

Special Audio Report Transcript

Headline: California Works To Help Small Businesses Navigate Covered California Exchange

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The main focus in the push to cover California's uninsured has focused on individuals. But a program aimed at helping small businesses offer health insurance to their employees is being hailed as an important strategy. This is an audio report for *California Healthline*, a daily news service of the California HealthCare Foundation. I'm Rachel Dornhelm.

(fade up SFX barking)

Virginia Donohue is the owner of Pet Camp ... a small business in San Francisco serving dog and cat owners.

(fade up and then under)

(Donohue): "We're walking through the dog area and they're barking at you because you are a stranger and then we'll walk through to the back yard."

Pet Camp employs about 20 people. For 14 years Donohue has been offering her employees health insurance. When the Affordable Care Act became law, it not only mandated an individual health insurance market. It also required that small employers have a marketplace specially tailored for them if they wanted to provide their workers with coverage. The Small Business Health Options Program, or SHOP exchange, was created. Donohue was named to a special advisory group that helped shape California's SHOP exchange. She says for a small-business owner, continuity and ease of use were top priorities.

(Donohue): "We wanted something where we could continue to use our agents if we wanted to, but for those who don't have an agent, they could continue to shop online directly."

Donohue says she is able to use her long-term agent as she chooses whether to renew her existing employee plan or switch to one offered through SHOP. Donohue says one way the government is trying to incentivize people to use SHOP is by offering a tax credit.

(Donohue): "Right now, it looks like SHOP is a little bit less expensive and I get the tax credit so that would be significant."

Donohue says another important option with SHOP is that her employees would get a choice of insurers -- right now she only offers Kaiser. David Chase is the California director of the Small Business Majority. He says employers would pick a tier of coverage and then employees could select from there.

(Chase): "Employees will be able to pick their own carrier, which is something that has historically been difficult, or in many cases just impossible, for employers to offer their employees a choice of plans in the small business. That's now being brought to the small group market for the first time."

Chase says SHOP represents a number of firsts. It levels the pricing playing field -- in the past, small businesses have paid about 18% more than large businesses for coverage. And he says with the federal program delayed a year, California's SHOP exchange offers small employers unique web functionality.

(Chase): "We have the online system up and running -- where it's not running on the state's, it's running on the federal system. We have the employee choice option function not available in the federal exchanges. So we have those states looking at California saying, 'Here's what a SHOP program looks like,' sort of the way it was intended to be run."

Why the special effort to build a special portal just for small businesses? Congressman Ami Bera from Sacramento County says companies with fewer than 50 employees are one of the linchpins of extending health care coverage, even though those employers are not actually required to provide insurance.

(Bera): "If you look at the folks who are uninsured in America, 80% of them are attached to the workforce -- either they are working or someone that is attached to them is working. And the vast majority of those individuals work in small businesses, businesses that are 1 to 50 employees. That's why we really have to work with those businesses."

Bera says it will be interesting to take stock of the program at the end of the first year to see how successful it has been.

(Bera): "There will be this one year of implementation and you'll have to get a sense of how many of the small businesses, given the tax incentives, are now choosing to provide health insurance benefits to their employees, and what does this look like."

So far at least 1,500 small employers have registered with the site. Covered California spokesperson Anne Gonzales says even though the program is completely voluntary, employers may discover perks.

(Gonzales): "Business owners that want to offer this as a recruiting and retention tool, or they want to use it to keep employees healthy because they know it's a good thing to do."

Gonzales says initial figures about the number of SHOP exchange enrollees are expected next week. But she says that, unlike the individual market, enrollments will continue throughout 2014, so any conclusions about the program will have to wait until next year.

This has been an audio report for California Healthline, a daily news service of the California HealthCare Foundation. If you have feedback or other issues you'd like to have addressed, please email us at CHL@CHCF.org. I'm Rachel Dornhelm, thanks for listening.