



Arkansas Health Insurance Marketplace

January 7, 2015

- 1 Research Objectives
- 2 Methodology
- 3 Key Findings
- 4 Recommendations – Structure
- 5 Recommendations – Website
- 6 Recommendations – Marketing

1. Identify small- and medium-sized business preferences in regards to providing health insurance to employees.
2. Discover employee preference in regards to health insurance plan enrollment and plan options.
3. Understand the current role and sentiments of health insurance agents and brokers in regards to the current health insurance marketplace and toward a state-based exchange.
4. Gain insight into why some small businesses are either dropping their health plans or why they have never offered a health plan in the first place.
5. Understand what would cause employers and employees to leverage the Arkansas Health Insurance Marketplace once built.
 - What are most compelling value propositions and priorities
 - How would they learn about – market communication (medium and message)
 - How would they want to use it – user experience
 - Who would use it – target audience

PHASE I
2014
Qualitative
Research

Phase I was a qualitative study of 108 individuals. Trained research representatives discussed sentiment toward the current health insurance marketplace, provision of and access to health insurance, feelings toward a State-run exchange in Arkansas and how that exchange should operate. Discussion was conducted in the following forums:

1. Twenty focus groups were conducted in person in five cities across the State of Arkansas: Little Rock, Texarkana, Bentonville, Jonesboro, and Pine Bluff. 83 total participants took part in the focus groups. The groups included representatives from the following:
 - Employees of small and medium sized companies in Arkansas
 - Business owners and senior representatives of small and medium sized businesses
 - Licensed health insurance brokers

Groups were hosted during the weeks of July 14, 2014 – July 25, 2014.

2. Twenty-five in-depth-interviews were conducted in person and via telephone with State legislators, healthcare provider representatives, health insurance carrier representatives, and Chamber of Commerce representatives from across the State of Arkansas. Interviews were held during the weeks of July 14, 2014 – July 25, 2014.

PHASE II
2014
Quantitative
Survey

Phase II was a quantitative survey of 1,560 individuals across the State of Arkansas, which included responses from 1,147 individual employees, 231 business representatives (whose duties include making health insurance decisions for their company), and 182 licensed health insurance brokers. The survey was administered via email, phone, and randomized mail invitation between the dates of Aug. 13, 2014 – Dec. 19, 2014.



Focus Groups

Focus groups were conducted with:

Individual Employees

- Employees were screened to ensure they worked for a small or medium sized business (2-100 employees)

Employer Decision Makers

- Small companies (2-15 employees)
- Medium companies (15-30 employees)
- Large companies (31-100 employees)
- Employers were screened to ensure they were responsible for making health insurance decisions

Licensed Health Insurance Brokers

- Brokers were screened to ensure they actively sell health insurance



In-Depth Interviews

Individuals meeting the following criteria were identified and recruited for in-depth interviews:

- Members of the Arkansas State Health Insurance Marketplace Legislative Oversight Committee
- Senior representatives of Chambers of Commerce across the state
- Key representatives from major healthcare organizations, both providers and carriers, within the state

Interviews lasted approximately 30 minutes and were conducted by trained market researchers



Surveys

An online and telephone survey was conducted with members of the following groups:

Individual Employees

Arkansas residents contacted via:

- Randomized phone calls
- Randomized mail
- Screened for those who are small or medium-sized business employees

Small and Medium-sized Employer Representatives

Contacted via:

- Chambers of Commerce
- Ads posted on key news websites
- Randomized mail

Licensed Insurance Brokers

- Licensed health insurance brokers in Arkansas invited to participate

EXECUTIVE SUMMARY



Employees

- Arkansas employees overwhelmingly view health insurance as a key workplace benefit.
- Employees are evenly split in terms of how many plans they would like to see when searching on the exchange:
 - 30% favor seeing all plans
 - 36% favor seeing four to eight plans
 - 27% favor seeing three or fewer plans
- Employees like the idea of a defined contribution, employee choice option.
- Employees would like the services of a broker included with an exchange, but are less inclined to use such when fees are associated.
- The most effective avenues for communication are employers, online advertising, television advertising, and direct mail.



Employers

- Employers generally are concerned with the direction of health insurance, with costs rising and coverage more or less staying the same.
- In evaluating plans, the two most important considerations for employers are the levels of coverage and the cost of the premium of the plan.
- The majority of Employers are either in favor or undecided on offering a defined contribution plan.
- Employers would like to hear about the Arkansas Health Insurance Marketplace in a context that includes other business owners and health insurance brokers.
- Employers prefer utilizing brokers for health insurance services, with a free website that demonstrates options coming in second.



Brokers

- Revenue for health insurance brokers has been stagnating since the implementation of ACA, with 41% of brokers saying their revenue has decreased and 27% saying it has remained the same.
- Brokers favor showing fewer, more targeted plans on the health exchange, with 75% favoring eight or fewer plans.
- For clients, brokers believe that the two most important considerations for employers are the levels of coverage and the cost of the premium of the plan.
- Brokers believe their clients could benefit from a defined contribution option.
- Brokers would like to get informed about the Arkansas Health Insurance Marketplace through a website with explanations and tutorial videos.

- 1 There is significant misunderstanding, frustration, fatigue and skepticism toward the current health insurance system and the way it operates.
- 2 Arkansas' citizens and decision-makers would like to see a solution that would provide clarity, choice, and cost savings.
- 3 Website functionality is crucial; a clean design, high-quality customer support, and ease of maneuverability would all contribute to success.
- 4 Individuals like the idea of the employee choice option that comes with defined contribution plans. Employers also like defined contribution but need education to fully embrace employee choice.
- 5 People are hungry for more information. However, consumers are surprisingly impatient when that information is not presented in a clear and organized manner. Keep it simple. Make it clear and concise, with no legalese, and provide an active media campaign to reinforce the message. Most importantly, make it work.

CURRENT HEALTHCARE SITUATION

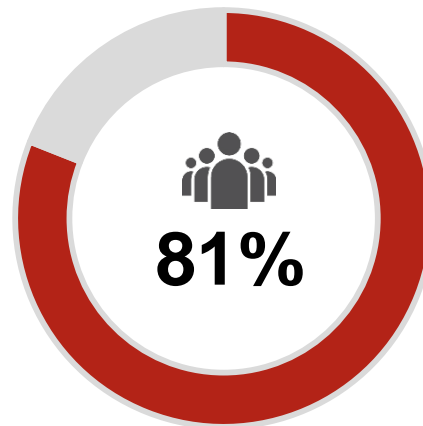
INDIVIDUALS, EMPLOYERS, AND BROKERS

PERCEIVED IMPORTANCE OF HEALTHCARE

Both employees and employers agree that health benefits are a key factor in an employee's decision-making process when deciding upon a job.

IMPORTANCE OF HEALTH INSURANCE AS A WORK BENEFIT

(TOP 2 SCORE OF 5: 4 & 5 BEING "IMPORTANT")

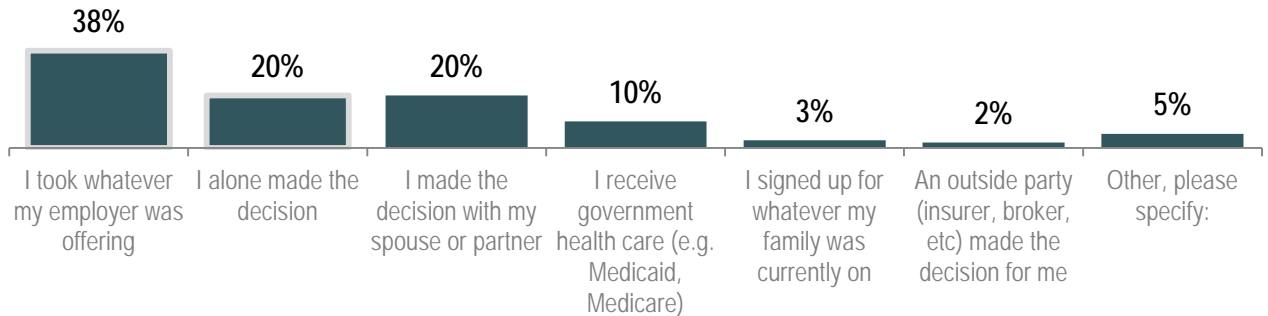


EVERYONE

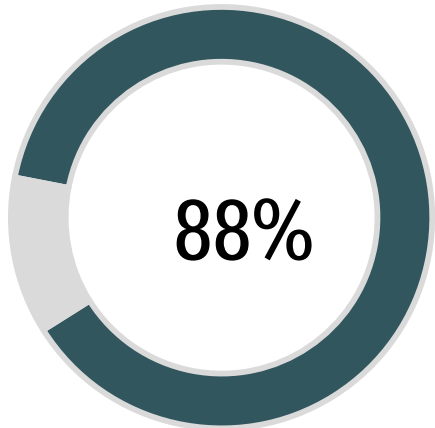
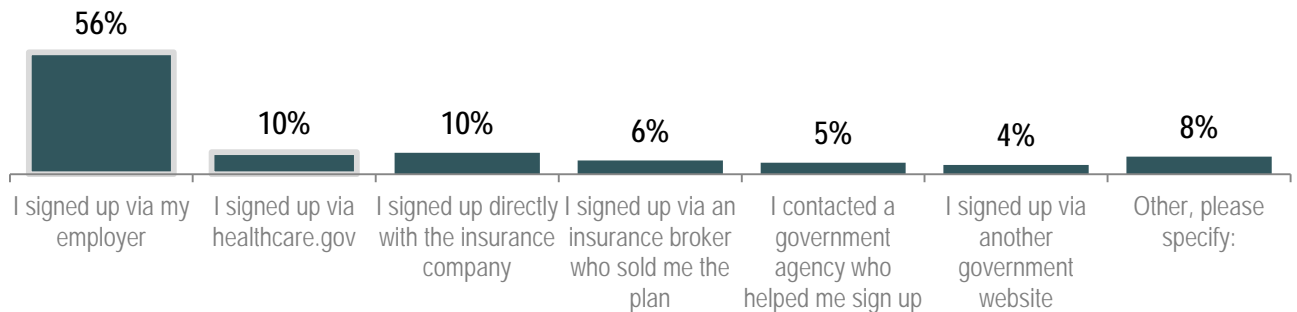
CURRENT HEALTHCARE SITUATION (EMPLOYEES)

Currently, the majority of employees (88%) are insured. For employees, employers are perceived as being the primary resource for information, enrollment, and assistance.

HOW EMPLOYEE DECIDED ON HEALTHCARE PLAN



HOW EMPLOYEE ENROLLED IN HEALTHCARE PLAN

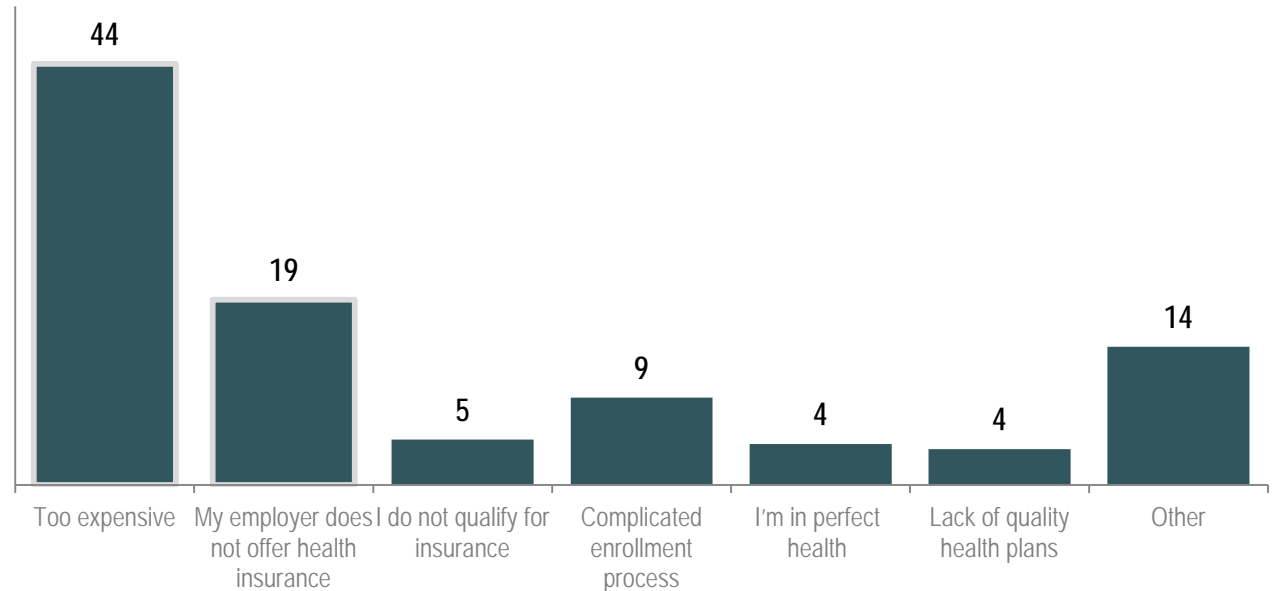
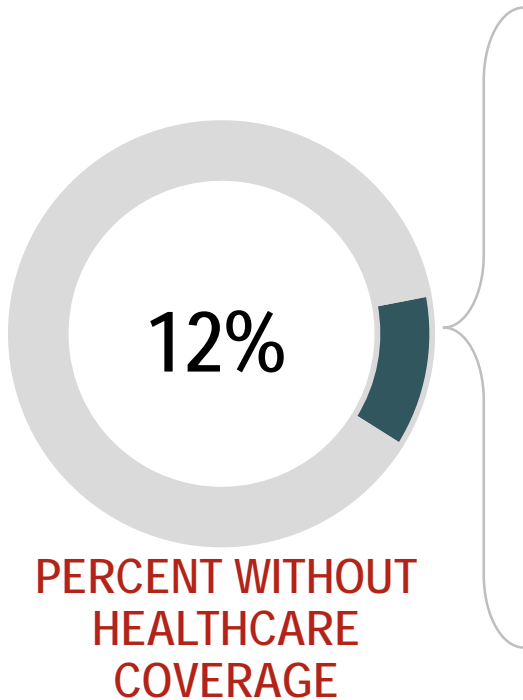


PERCENT WITH HEALTHCARE COVERAGE

CURRENT HEALTHCARE SITUATION (EMPLOYEES)

Of the handful of employees currently uninsured (12%), the primary reason is cost, followed by no employer options. Being in perfect health is only a small reason people indicate they are uninsured.

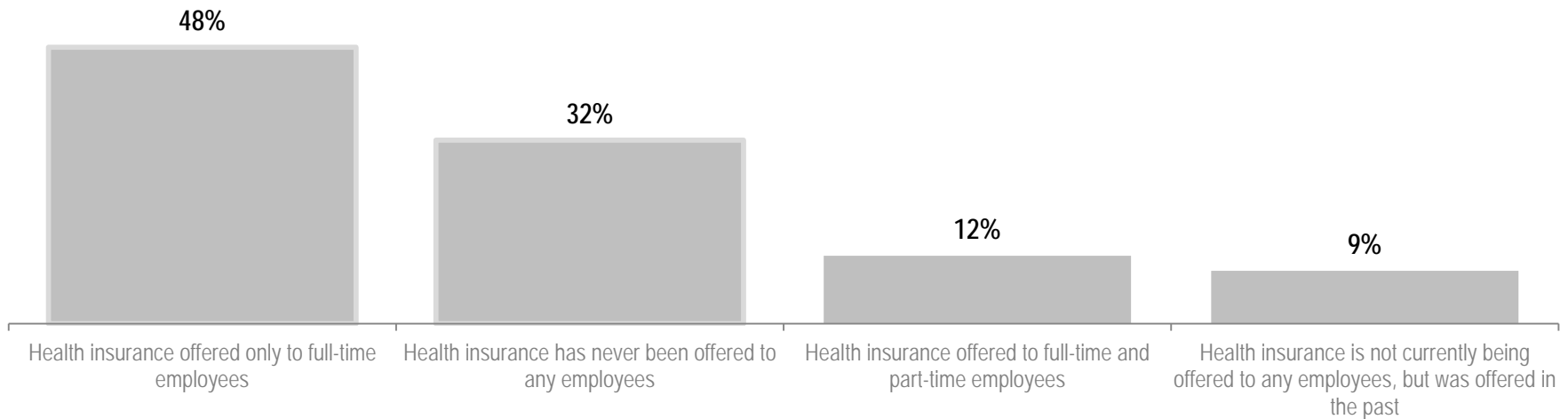
REASON FOR NOT CURRENTLY HAVING HEALTH INSURANCE AVERAGE POINTS (OUT OF 100) ALLOCATED



CURRENT HEALTHCARE SITUATION (EMPLOYERS)

Despite most employers knowing the importance employees place on healthcare benefits, only 60% of employers offer insurance benefits to their employees. Moreover, about a third (32%) have never offered any healthcare benefits to any employees, while nearly 9% have offered benefits in the past.

CURRENT HEALTH INSURANCE COVERAGE SITUATION



” Once an employer starts offering health insurance, they are in it for the long run. You don't want to offer insurance, see your rates go up and then have to say to your employees, 'Sorry you're on your own. I can't afford it any longer.'

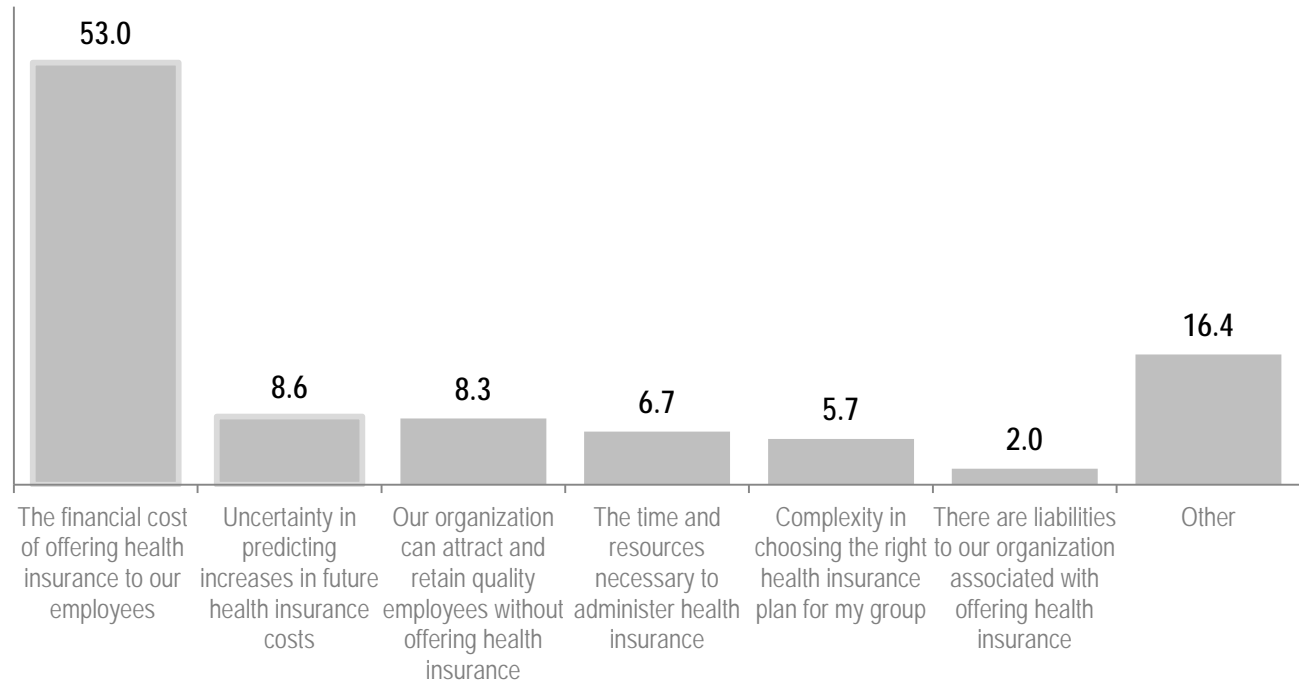
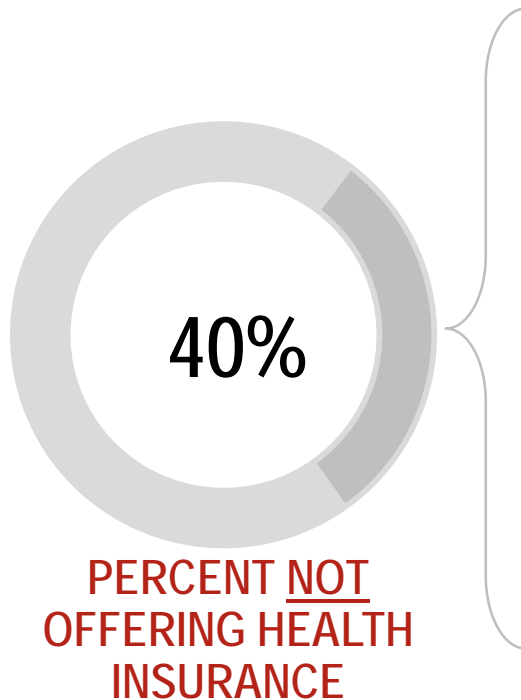
Health Insurance Broker

CURRENT HEALTHCARE SITUATION (EMPLOYERS)

As to be expected, cost is the underlying driver associated with employers not offering healthcare benefits, followed by enrollment and plan management complexities.

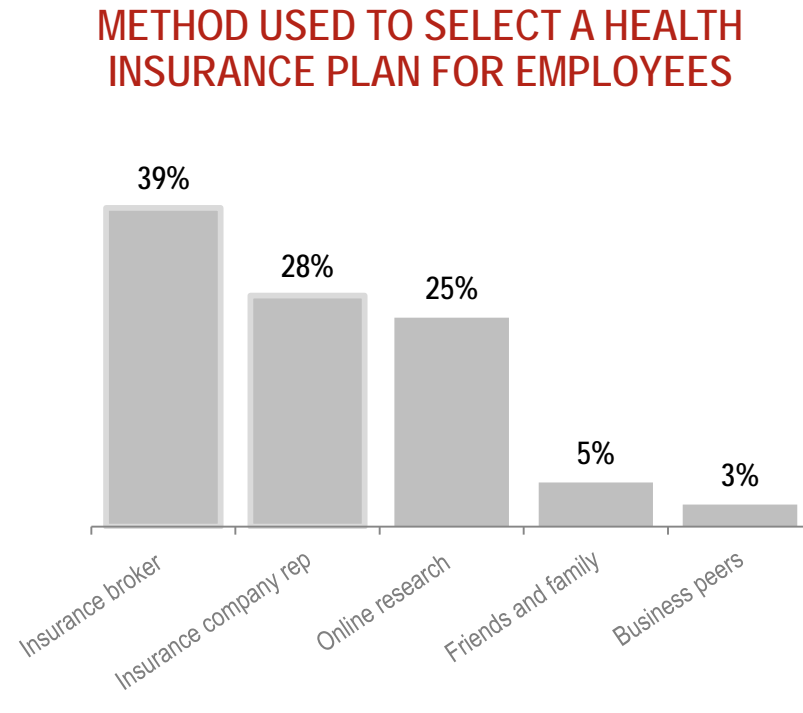
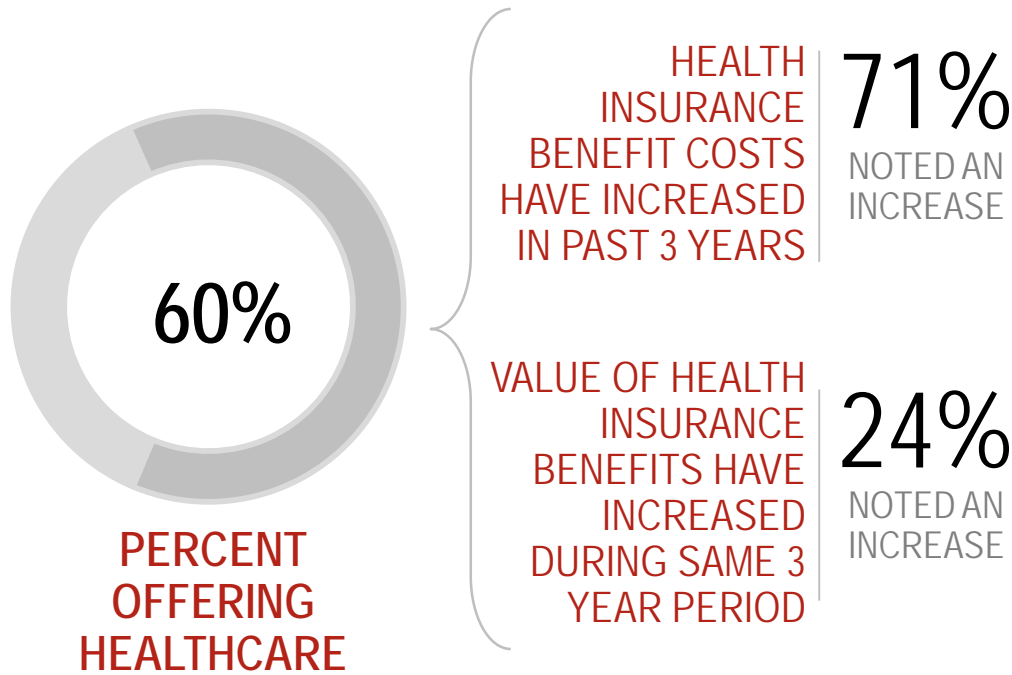
REASON FOR NOT CURRENTLY OFFERING HEALTH INSURANCE

AVERAGE POINTS (OUT OF 100) ALLOCATED



CURRENT HEALTHCARE SITUATION (EMPLOYERS)

While the majority of employers offer healthcare benefits (60%), employers are quick to note that costs continue to increase, without a proportionate increase in the perceived value of their healthcare plan.



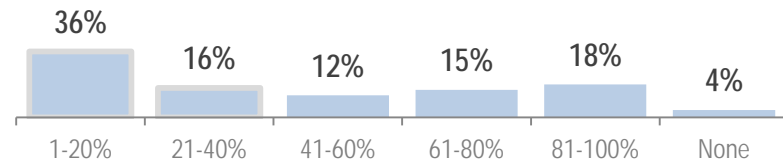
” Employers are going to want to offer health insurance if it’s affordable. It’s the golden handcuff idea. Employers are going to be able to hold onto employees longer because people are going to want to stay for that benefit no matter how small it is.

CURRENT HEALTHCARE SITUATION (BROKERS)

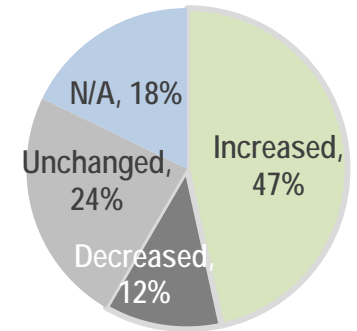
While many brokers (47%) claim to be spending more time marketing, selling, and administering health insurance products since the passing of the ACA, the corresponding revenue earned from doing so appears to be decreasing.

PERCENT OF TIME

SPENT MARKETING, SELLING, AND ADMINISTERING HEALTH INSURANCE PRODUCTS

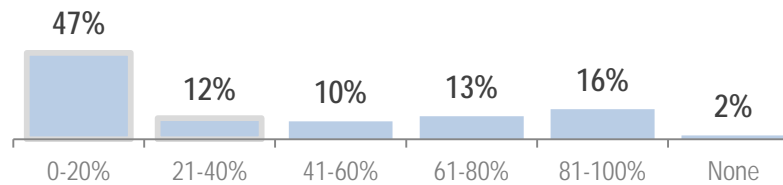


SINCE THE PASSING OF ACA,
TIME SPENT SELLING
INSURANCE PRODUCTS HAS...

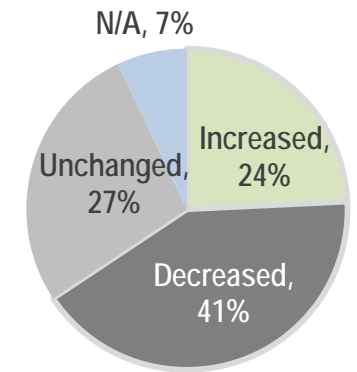


PERCENT OF REVENUE

EARNED MARKETING, SELLING, AND ADMINISTERING HEALTH INSURANCE PRODUCTS



SINCE THE PASSING OF ACA,
REVENUE EARNED FROM
SELLING INSURANCE
PRODUCTS HAS...

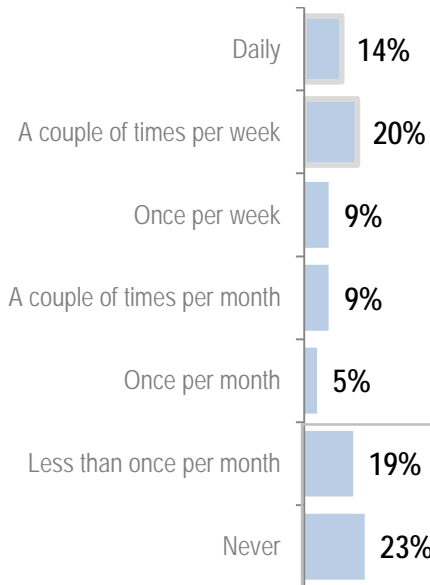


CURRENT HEALTHCARE SITUATION (BROKERS)

With regard to the healthcare.gov website, many insurance brokers (43%) are visiting the site on a weekly basis; however, their personal experience is often negative.

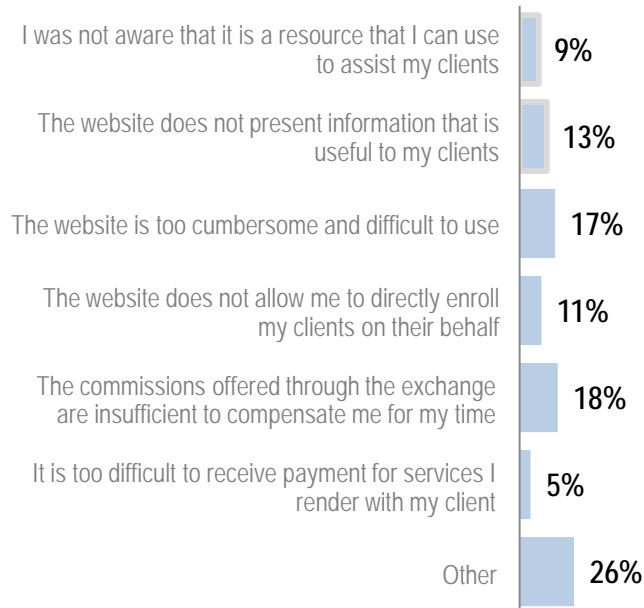
FREQUENCY

IN WHICH HEALTHCARE.GOV IS ACCESSED FOR CLIENT BUSINESS



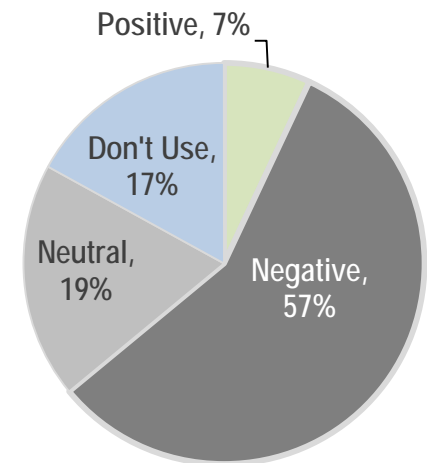
REASON FOR LOW USE

OF THE HEALTHCARE.GOV WEBSITE



PERSONAL EXPERIENCE

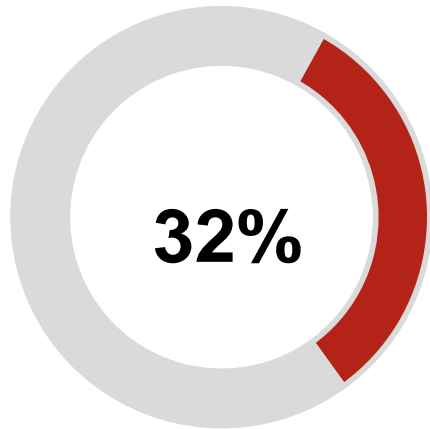
WITH USING HEALTHCARE.GOV



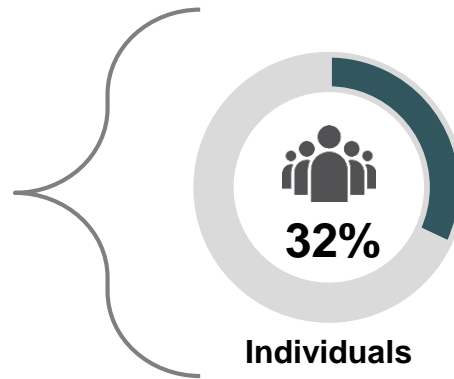
Overall support for the Affordable Care Act is relatively low across the State of Arkansas. This is top of mind when discussing health insurance and a marketplace with employees, employers, brokers, and industry representatives.

SUPPORT FOR THE AFFORDABLE CARE ACT

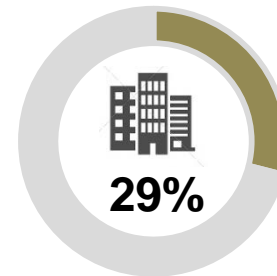
(TOP 2 SCORE OF 5: 4 & 5 BEING "SUPPORT")



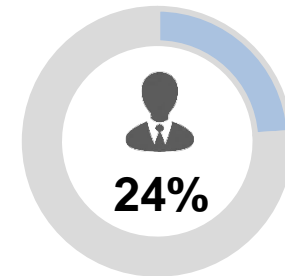
EVERYONE



Individuals



Employers



Brokers

” The ACA was supposed to alleviate the health insurance problem, but it hasn't, it has just exacerbated it. The fact that we are a rural and low income state is going to make this even harder. I think it is a great premise, but it comes down to poor user experience.

Employer

” Just about everyone I know who has tried to use the federal exchange has had some sort of issue at one point or another.

Broker

Confusion, fatigue, and frustration surround the current healthcare and health insurance situation in Arkansas.



Employees

” “Broken system, money, Obamacare, expensive, peace of mind, deductible, accidents, preventative.” – *Group response when asked to think of words that come to mind when they think of health insurance.*

” “I wasn’t offered any options. But when I took some time to ask our representative about it, I found out that I was paying for maternity, even though I will never get pregnant. I don’t want to pay for maternity care, but apparently I have to.”



Employers

” “Money, cost, expensive, complicated, uncertainty, attracts talent, going to put us out of business, retention tool, peace of mind, confusion, necessary, takes resources.” – *Group response when asked to think of words that come to mind when they think of health insurance.*

” “Paying the premiums is painless compared to learning about the whole thing: the deductibles, the copays, the documentation, etc. We got our policy through an agent. We tried to compare apples to apples, but that’s impossible so we have to compare apples to oranges.”



Brokers

” “It takes up to two weeks to complete an application. The customer has to keep coming into the office to get coverage. I can’t just do it for them anymore. If DHS doesn’t get their system fixed by next year, this thing is going to implode.”

” “The people have questions, and we don’t have the answers because we are just as in-the-dark as they are.”

” “We are being left out of ‘Navigators’ entirely. They don’t take our information, so we spend hours working for a client and then we get no credit for it.”

The ACA is not particularly well understood, and there is still a large degree of frustration with the act, and with Healthcare.gov in particular.



Employees

”My experience with Healthcare.gov was a nightmare. Customer service is a joke. It took me four attempts to sign up for it, three months to actually apply, and now I’m permanently locked out of it. It was a terrible experience and I hope I don’t ever have to register again. Having said that, at least I have health insurance now.”

”I have just browsed [Healthcare.gov]. It’s worth taking a look at, but it’s complicated and the cost seems to be very high still. I ran into a few problems each time I have been on.”



Employers

”I feel like the ACA has taken out my broker. I don’t know the healthcare business but they are trying to make me the broker. When my employees have questions, I want to send them to my broker, not answer them myself.”

”When I bought the company, we offered health insurance. But the rates just keep going up so we only offered it to key employees. So we did that with just individual plans, but even those have doubled since the ACA.”



Brokers

”We used to get paid close to a 30% commission of each premium dollar in the first year, but after the ACA they realized that it wasn’t feasible anymore.”

”It takes a lot of work and a long time to write a policy or help a client enroll and a \$10 commission is not going to cover that. We end up just going into other forms of insurance.”

”I thought the Arkansas Health Insurance Marketplace was the same as Healthcare.gov. I wish someone would just tell us what to use instead of building five different websites.”

INTEREST IN ARKANSAS HEALTH INSURANCE MARKETPLACE

Most Arkansans are interested in learning more about the Arkansas Health Insurance Marketplace because they view it as a way to simplify the process of choosing and applying for a plan.



Employees

- “I do not like aspects of the federal government plan. I think Arkansas has come up with a better plan. It is probably because of our governor who is responsible for putting the plan into effect.”
- “I need to know about all the options. I’m not in need of it now but when I retire it would be good to know what the landscape looks like.”
- “I like to be aware of what options are available now working part time, and I should consider all options to find the best possible one.”



Employers

- “I don’t know much about health insurance overall. I would be interested in knowing the pros and cons of a state-run health insurance marketplace vs. the current option.”
- “As my business grows my needs will grow. The exchange would simplify and speed up the process so I can devote more time to growth.”
- “I would like to know more about the different plan options and their costs. We may be required to offer insurance in the future.”



Brokers

- “The ACA and health insurance market in general is a large part of my practice, therefore I need to be engaged with the changes as they directly impact what I do.”
- “I’d like to learn more so we as a state can have a little more control and we agents can sell some policies and help our clients.”
- “This could be the best way available to service my clients. It should simplify the application process.”

HEALTH INSURANCE MARKETPLACE ATTITUDES AND PERCEPTIONS

PERCEPTIONS OF A HEALTH INSURANCE MARKETPLACE

Much of the trepidation surrounding the ACA has harmed the public's perception of a health insurance marketplace. For many, the adverse perceptions of a marketplace stem from a lack of understanding and/or misinformation.



EMPLOYEES

Limited Knowledge

General Attitude

As a result of employees' limited knowledge of a marketplace, the general attitude is fear and distrust. Common perceptions range from a marketplace being forced participation, to higher costs, to lower quality.



EMPLOYERS

Moderate Knowledge

General Attitude

The general attitude among employers is mixed. While some employers perceive the marketplace as a tool to lower their employee's costs, others perceive it as being too complex and unorganized to participate in.



BROKERS

High Knowledge

General Attitude

The general attitude among brokers is, "it's more work and less pay." Brokers confront the confusion and mistrust individuals have toward the marketplace on a daily basis. As a result, they often find themselves spending far more time addressing questions and managing concerns than enrolling individuals.

PERCEPTION OF A HEALTH INSURANCE MARKETPLACE

Individuals and employers generally do not understand health insurance exchanges well. Brokers have a high-level understanding but often grapple with the details.



Employees

- “I do not have an understanding of it. Possibly a place where you can go to input your coverage needs and the site matches you with an insurance plan?”
- “The government uses the free market to decide healthcare plans for everyone. Those who don't sign up have to pay a small tax to keep the program running.”
- “The process of finding affordable health insurance plans for people through company websites. This also involves determining if the individual qualifies for a reduced cost plan or free coverage.”



Employers

- “I'm not really sure. Maybe it's like health insurance coverage with different kinds of benefits for certain types of people.”
- “I don't know. I have not experienced it. I'm still on the same plan I've been on for the past several years.”
- “A place where you can compare different packages, costs, and coverages with other companies.”
- “A government-regulated marketplace of insurance plans with different tiers offered to individuals without healthcare and small companies.”



Brokers

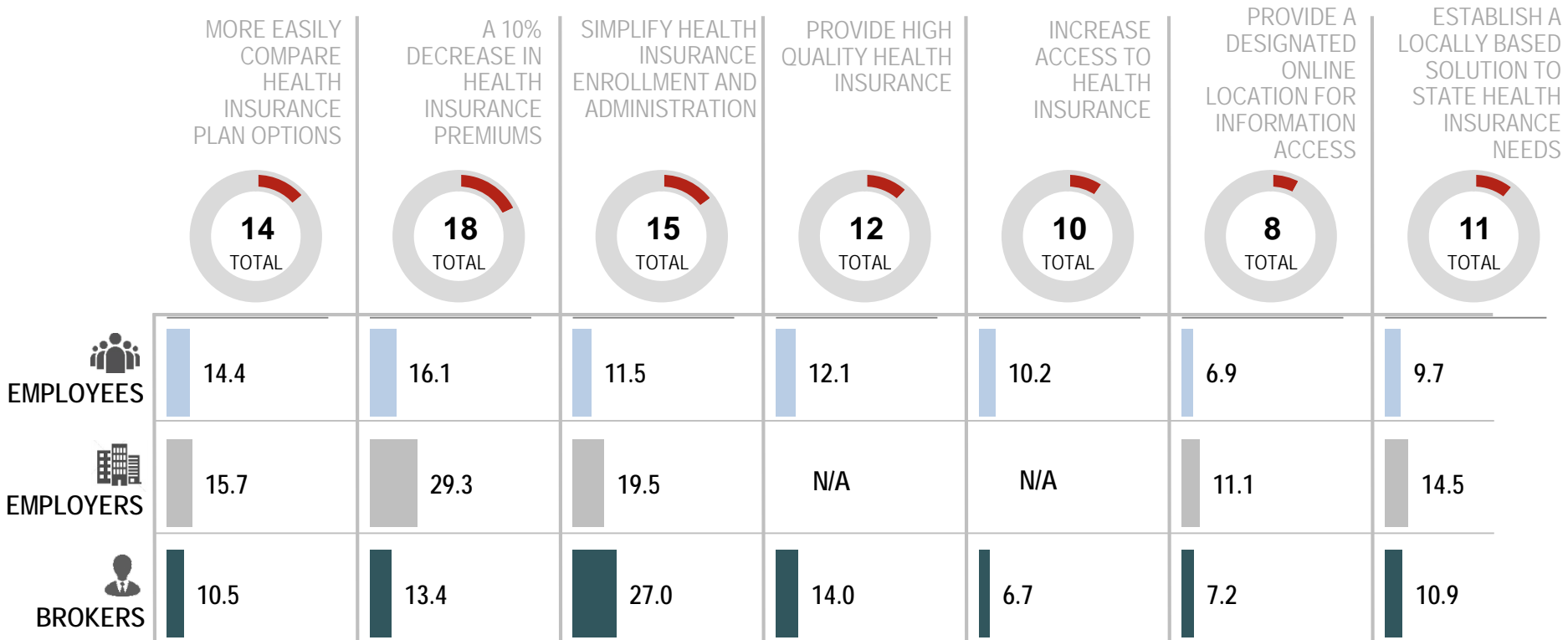
- “Companies with [qualified health plans] show their available plans on the exchange. With these plans some individuals are able to receive a subsidy or assistance in paying their premium, deductibles, and/or copays.”
- “I'm still learning it. It's a never ending process.”
- “The exchange in Arkansas is limited to 3 companies offering plans! Not much of a variety for clients to choose from.”
- “A marketplace for individuals and small businesses to compare available insurance options.”

RESULTING BENEFITS OF A HEALTH INSURANCE MARKETPLACE

Despite the public's mixed attitudes toward an exchange, there is a hope that if implemented correctly, an exchange has the potential to simplify plan comparison, insurance enrollment and administration, and to improve plan quality while decreasing premiums.

PERCEIVED BENEFITS OF A HEALTH INSURANCE EXCHANGE

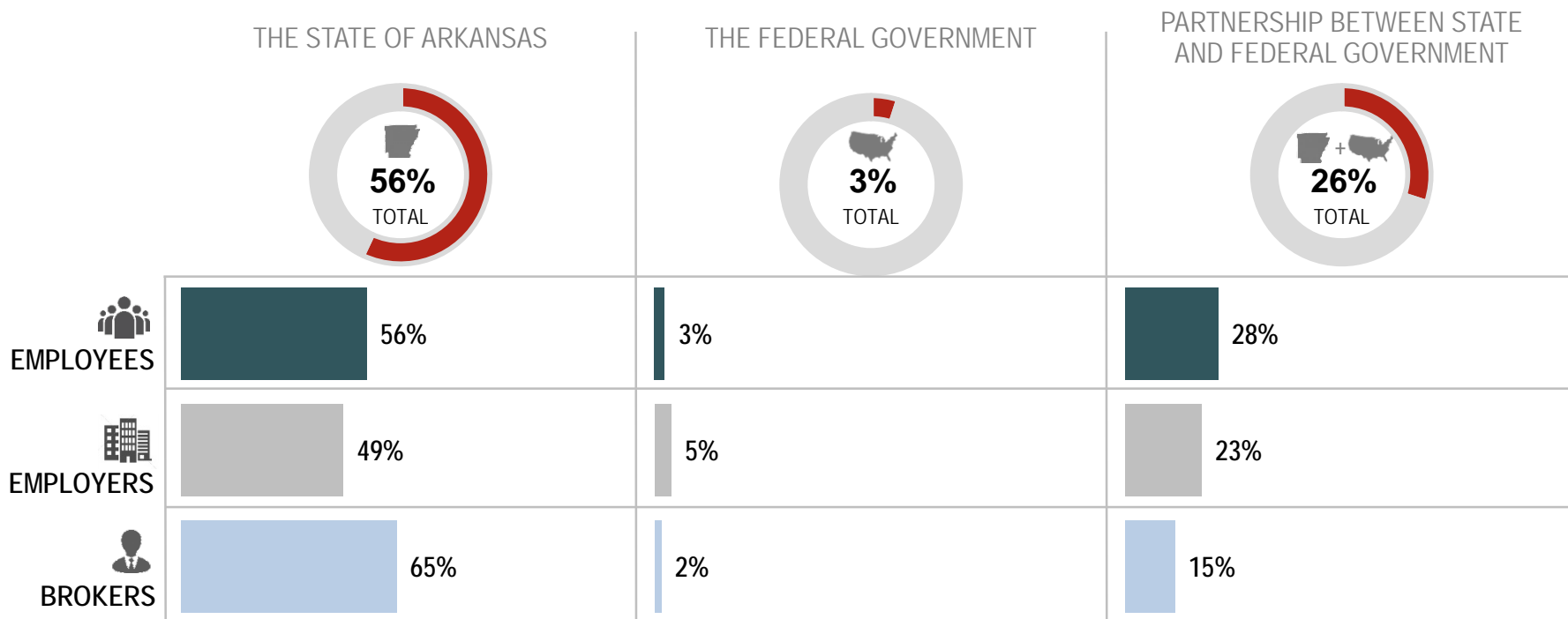
AVERAGE POINTS (OUT OF 100) ALLOCATED



OPERATION OF A HEALTH INSURANCE MARKETPLACE

When it comes operating the health insurance marketplace, the majority of the public believes responsibility should lie with the State of Arkansas.

WHO SHOULD OPERATE THE HEALTH INSURANCE EXCHANGE?



KEY QUESTIONS SURROUNDING A MARKETPLACE

The following questions are top of mind for each group. Finding answers to these questions will be key to success of a marketplace.



Employees

- Will it affect my premiums?
- Will I be able to get the coverage I need?
- Can I find the best options available to me?
- Does it work?



Employers

- Will it affect my enrollment and administrative burden?
- Will it affect my premium costs?
- (For those not offering) Will it allow me to get into the health benefit market? (Cost of entry)
- Does it work?



Brokers

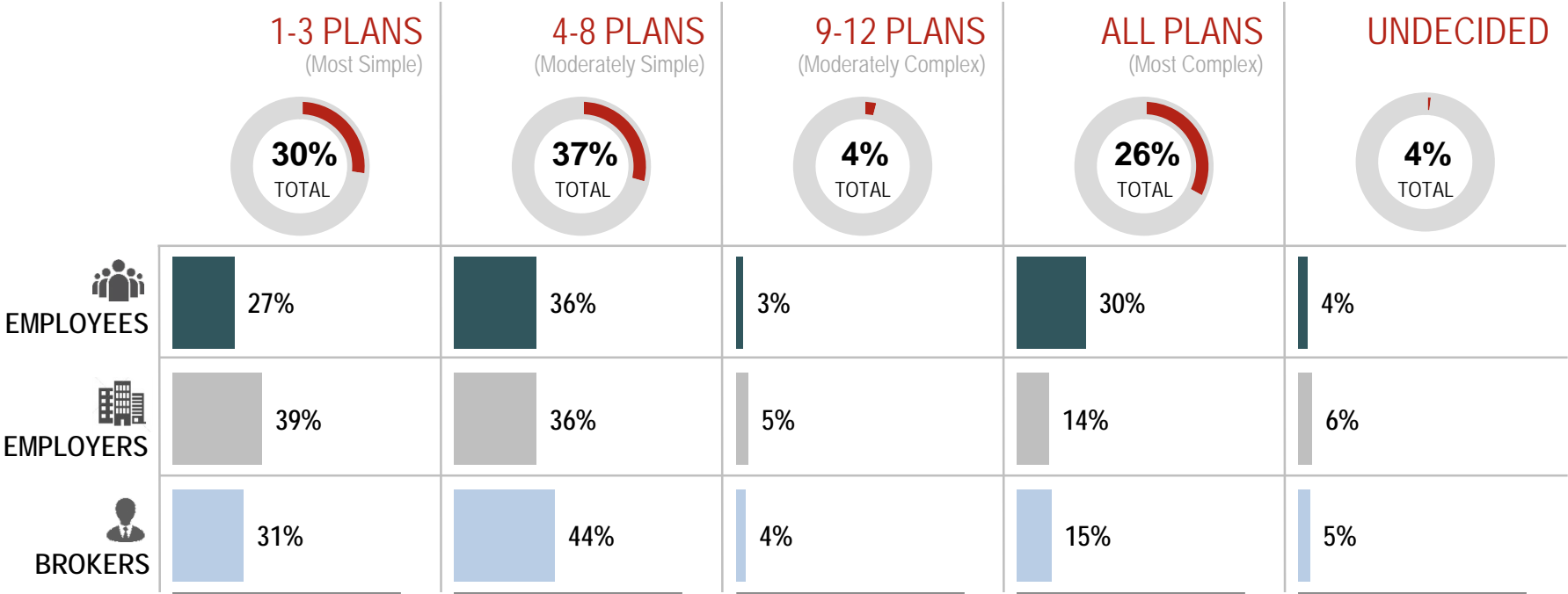
- Will it affect my workload and is it easy to manage?
- What are the commission rates and how do they compare to off the exchange?
- Will it allow me to easily compare plans?
- Does it work?

HEALTH INSURANCE MARKETPLACE WEBSITE

PREFERRED NUMBER OF PLANS

For employers, employees, and brokers, healthcare is confusing and the introduction of a marketplace only amplifies that perceived complexity. For that reason, the majority of employees, employers, and brokers alike favor a marketplace that displays eight or fewer plans.

SUPPORT FOR THE NUMBER OF PLANS PRESENTED ON THE HEALTH EXCHANGE

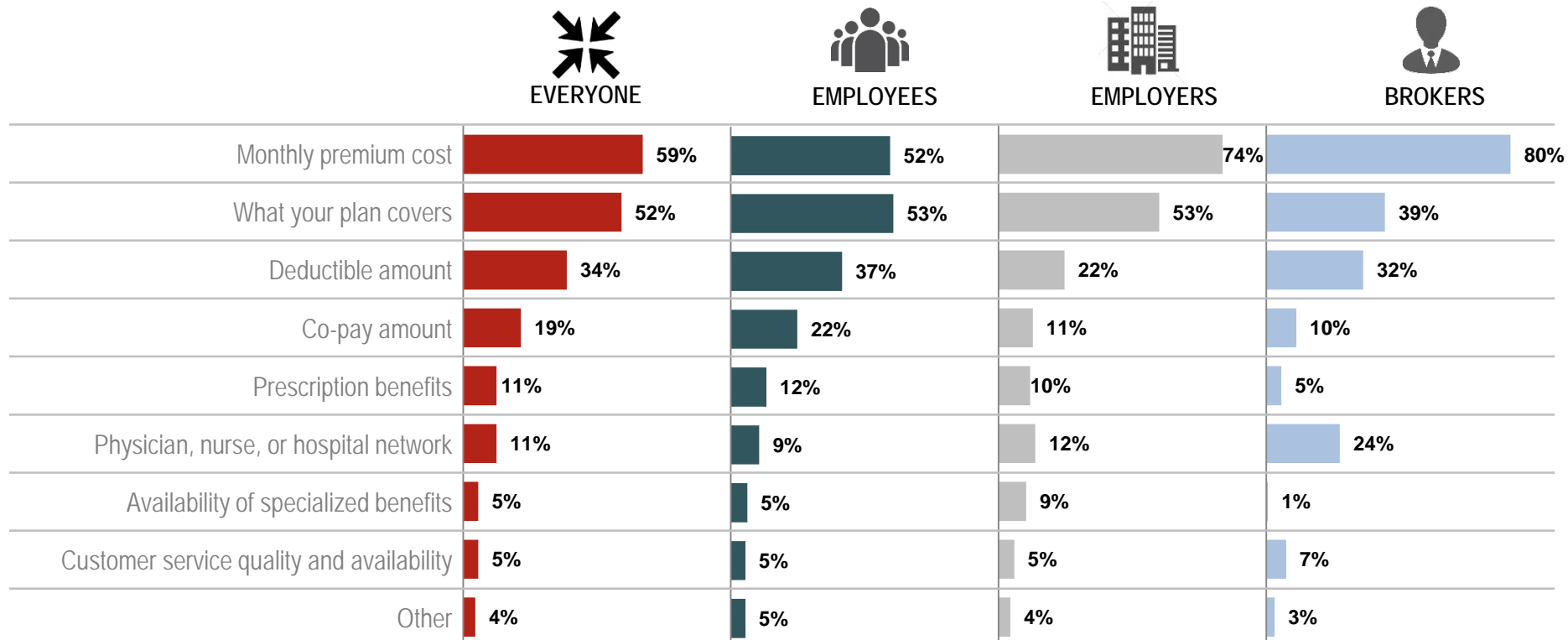


PREFERRED PLAN COMPARISON CHARACTERISTICS

During the decision-making process, the two characteristics that matter most are price and coverage. It is important that the Arkansas marketplace makes these two characteristics the focal point of its plan comparison platform.

KEY CHARACTERISTICS FOR PLAN COMPARISON

(PARTICIPANTS SELECTED THEIR TOP TWO OPTIONS)



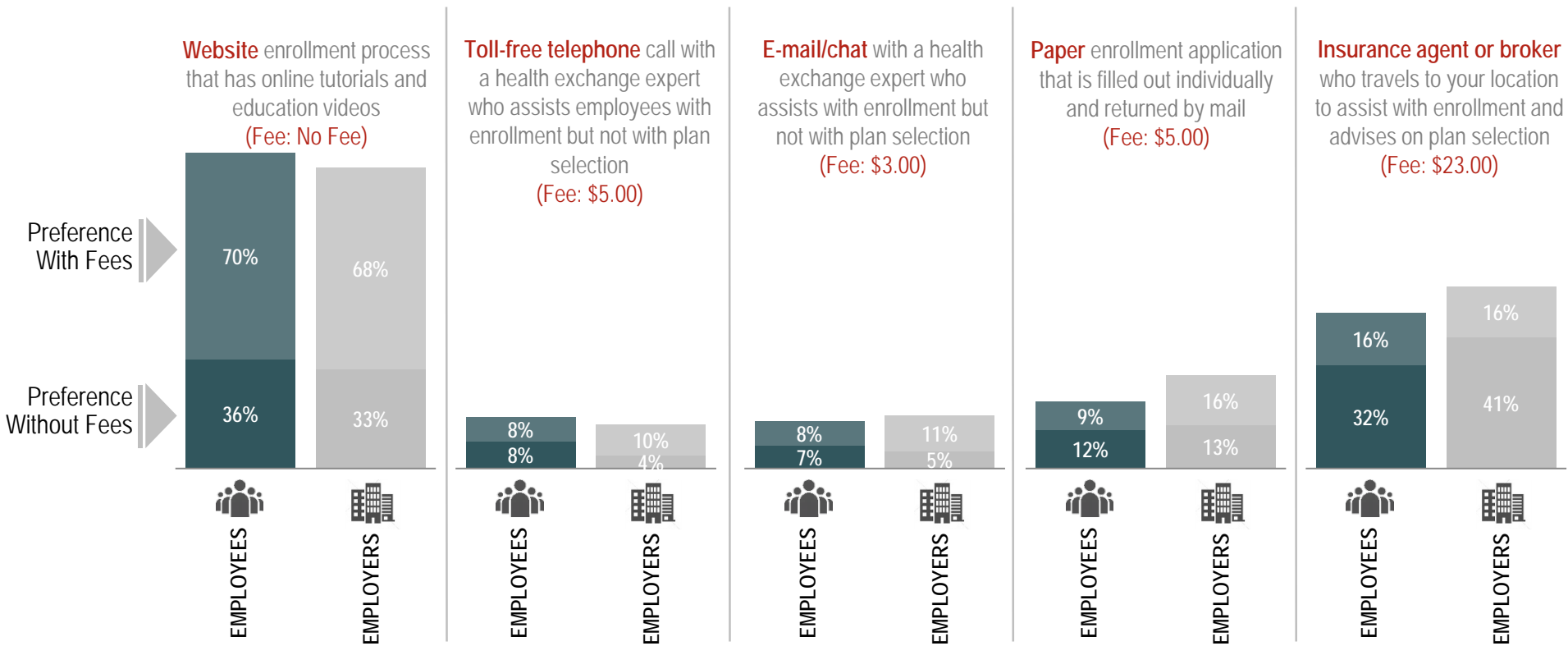
Asked what websites provide good usability features that could be applied to a health insurance marketplace, focus group participants mentioned Amazon, Kayak, and eBay, among others.

The logo for Amazon.com, featuring the word "amazon.com" in a bold, black, sans-serif font. A curved orange arrow starts under the letter 'a' and points towards the letter 'z'.The eBay logo, consisting of the word "eBay" in a lowercase, sans-serif font. The letters are colored: 'e' is red, 'b' is blue, 'a' is yellow, and 'y' is green. A small "tm" trademark symbol is located to the upper right of the 'y'.The Kayak logo, featuring the word "KAYAK" in a bold, white, uppercase, sans-serif font. Each letter is contained within its own orange square, and the squares are arranged in a horizontal row. A small "®" trademark symbol is located to the upper right of the final 'K'.

PREFERRED ENROLLMENT PREFERENCE

When it comes to enrollment, cost plays a central role in the preferred enrollment process. When no fee was associated with the enrollment option, employers and employees showed interest in using both a website and brokers. With fees associated, the website received a much higher level of preference.

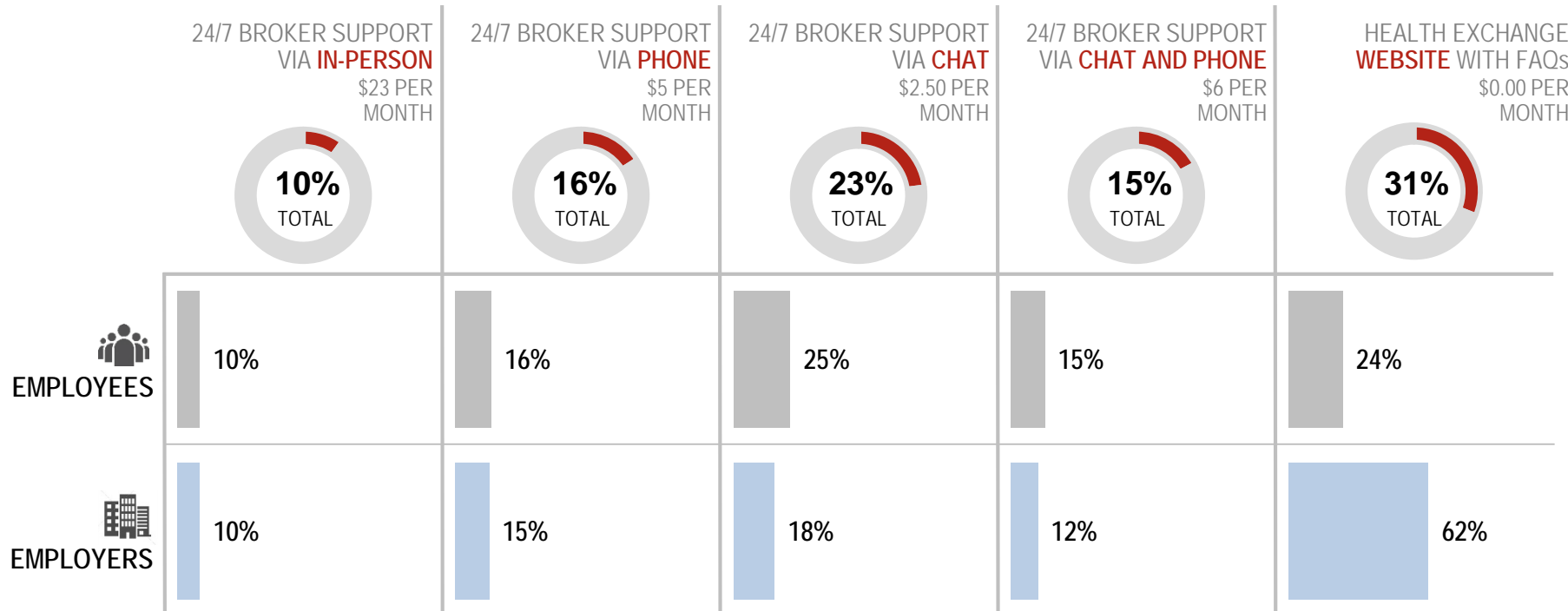
ANNUAL ENROLLMENT PREFERENCE



PREFERRED CUSTOMER SUPPORT

Similar to enrollment, cost plays a central role in which customer support channel is utilized. Both employees and employers tend to favor a website over all other channels. With that said, focus group participants indicated a need to be able to “pick up the phone and get a live person” when circumstances require.

PREFERENCE FOR TYPE OF CUSTOMER SUPPORT



Employees, employers, and brokers alike all indicated that the quality of the customer support experience will be crucial to marketplace success. Stakeholders have outlined the following key requirements to help cultivate a positive experience.

STAKEHOLDER OPINIONS

REQUIREMENTS FOR CUSTOMER SUPPORT

(SOURCE: FOCUS GROUPS)



TELEPHONE SUPPORT

1. Extended hours
2. Short wait times (less than 5 minutes)
3. Representatives with strong communication skills:
 - ✓ English as a first language
 - ✓ Understand southern accents
 - ✓ Ideal representative will be local
4. Very knowledgeable of products, marketplace, and processes



IN-PERSON SUPPORT

1. Efficient support processes need to be in place to accommodate on-going support and questions (post registration).
2. Those likely to utilize in-person support stress that brick and mortar locations will be necessary for its success. Such locations will be key for those without computers or Internet access. Preferred locations include: marketplace dedicated offices, healthcare locations, and public spaces (libraries).

Arkansans already have a negative perception regarding the ACA and healthcare.gov. A key to the Arkansas marketplace overcoming these perceptions will be in the rollout of the marketplace, and in particular the quality of the customer service experience.



Make this thing customer friendly. Don't be like the DMV. When we need a person to talk to, make sure there is someone there for us without waiting for three hours; not too hard to get ahold of, and someone who speaks English.

Employee

To help facilitate broker participation, the marketplace should at a minimum provide brokers with a dedicated support line and the ability to directly enroll individuals through the marketplace website.

	THE AVERAGE POINTS (OUT OF 100) ALLOCATED
<p>DEDICATED SUPPORT LINE FOR BROKERS A dedicated phone line to provide support specifically to brokers enrolling individuals and groups via the marketplace</p>	20
<p>DIRECT ENROLLMENT Broker ability to directly enroll individuals in plans via the marketplace</p>	27
<p>VIEW/EDIT MEMBER ENROLLMENT INFORMATION Broker ability to view and edit enrollment information for individuals and group members that they represent</p>	19
<p>SIMPLIFIED GROUP ENROLLMENT Group enrollment functionality that simplifies the enrollment process for groups of individuals</p>	9
<p>FORM FUNCTIONALITY Form functionality which allows the broker to send a link to a client to fill out basic personal information that is then prepopulated in enrollment forms</p>	12
<p>COMMUNICATION FUNCTIONALITY Email/Chat functionality to communicate with marketplace support expert</p>	7

” Client authorization lasts for only 14 days. If a client has asked us to be their agent, we don't need to register every 14 days to represent them. It's such a hassle. One-time authorization is all that is needed.
Insurance Broker

” It takes up to two weeks to complete an application. When we did paper applications, I had all the info in front of me and could apply on behalf of the customer right then. But now we can't and the customer has to keep coming into the office, trying to get coverage. I can't just do it for them anymore.
Insurance Broker

” I would like to be able to apply on my tablet, phone, computer, paper, or via email. If you want to drive registration, you have to have multiple enrollment options. That way, when I am out doing a service call and I have my phone or tablet, I can get them enrolled right then and there and forget the hassle.
Insurance Broker

Additional factors to help facilitate broker participation on the Arkansas marketplace are outlined below.

BROKER OPINIONS

ADDITIONAL FEATURES AND POLICIES REQUESTED TO FACILITATE BROKER PARTICIPATION

(SOURCE: FOCUS GROUPS)

1. Ability to access, edit, and enroll customers in the marketplace via a mobile or tablet device.
2. Ability to write policies for all insurance companies participating on the exchange.
3. Greater compensation. To date, brokers feel participation is not worth their time due to low commissions.

” Let’s begin with compensation. A good broker wants to help out their clients, but they have to balance their time. I spent four hours today on an application for a lady. It’s not me that takes this long, it’s the system. When it takes that much time to do a single application, we aren’t getting paid adequately, and it doesn’t make the client look favorably on the marketplace.

Insurance Broker

” We tried to get certified to sell insurance with every company, but often we can only offer and write for a few companies, so we are unable to offer the truly best product. Just the ones we can sell. But we take the same certification a million times, its redundant, to get licensed. But we can’t get all of them. So the state ought to have a test and we take that to get certified to sell in the state.

Insurance Broker

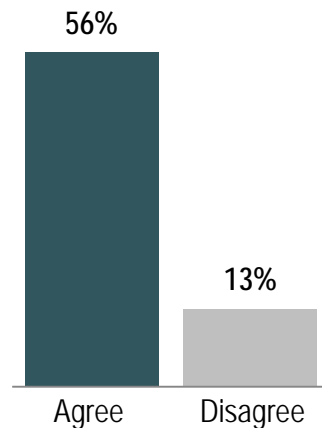
DEFINED CONTRIBUTION

PERCEPTIONS OF EMPLOYER HEALTH INSURANCE

In Arkansas, a defined contribution plan provides what many employees desire. Despite the majority of employees (57%) trusting the insurance plan their employer offers, many (62%) want greater flexibility in being able to choose their own health insurance plan.

I TRUST THE
HEALTH
INSURANCE
PLAN MY
EMPLOYER
OFFERS

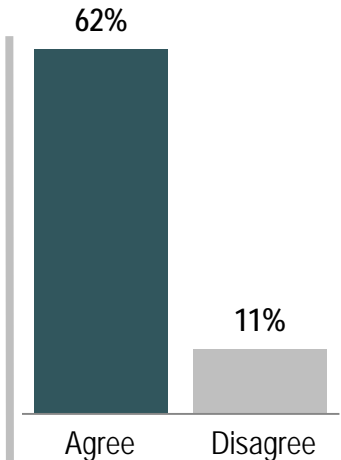
(TOP/BOTTOM 2 SCORE:
4 & 5 BEING "AGREE";
1 & 2 BEING "DISAGREE")




EMPLOYEES

I WISH I WAS IN
CHARGE OF
CHOOSING MY
OWN HEALTH
INSURANCE
PLAN

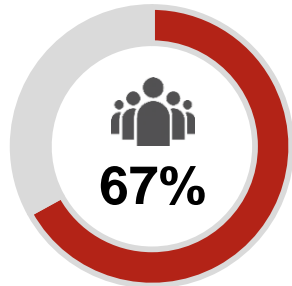
(TOP/BOTTOM 2 SCORE:
4 & 5 BEING "AGREE";
1 & 2 BEING "DISAGREE")




EMPLOYEES

DEFINED CONTRIBUTION PLAN PREFERENCE

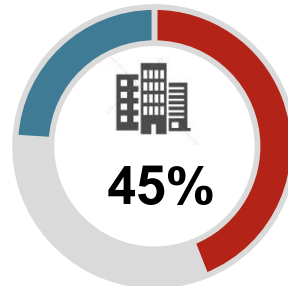
There is broad support for defined contribution plans across all three groups, though a large percentage of employers unsure whether they would like to offer such an option.



**OF INDIVIDUALS
WOULD PREFER AN
EMPLOYER THAT
OFFERS A DCP RATHER
THAN A FIXED PLAN**

” I would like the options offered by a Defined Contribution Plan. I would like to pick and choose what coverage I need. I could tailor it to my family's needs. No one in our family has any health problems, so I could get coverage that costs less.

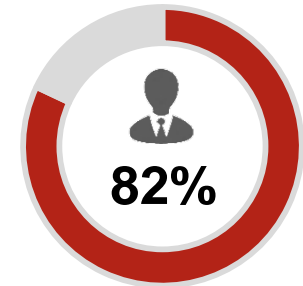
” It [a DCP] sounds good but then what about the people who don't buy a plan that actually covers their needs and then can't afford the costs when they end up in the ER?



**Q18: HOW LIKELY WOULD
YOU BE TO OFFER A DCP
TO YOUR EMPLOYEES?**

VERY LIKELY ...	10%
LIKELY ...	35%
UNDECIDED ...	32%
UNLIKELY ...	9%
VERY UNLIKELY ...	15%

” I don't know if I would choose it [A DCP]. Would my employees make the right choice? Would they pick the plan that is right for them? It seems like it could be more of an administrative burden for me that way. It's certainly more confusing for accounting; deducting monthly from their paycheck.



**OF BROKERS
BELIEVE THEIR CLIENTS
WOULD PREFER AN
EXCHANGE THAT
OFFERS DCPs**

” [DCPs] are customizable and everyone gets what they want. The only issue I see is you may not get the group rate and miss out on the entire point of a group plan discount.

” Yes, I think my clients may prefer that type of plan, but only if they can provide a consolidated invoice, so billing is simple for the employer.

” This may be the best available option, but you need to be careful because it places a larger burden on the taxpayer rather than the business.

DEFINED CONTRIBUTION PLAN PREFERENCE CONTINUED

A well conceived defined contribution option is attractive to employees, employers, and brokers.



Employees

I think that [a DCP] is the best health insurance idea I have heard so far. I would visit the website for that alone. I think it's a fantastic idea.

Employee



Employers

Yes, I think I may prefer a defined contribution plan, but only if I can receive a consolidated invoice, so billing is simple for my accountant. The administrative aspect of it for the employer may lead to more headache than they currently have.

Employer



Brokers

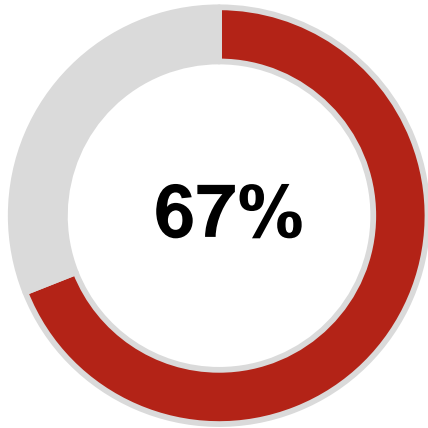
I like it [a DCP] because it's customizable and everyone gets what they want. The only issue I see is you may not get the group rate and miss out on the entire point of a group plan discount.

Insurance Broker

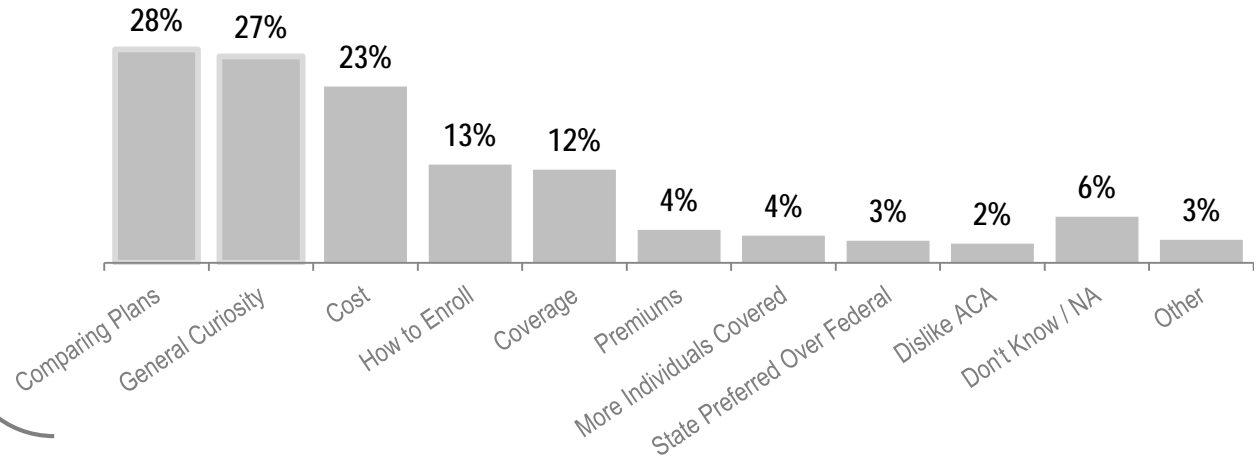
MESSAGING

MESSAGES THAT GENERATE HIGHEST INTEREST

Two-thirds of employees indicated they are interested in wanting to learn more about the exchange. They are interested in being able to compare plans and want to know more.



**OF EMPLOYEES
WANT TO
LEARN MORE
ABOUT THE
ARKANSAS
HEALTH
EXCHANGE**



” It would be quite helpful to look at the various plans to get an idea of what’s available and compare the deductibles.

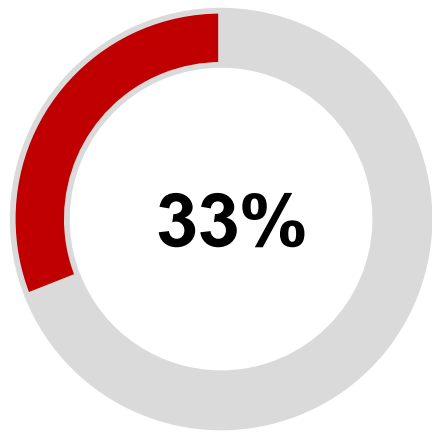
Employee

” It is new and could possibly help a lot of people with deciding about their insurance. Also, more people will have access to insurance who did not have it before.

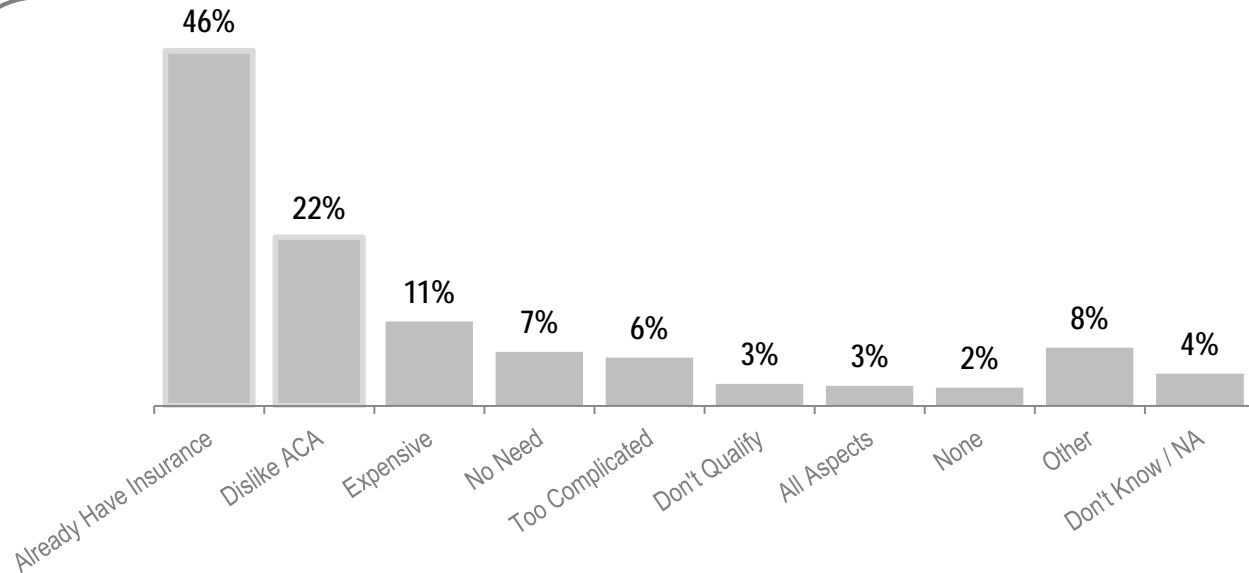
Employee

MENTAL ROADBLOCKS TO GENERATING INTEREST

33% of employees say they do not want to learn more about the exchange. The most common reason given is already having insurance, followed by a dislike of the ACA.



**OF EMPLOYEES
DO NOT WANT
TO LEARN
MORE ABOUT
THE ARKANSAS
HEALTH
EXCHANGE**



” I highly resent being forced into doing something by my government that I think is detrimental to our whole system, so I would not be willing to participate in a state/federal government exchange. I think if the government offered insurance to everyone, it should have just been to the uninsured and left the rest of the system intact.

Employee

” As a retired person it has been rumored that we will be dropped into the exchange which I do not want. My employer has no motivation to sell me anything or lead me anywhere. I hate salesman and if they are motivated to sell I will not get the best deal. With the subsidies I think this is just another government debacle.

Employee

MESSAGING CHANNELS THAT GENERATE HIGHEST INTEREST

In general, online advertisement and email are the preferred channel for advertising the marketplace, with print mail and television advertisement close behind. Brokers heavily favor professional organizations advertising.

CHANNELS LIKELY TO GENERATE INTEREST IN A HEALTH EXCHANGE (MULTIPLE CHOICE QUESTION)



EVERYONE

EMPLOYEES

EMPLOYERS

BROKERS

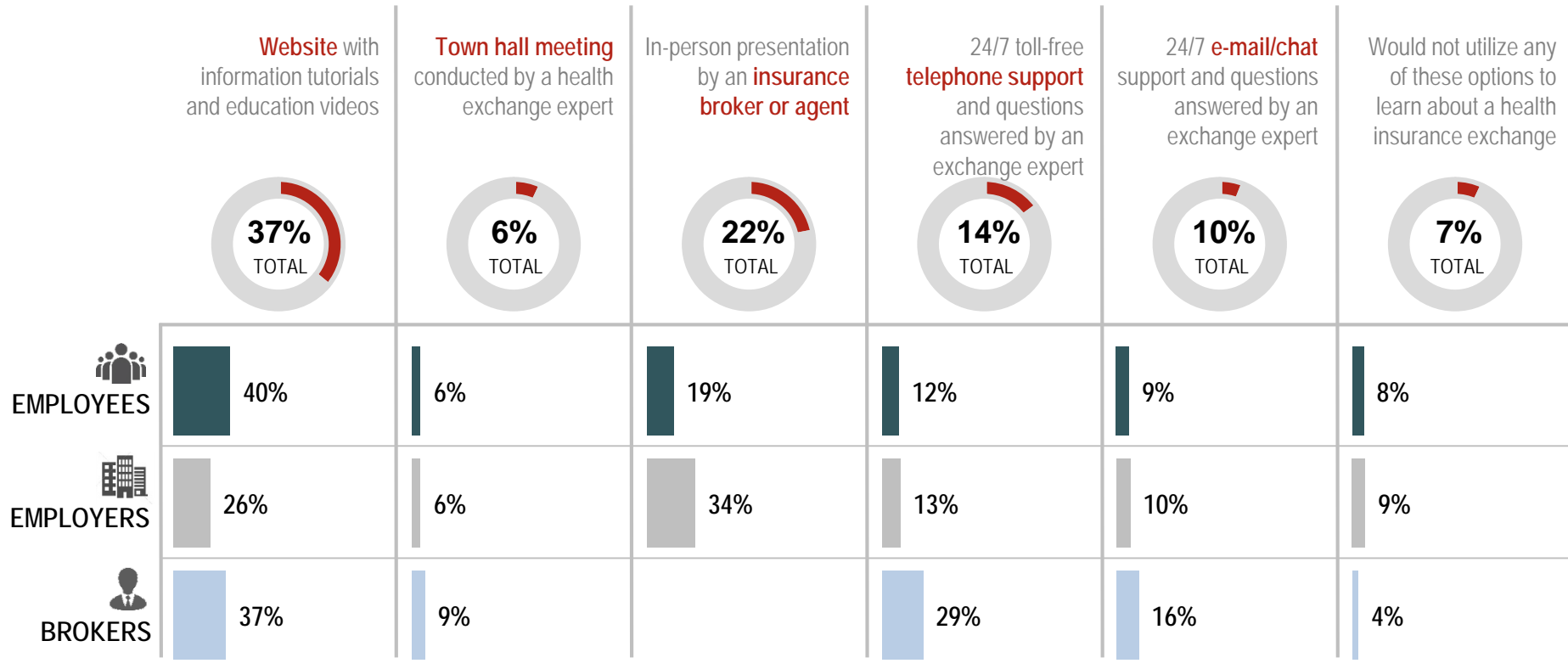
	EVERYONE	EMPLOYEES	EMPLOYERS	BROKERS
Direct mail – piece to my home	28%	27%	32%	26%
Online advertising and emails	25%	27%	17%	18%
Television advertisement	25%	24%	19%	37%
Employer	25%	25%	N/A	N/A
Health providers	13%	12%	19%	12%
Insurance agents or brokers	12%	9%	34%	N/A
Article or special report in the news	12%	10%	17%	20%
Family, friends, and colleagues	12%	9%	20%	19%
Print advertisement	11%	10%	8%	23%
State insurance and health departments	12%	7%	22%	28%
Radio advertisement	10%	9%	6%	18%
State, county, and local elected officials	5%	5%	11%	2%
Community organizations	5%	3%	14%	5%
Fellow Business Owners	23%	N/A	23%	N/A
Billboard	3%	3%	3%	5%
Professional organizations (NAIFU, NAHU)	23%	N/A	N/A	23%
Other	19%	21%	16%	13%

PREFERRED INFORMATION CHANNEL

In conjunction with advertising, website is the most preferred means (37%) for receiving educational information about the marketplace. Broker presentations are also a popular method with 19% favoring this method.

PREFERRED METHOD TO RECEIVE INFORMATION ABOUT A HEALTH EXCHANGE

(TOP 2 SCORE OF 5: 4 & 5 BEING "PREFER")



- 1 There is significant misunderstanding, frustration, fatigue and skepticism toward the current health insurance system and the way it operates.
- 2 Arkansas' citizens and decision-makers want to see a solution that will provide clarity, choice, and cost savings.
- 3 Website functionality is crucial; a clean design, high-quality customer support, and ease of maneuverability would all contribute to success.
- 4 Individuals like the idea of the employee choice option that comes with defined contribution plans. Employers also like defined contribution but need education to fully embrace employee choice.
- 5 People are hungry for more information. However, consumers are surprisingly impatient when that information is not presented in a clear and organized manner. Keep it simple. Make it clear and concise, with no legalese, and provide an active media campaign to reinforce the message. Most importantly, make it work.

Thank you!

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