

# Engaging Small Businesses and Brokers in State SHOPs



DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS for MEDICARE & MEDICAID SERVICES  
Center for Consumer Information and Insurance Oversight



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# Session Overview

## **This session will cover:**

- Current Small Group Market Landscape
- SHOP Opportunities for Small Businesses
- Final Regulation on Agents and Brokers
- SHOP Opportunities for Brokers
- Engaging Stakeholders
- Marketing and Outreach Efforts
- Lessons Learned in Brooklyn
- State Experiences Engaging Target Audiences

# Current Small Group Market Landscape

- Unpredictable annual rate increases make it difficult for small businesses to begin offering health benefits to employees or maintain existing coverage.
- Limited employer choice exists today.
  - While numerous plans exist today and some markets have robust carrier participation, business owners are often forced to choose one plan from a single company.
- Single plans offered to employees may not address their individual needs, including desired provider network.
- Most small businesses rely on brokers for enrollment advice and ongoing customer service.

# SHOP Opportunities for Small Businesses

- SHOP is a new transparent marketplace with better information about benefits, price, quality, and satisfaction.
- Businesses may continue to use their existing insurance broker to help guide them through the new marketplace.
- Obtaining health benefits for employees is simplified:
  - Business owners determine how much to contribute to coverage.
  - They no longer have to struggle to choose one or two plans/insurers and provider networks to meet the diverse needs of their employees.

# SHOP Opportunities for Small Businesses

- SHOP can provide employees with expanded health plan options and give them tools to make smart choices.
  - Expanded employee choice is a way for businesses to compete to attract and retain key talent.
- Ongoing administration is also simplified.
  - Regardless of the number of plans and insurers chosen by employees, business owners will receive one invoice each month and make only one payment.
- Beginning in 2014, eligible small businesses may access new tax credits (up to 50% of employer contributions) exclusively through SHOPS.

# Final Regulation on Agents and Brokers

- States are required to consult with certain groups when establishing Exchanges, including agents and brokers.
- States have the flexibility to use agents and brokers to enroll small businesses in SHOP QHPs.
- States will continue to license, credential, and oversee agent and broker activities.
- Exchanges may elect to provide information regarding agents and brokers on the SHOP website and through Navigators and the Exchange call center.

# Final Regulation on Agents and Brokers

- Agents/brokers are responsible for establishing separate agreements with individual issuers offering QHPs in the SHOP.
- States need to consider whether a separate or complimentary registration and training process is required for agents/brokers participating in the SHOP.
- States should also consider how varying agent/broker compensation inside and outside the SHOP will affect enrollment.

# SHOP Opportunities for Brokers

- States have the flexibility to tap an established distribution channel to drive enrollees to the SHOP on day one and provide ongoing customer service to employers.
- SHOPS provide brokers with access to exclusive new product offerings for their clients:
  - Expanded employee choice
  - Simplified administration
  - Access to new small business tax credits
- SHOP tools may improve broker efficiency, allowing them to serve more clients.

# Lessons Learned in Brooklyn

- Enrollment gains possible by engaging brokers.
- Broker language capabilities were leveraged to reach diverse business communities.
- Direct mail to brokers and small businesses yielded the best marketing results.
- Employers view chambers of commerce and small business associations as trusted advisors.
- Many brokers preferred initiating and maintaining client contact and relationships.
- Identify your market competition and continually sell your value proposition to target audiences.

# Communications and Outreach for SHOP in the FFE

## Research with Small Businesses – Benefits

- Ability to offer more than one plan
- One bill for different insurers
- More control for employers and employees
- Plans meet minimum standards

## Target Audiences

- Small business owners & employers including non-profits
- Small business trade associations
- Small business employees
- Insurance brokers, benefits advisors, accountants, tax advisors and their trade associations

## Tactics

- New and traditional media
- Materials: tip sheets, tool kits, training

# States Experiences Engaging Small Businesses and Brokers

- Massachusetts
- New York
- Utah