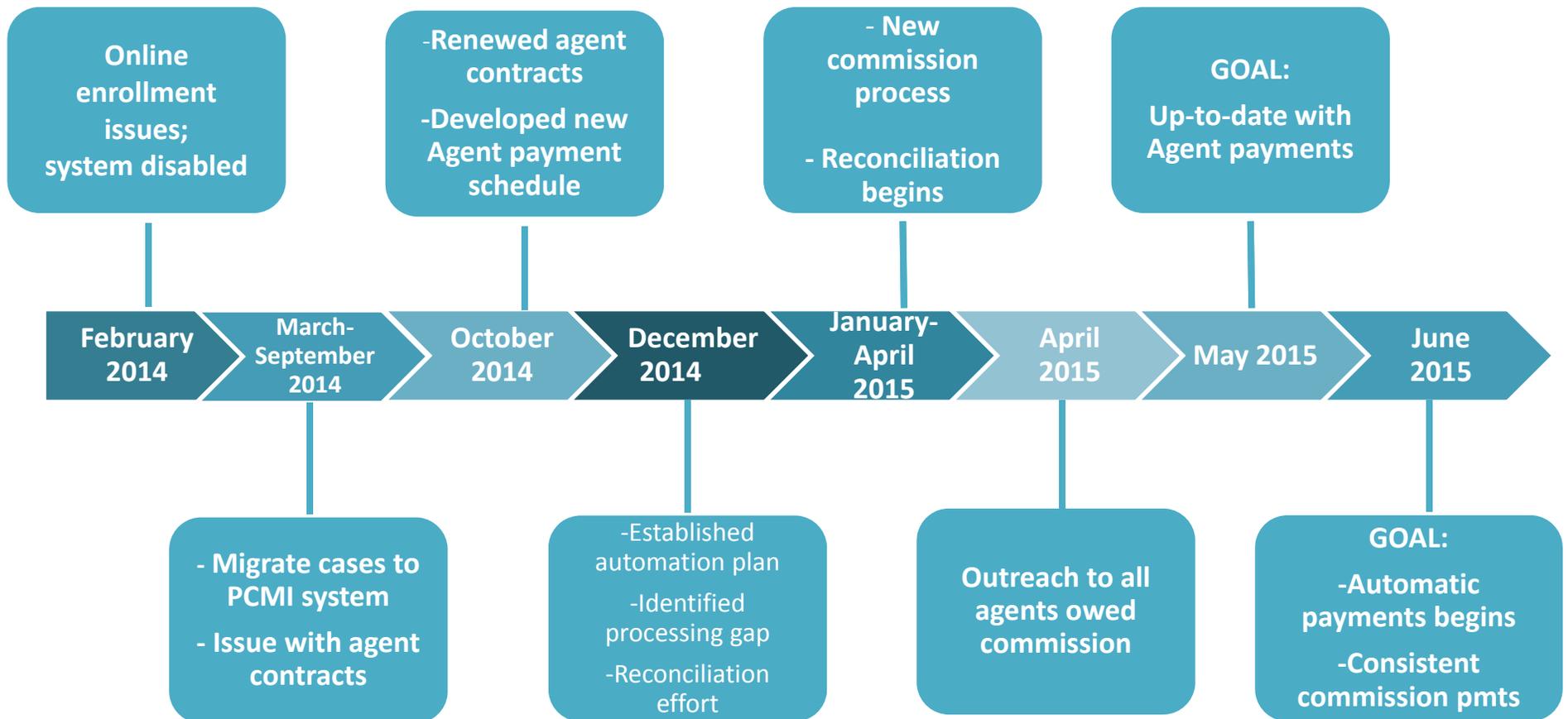
## Enrollment Statistics

### Sales Activity YTD

Overall Total Lives Sold	Selling Agents	Q1 Total Lives Sold	Q1 Total Cases Sold
NorCal Total	151	1,922	298
SoCal Total	147	1,587	262
State Total	298	3,509	560

# Operations

## Commission Update



# OPERATIONS

## SHOP Application Turnaround Time

- 98% completed in less than 3 days
- 100% new group installed in less than 5 days
- 94% new group invoiced in less than 3 days
- 100% invoiced in less than 5 days

# Q&A

# HEALTH PLANS

# HEALTH PLANS

## Medical Carriers

- Blue Shield
- Chinese Community Health Plan
- Health Net
- Kaiser Permanente
- Sharp
- Western Health Advantage

## Dental Carriers

- Access Dental
- Blue Shield
- Delta Dental
- Guardian
- Liberty Dental
- Managed Dental Care
- MetLife
- Safe Guard
- Dental Health Services

# Feedback: How Can We Be More Competitive?

## Qualified Health Plan (Carrier) Products

- Expand benefit options in addition to current offerings, either:
  - Standard Benefit Designs
  - Alternative Benefit Designs
- Expand Alternative Benefit Design options and reduce standard benefit designs
- Flexibility to change designs mid-year.

### Network

- Allow for varying of networks offered with design
- Network options vary by region based on employer address

## Carrier

- Add Carriers?
- What should be criteria for adding a carrier?

# Q&A

# MARKETING, SALES AND OUTREACH

# Marketing & Sales Strategy

- **\$3M Marketing Budget: Current – June 2016**
- **Brand & Direct Response Advertising**
  - Educate Small Businesses
  - Tax Credit, Employee Choice
- **Agent Channel Partners**
  - Over 14,000 Certified Agents
  - Agent Marketing and Leads Program
  - Agent Field Sales Support
  - Agent Call Center
- **Strategic Marketing focused on Outreach**

**More than 85%** of employers with under 50 employees work with an insurance agent

## Outreach Efforts

- **Covered California Sales Team**
  - 20 Sales Representatives Statewide
- **General Agent Partners**
  - Four General Agents with 81 Sales Representatives
- **Six Qualified Health Plan Partners (Carriers)**
  - Small Business Sales Teams Support SHOP Sales
- **Certified Insurance Agents**
  - Over 14,000 Agents Statewide
- **SHOP Outreach Advocates**
  - Small Business Organizations, Chambers, Associations

## Marketing Campaign - Brand

- **Naming Change:**
  - “SHOP” to “Covered California for Small Business”
- **Spring Brand Campaign Started April 20**
  - Print Ads in Business Publications
  - Digital Ads
  - Direct Mail in Los Angeles
- **Small Business Lead Generation Program:**
  - Agent Direct Mail
  - Telemarketing



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# Advertising Messaging

## Small Business Marketing Campaign 2015

### Primary Message

- **Control and Choice** -- With Covered California for Small Business, employers can keep health care budget under control while letting their employees choose from a variety of health plans.

### Secondary Message

- **Tax Advantages** – Small businesses may be eligible for tax credits of up to 50% of premium costs. Available only through Covered California.

### Call-to-Action

- Contact Covered California (visit website or call 1-844-332-8384) or a certified agent

### Branding

- Re-brand as **Covered California for Small Business**



FOR **SMALL  
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# Print Advertisement



Your employees take control  
of their own health plan options.

You take control of  
your health care budget.

Feels good when  
everyone's in control.

Print  
Advertising  
-Business  
Publications

New Name

Through Covered California for Small Business, you could be eligible for a tax credit. You set the budget you can afford, your employees choose from a variety of health plans to find the one that's right for them. What a healthy approach to business. **Contact Covered California or a certified agent today.**

**(844) 332-8384** | [CoveredCA.com/small-business](http://CoveredCA.com/small-business)



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# Marketing

## Spanish Print Advertisement



Tus empleados toman el control  
de sus propias opciones de planes de salud.  
Tú tomas el control de  
tu presupuesto de cuidado médico.  
Se siente bien cuando todos  
tienen control.

Con Covered California para Pequeñas Empresas, tú decides el presupuesto que tu compañía puede pagar. Tus empleados eligen el plan de salud que más les conviene entre una amplia variedad de planes. Todo esto, y además podrías ser elegible para un crédito fiscal.  
**Contacta a Covered California o un agente certificado hoy.**

**(844) 332-8384** | [CoveredCA.com/espanol/small-business](https://coveredca.com/espanol/small-business)



**PARA  
PEQUEÑAS  
EMPRESAS**



# Marketing - Digital Ads

## English

COVERED CALIFORNIA

WE'RE FOR YOU TAKING CARE OF YOUR BUDGET.

COVERED CALIFORNIA

WE'RE FOR YOU TAKING CARE OF YOUR EMPLOYEES.

COVERED CALIFORNIA

WE'RE FOR SMALL BUSINESS.

FOR SMALL BUSINESS

Take control of your health care costs.

Learn More →

COVERED CALIFORNIA

WE'RE FOR YOU HAVING HEALTHY EMPLOYEES.

COVERED CALIFORNIA

WE'RE FOR EMPLOYEES HAVING HEALTH PLAN OPTIONS.

COVERED CALIFORNIA

WE'RE FOR SMALL BUSINESS.

FOR SMALL BUSINESS

You set the health care budget. Employees choose their plan.

Get Started →

## Spanish

ESTAMOS A FAVOR DE QUE LOS EMPLEADOS TENGAN OPCIONES DE PLANES DE SALUD.

ESTAMOS A FAVOR DE QUE MANEJES TU PRESUPUESTO.

ESTAMOS A FAVOR DE LAS PEQUEÑAS EMPRESAS.

PARA PEQUEÑAS EMPRESAS

Toma el control de tus costos de cuidado médico.

Infórmate →

ESTAMOS A FAVOR DE QUE LOS EMPLEADOS TENGAN OPCIONES DE PLANES DE SALUD.

ESTAMOS A FAVOR DE QUE MANEJES TU PRESUPUESTO.

ESTAMOS A FAVOR DE LAS PEQUEÑAS EMPRESAS.

PARA PEQUEÑAS EMPRESAS

Los créditos fiscales podrían hacer que la cobertura médica sea más económica.

Infórmate →

# Agent Marketing

*Over 14,000 Certified Agents*

- **Agents and Storefronts**
  - 126 Agent Storefronts Statewide
  - Over 1,000 Agents actively sold

Covered California for Small Business
- **Lead Generation Program**
  - SHOPworks
  - Leads Program
  - Performance based



# AGENT MARKETING

## SHOPWORKS Marketing Tool



INTRODUCING  
**SHOPWORKS**  
Marketing tools for Agents



**SHOPWORKS** is a new set of tools provided by the Covered California Small Business Health Options Program (SHOP) to give Certified Agents ideas, materials and resources that will help them sell and support SHOP health insurance plans to small businesses in California.

The first set of tools available from **SHOPWORKS** is a collection of postcards that can be customized, printed and mailed to prospects. These professionally-designed mailers help Agents market products and services and generate leads who are interested in the new health insurance choices available to small employers through the SHOP Exchange.

[Click to learn more](#)

or call 877.453.9198 to speak with a SHOPWORKS coordinator

# AGENT MARKETING

## SHOPWORKS

**SHOPWORKS SPECIAL OFFER!**

**SIGN NEW BUSINESS GET FREE MARKETING**

SHOP for health insurance now.

GET A CREDIT ON YOUR TAXES FOR THE ENTIRE YEAR

SHOPWORKS is a new set of tools provided by the Covered California Small Business Health Options Program (SHOP) to give Certified Insurance Agents ideas, materials and resources that will help them sell and support SHOP health insurance plans to small businesses in California.

Sign new SHOP business with an effective date of 1/1, 12/1 or 1/1 and you can qualify for a mailing of 1000 FREE POSTCARDS – including customization, printing, postage and prospect list names – for every group with 10 employees or more! Choose your mailing from a selection of professionally designed mailers courtesy of SHOPWORKS.

Call today to learn how to order your free mailing!

(844) 332-8384 SHOPWORKS@covered.ca.gov

**SHOPWORKS** Marketing tools for Agents

**Customizable Postcards**  
Small Business Health Options Program (SHOP)

The Small Business Health Options Program (SHOP) from Covered California is open for business. Now is a great time to get the word out to clients and new prospects about how you can help them find a health plan that will fit their budget and their business on the SHOP Exchange.

These 100 customizable postcards let you deliver messages about your services and products along with all of your agency and contact information including website, email, agency name, license number, address, phone and fax!

Mailing campaign: Includes prospecting list of leads which can be targeted by zip code, business type and zip, city, county or radius from an address.

Each postcard has customizable fields that include:

- Name
- Address
- Insurance License Number
- Phone and Fax Numbers
- Email Address
- Website URL
- 40 character message from your agency

Customize postcards with your Agency Information

**Postcard Choices** (click on card to see full-size version)

TO ORDER  
call 916.228.8709 email SHOPWORKS@Covered.CA.gov

**SHOPWORKS** Marketing tools for Agents

**Customizable Postcards Order Form**

**CUSTOMIZATION INFORMATION**

Name \_\_\_\_\_ Insurance Lic. # \_\_\_\_\_

Agency Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_

Website \_\_\_\_\_ Email \_\_\_\_\_

40 character message line \_\_\_\_\_

**SEMINAR INFORMATION** (postcards \$2000 NO SHOP only)

SEMINAR 1 Date \_\_\_\_\_ Location \_\_\_\_\_

Address \_\_\_\_\_ City \_\_\_\_\_ Zip \_\_\_\_\_

SEMINAR 2 Date \_\_\_\_\_ Location \_\_\_\_\_

Address \_\_\_\_\_ City \_\_\_\_\_ Zip \_\_\_\_\_

SEMINAR 3 Date \_\_\_\_\_ Location \_\_\_\_\_

Address \_\_\_\_\_ City \_\_\_\_\_ Zip \_\_\_\_\_

SEMINAR 4 Date \_\_\_\_\_ Location \_\_\_\_\_

Address \_\_\_\_\_ City \_\_\_\_\_ Zip \_\_\_\_\_

**PROSPECTING LIST** (check box below. From all groups you can use the fields below to create criteria for your target prospecting list.)

CUSTOM MAILING LIST TO BE PROVIDED BY AGENT

ZIP codes:  5-9  10-24  25-49  50-99  Other \_\_\_\_\_

Business types \_\_\_\_\_

Group size:  5-9  10-24  25-49  50-99  Other \_\_\_\_\_

Cities \_\_\_\_\_ Counties \_\_\_\_\_

Radius from an address: \_\_\_\_\_ miles from Address \_\_\_\_\_

**MAILING CAM PAIGNS**

	POSTCARD 1 75759-0222-01	POSTCARD 2 75759-0222-02
<input type="checkbox"/> campaign: 500 postcards   mailed 1 time	SW01	SW01
<input type="checkbox"/> campaign: 1000 postcards   500 mailed 2 times	SW01	SW01
<input type="checkbox"/> campaign: 1000 postcards   mailed 1 time	SW01	SW01
<input type="checkbox"/> campaign: 2000 postcards   1000 mailed 2 times	SW01	SW01
<input type="checkbox"/> custom campaign: _____ postcards   mailed _____ times	SW01	SW01

**POSTCARDS AS LOW AS 35¢**  
Includes printing, customization, postage and prospecting list.

**CO-OP pricing** available to Certified Insurance Agents with active SHOP business

TO ORDER  
call 916.228.8709 email SHOPWORKS@Covered.CA.gov



# AGENT MARKETING

## SHOPWorks Results

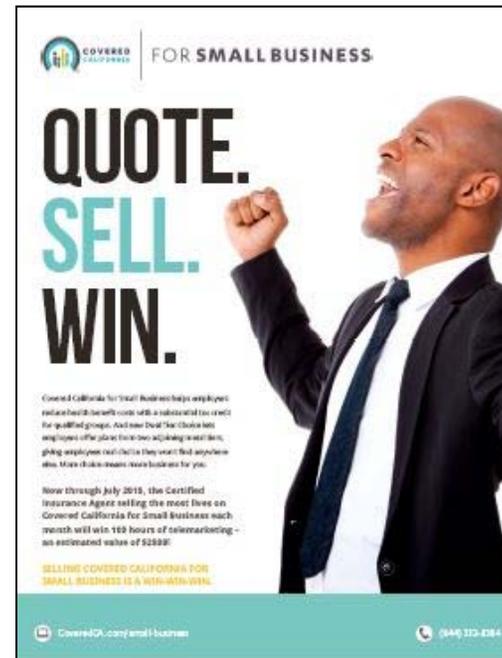
- Total Postcards: 119,000 distributed
- Total Participating Agents: 83 agents
  - 123 groups sold
  - 1,223 total members

# AGENT MARKETING

## Industry Magazine Print Advertising



Promo: Feb – April 2015



Promo: May – June 2015

Examples “Quote to Win” & “Sell to Win” Campaigns  
*California Broker*

# AGENT MARKETNG

## Industry Email Campaigns



Examples of “Quote to Win” & SHOPWorks Email Campaigns  
*February – April 2015*

# Covered California for Small Business – Budget for FY 2014/15

- **Completes transition** of operations to new administrative platform
- **Improves Insurance Agent Tools**, support educational outreach
- **Supports enhancement of product** offering to meet evolving market
- **SHOP Administrator:** SHOP budget increase due to a shift to a contractor to fully administer the SHOP program

# Outreach

- **Marketing Budget ~\$300,000**
  - Pending Budget Approval
- **Strategic Marketing - focused on Outreach**
  - Small Business Organizations
  - Small Business Chambers
  - Associations
- **Outreach Support Tools**
  - Website Banners
  - Customizable Print Advertisements
  - 90 Second Info-Videos
  - Guest Speakers

# Q&A

# Feedback Requested

## Overall Advisory Meeting

- Logistics
- Updates
- Feedback discussion