

Covered California Positioned to Reach Residents, Small Businesses

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All eyes are on California, with its long history of being the first to move forward on new, often controversial initiatives, as they methodically and creatively implement ACA's State Exchange requirement. Covered California (the health benefit exchange's market name) already has 33 insurers – including major carriers Anthem, Kaiser, HealthNet and Blue Shield of California – that have expressed serious interest in participating. That bodes well for the seven million uninsured people

living in California, as well as its small businesses.

Continuing its reputation of being open to change, the Golden State has already approved the sale of stand-alone vision plans to individuals, as well as to small businesses, which is a policy change from its earlier stance. This after several prominent vision plans protested the Exchange Board's position of no stand-alone vision plans, pointing out that millions nationwide are covered by stand-alone plans, and one vision care company even talked of moving its headquarters to another state. Policymakers agreed that the addition of vision plans expands consumer access. In fact, Covered California will offer optional stand-alone dental and vision plans for all residents under 65.¹

On the provider side, leaders in different regions are preparing for the 2014 impact of what some call a "surge" from the expanded coverage. Exchange officials estimate that 2.6 million Californians will be able to buy subsidized health insurance and up to 2.4 million may be newly eligible for Medi-Cal. While some

provider organizations worry about not having enough physicians for the new patients, others believe that it will be manageable. Those optimists say that the change will drive a new care model that is more cost effective.²

Covered California continues to ramp up awareness to promote its benefits and help residents understand what the exchange means to them. Many lower income residents and small business owners don't yet fully understand the options and subsidies available to them under health reform. The Exchange needs to clear up misconceptions quickly, as ACA mandates that state exchanges open for enrollment in October 2013. A foundation called the California Endowment has already run ads featuring the popular Dr. Oz with messages directed to the Hispanic community. The exchange, unsurprisingly, also aims to use the entertainment industry to inform the populace. Its executive director has said they would like to see popular television shows include information and storylines about health reform that support overall promotional efforts.³

Small Business Health Options Program

No segment follows the progress of the health benefit exchange more closely than California's small business owners, still wary about how or if it will benefit them and their employees. According to Kaiser Family Foundation Health Facts, a majority of the state's uninsured work in small businesses. In fact, just 46% of firms with less than 50 employees offer health insurance. So not only is educating them about the benefits available through the Small Business Health Options Program (SHOP) crucial, but it's also a way to contact many uninsured.⁴

Michael Lujan is the director of SHOP, leading the exchange's strategy and implementation of small business group health coverage. Lujan says that most employers he's spoken with are unfamiliar with the small business tax credits that are already in effect (35% now, increasing to 50% in 2014). But education efforts are underway to change that statistic. "We have met with several small business groups, as well as hosted webinars and video-conferences. More outreach is scheduled for

Q1 2013, as we work with small business advocates and have several seminar dates scheduled across the state."

Some small business owners, curious about ACA and exchanges, waited until the outcome of the presidential election. Now, they seek more information and are talking to insurance brokers, chambers of commerce or professional associations for guidance.

Lujan finds that employers are sometimes unclear about the penalties, particularly where they apply only to larger employers with more than 50 employees not providing coverage. Others are weighing their January 2013 renewal options now or will very soon. Of course, by this time next year, Covered California SHOP will be in effect and available for open enrollment. Lujan says that in his conversations with small business owners, he's hearing employers may renew their "grandfathered" plan yet again, or consider other options until the exchange is available.

Since joining SHOP as its director this summer, Lujan and his team have been deep in development of communication tools. He expects

the SHOP website to be ready in late December 2012 or early January 2013. In the meantime, the program's staff is busy creating fact sheets that contain valuable information to help employers, employees and insurance agents as they prepare for expanded choices and coming changes.

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¹ California Healthline (<http://www.californiahealthline.org/articles/2012/10/31/calif-health-exchange-board-oks-sale-of-standalone-vision-plans.aspx>)

² California Healthline, 11/27/12 ([link: http://www.californiahealthline.org/articles/2012/11/27/calif-health-care-providers-brace-for-surge-in-patient-population.aspx](http://www.californiahealthline.org/articles/2012/11/27/calif-health-care-providers-brace-for-surge-in-patient-population.aspx))

³ California Tries to Guide the Way on Health Law, 9/14: ([link=http://www.nytimes.com/2012/09/15/health/policy/california-tries-to-lead-way-on-health-law.html?pagewanted=all](http://www.nytimes.com/2012/09/15/health/policy/california-tries-to-lead-way-on-health-law.html?pagewanted=all))

⁴ Project Sponsors Release Final Draft of the Statewide Marketing, Outreach & Education Program Final Design Options, Recommendations and Work Plan, P 14-15 (http://www.healthexchange.ca.gov/Stakeholders/Documents/CHBE,DHCS,MRMIBComprehensiveMarketingandOutreachWorkPlan_6-26-12.pdf)

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