Minnesota Exchange Communications: Preliminary Market Research Findings

Presentation to:
Outreach, Communication & Marketing Work Group
Minnesota Health Insurance Exchange
July 10, 2011
Today’s Presentation

• Project Status
• Stakeholder Interviews
• Review of the Consumer Research
  – What are people seeking?
  – What factors influence people?
  – What might we do to promote the Exchange?
• Some Initial Recommendations
• Questions
Project Status

May
- Orientation & Research Formulation
- Contract Awarded

June
- Key Informant Interviews
- 18 Focus Groups (consumer & biz)
- Statewide surveys (consumer & business)

July
- Analysis
- Final Report

You are here

May
- Orientation & Research Formulation
- Contract Awarded

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July
- Analysis
- Final Report
KEY INFORMANT INTERVIEWS
What the Experts Said

Four major take-aways from **11 In-depth Individual Interviews** with key informants in business, health care, community outreach and insurance.

- Fully involve stakeholders **NOW**
- Emphasize access to private insurers as well as government
- Leverage intermediaries
- Determine a meaningful long-term role for brokers
Experts: Recommended Outreach Channels

- Chambers of Commerce
- Community organizations
- Business locations
- Health Providers
- Churches
- Libraries
- Schools
- County offices
CONSUMER RESEARCH
Qualitative Research

Six cities. 18 focus groups. 99 participants. four days (May 22 to May 25)
Quantitative Research

Consumer Survey

• Telephone survey of uninsured and individuals purchasing non-group health insurance
• June 15 – June 29 (Prelim. Data)
• Sample size: N=583 (Prelim)
  • Uninsured N=231
  • Non-Group N=352

Business Owner Survey

• Telephone survey of owners/decision makers for businesses with fewer than 50 employees
• June 15 to June 29
• Sample size: N=250
# Reviewing the consumer research

<table>
<thead>
<tr>
<th>What are people are seeking?</th>
<th>What factors influence people?</th>
<th>How might we promote the HIX?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Situation</strong> (Current State)</td>
<td>![Image of green human figure with arrows indicating flow]</td>
<td>![Image of hospital and doctors]</td>
</tr>
<tr>
<td>vs</td>
<td></td>
<td>• Name</td>
</tr>
<tr>
<td><strong>What consumers want</strong> (Desired State)</td>
<td></td>
<td>• Governing structure</td>
</tr>
<tr>
<td></td>
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<td>• Branding concepts</td>
</tr>
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<td></td>
<td></td>
<td>• Segmentation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Product Features</td>
</tr>
</tbody>
</table>
WHAT ARE PEOPLE SEEKING?
Current Customer Experience

We asked participants what images came to mind when they thought about seeking insurance. All were negative – crooks, paperwork, smoke coming out of ears, nausea, etc. This is an opening.

“I find buying insurance a pain in the a**. It’s difficult, hard to keep track of, the law changes. It’s a complex business.”
— Small business owner, Duluth

“I want to run away. But I’m at the age that I can’t run away.”
— Uninsured resident, Marshall.
Satisfaction with current insurance status

CONSUMERS

- Non-Group: 59% Satisfied, 41% Dissatisfied
- Uninsured: 24% Satisfied, 76% Dissatisfied

BIZ OWNERS

- Biz Owners: 46% Satisfied, 54% Dissatisfied

Preliminary data base sizes: Uninsured=231; Non-group=352; Biiz owners=500.
Getting health insurance isn’t easy

Preliminary data base sizes: Uninsured=231; Non-group=352
Consumers: What makes the process difficult?

<table>
<thead>
<tr>
<th>Open-end response (% mentioning)</th>
<th>Non-Group (n=352)</th>
<th>Uninsured (n=231)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prices too high</td>
<td>38%</td>
<td>52%</td>
</tr>
<tr>
<td>Hard to tell what's covered, what's not</td>
<td>16%</td>
<td>9%</td>
</tr>
<tr>
<td>Difficult to compare benefits across plans</td>
<td>17%</td>
<td>5%</td>
</tr>
<tr>
<td>Nothing</td>
<td>9%</td>
<td>11%</td>
</tr>
<tr>
<td>Rejected due to pre-existing condition</td>
<td>10%</td>
<td>4%</td>
</tr>
<tr>
<td>It's very confusing</td>
<td>8%</td>
<td>6%</td>
</tr>
<tr>
<td>Difficult to compare prices</td>
<td>9%</td>
<td>4%</td>
</tr>
<tr>
<td>Difficult to research / No one-stop-shop</td>
<td>7%</td>
<td>6%</td>
</tr>
</tbody>
</table>
### Business: What makes the process difficult?

<table>
<thead>
<tr>
<th>Issue</th>
<th>Total</th>
<th>Broker</th>
<th>No Broker</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frequent premium increases</td>
<td>72%</td>
<td>78%</td>
<td>61%</td>
</tr>
<tr>
<td>Steep premium increase</td>
<td>65%</td>
<td>70%</td>
<td>57%</td>
</tr>
<tr>
<td>Age of my employees continues to increase</td>
<td>56%</td>
<td>57%</td>
<td>56%</td>
</tr>
<tr>
<td>The options I have become more and more limited</td>
<td>52%</td>
<td>53%</td>
<td>50%</td>
</tr>
<tr>
<td>Plans are too complex</td>
<td>51%</td>
<td>51%</td>
<td>50%</td>
</tr>
<tr>
<td>Difficult to compare benefits across plans</td>
<td>49%</td>
<td>49%</td>
<td>50%</td>
</tr>
<tr>
<td>Difficult to understand what is covered by the plans</td>
<td>47%</td>
<td>49%</td>
<td>44%</td>
</tr>
<tr>
<td>Medical underwriting (i.e., increased costs due to medical history of employees)</td>
<td>46%</td>
<td>50%</td>
<td>39%</td>
</tr>
<tr>
<td>Difficult to compare prices</td>
<td>46%</td>
<td>46%</td>
<td>44%</td>
</tr>
<tr>
<td>Plans do not meet the needs of my employees</td>
<td>31%</td>
<td>32%</td>
<td>30%</td>
</tr>
<tr>
<td>Plans are too limited in scope</td>
<td>26%</td>
<td>26%</td>
<td>26%</td>
</tr>
</tbody>
</table>

Preliminary sample size, Total=250; Broker=102; No Broker=54
Four Types of Consumers

UNINSURED
- Feel cheated and defeated: premiums are out of reach
- Many cite pre-existing conditions
- Face financial and emotional stress
- Dislike “handouts”.

NON-GROUP
- Highly value insurance coverage
- Want apples-to-apple comparisons
- Suspect others get better deal
- Got help from expert
- Hate sales calls and spam

HISPANICS
- Being insured is not the norm
- Concerns about legal status

MEDICAID
- Dislike in-person app. process;
- Prefer help from real people
- Feel disrespected; seeking common courtesy and respect
Perceived need for insurance varies

Non-Group and Uninsured: Opinion on insurance

- Is a necessity, something I would never give up:
  - Uninsured: 78%
  - Non-Group: 39%

- Is very important, but not a necessity:
  - Uninsured: 40%
  - Non-Group: 17%

- Is good to have, but not all that important:
  - Uninsured: 12%
  - Non-Group: 4%

- Has little or no value to me:
  - Uninsured: 9%
  - Non-Group: 1%
What people want to know first

- What’s the cost?
- What’s the coverage?
- Who is making the offer? Trustworthy?
- Can people with pre-existing conditions get covered?
- What doctors or insurance plans can I access?
What people are seeking

**CURRENT STATE**
- Overwhelms me
- Leaves me worried
- Lots of complexity and paperwork
- Need for expertise, help (often fulfilled by broker)
- Feeling sticker shock – high prices keep going up
- Uninsured unable to secure product

**DESIRED STATE**
- Peace of mind
- Trust, security
- Choices distilled to key decision points
- Expert guidance available when it’s needed
- Clear prices offering the best deal
- Uninsured get affordable coverage

**GAP**

How can we help people move to the desired state?
WHAT FACTORS INFLUENCE PEOPLE
Seeking health insurance: A CONSUMER’S journey

**Trigger:** Prompting the search for health insurance (goal)

**Pre-qualifying:** Initial questions that can stop the process before it begins

**Search:** The process consumers use to search for and evaluate options

**Closure:** How the process is resolved, either with insurance or without.
Consumer Triggers

Event → Consideration

Expectation → Consideration
### Events that can trigger consideration

<table>
<thead>
<tr>
<th>Event</th>
<th>Uninsured</th>
<th>N-G</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in <strong>health status</strong> (got sick, new diagnosis, etc)</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>Change in <strong>employment status</strong> (lost job, changed job, etc)</td>
<td>17%</td>
<td></td>
</tr>
<tr>
<td>Had a <strong>child</strong> or adopted a child</td>
<td>6%</td>
<td></td>
</tr>
<tr>
<td>Talked to someone about health insurance</td>
<td>5%</td>
<td></td>
</tr>
</tbody>
</table>
In Minnesota, how common is it for people like you to have health insurance coverage? Would you say...

- Almost everyone like me has health insurance: 15% (Non-Group), 6% (Uninsured)
- Most people like me have health insurance: 44% (Non-Group)
- About half of the people like me have health insurance: 27% (Non-Group), 35% (Uninsured)
- Less than half of the people like me have health insurance: 12% (Non-Group), 23% (Uninsured)
- Almost no one like me has health insurance: 3% (Non-Group), 16% (Uninsured)

Preliminary data base sizes: Uninsured=231; Non-group=352
### What is the main reason you do not have insurance? (open-end)

<table>
<thead>
<tr>
<th>Reason</th>
<th>Uninsured</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost AND more than I could possibly afford / I don't earn enough money</td>
<td>63%</td>
</tr>
<tr>
<td>Costs AND more than I am willing to pay / Not worth the cost</td>
<td>8%</td>
</tr>
<tr>
<td>I am healthy / don't get sick so don't really need it</td>
<td>3%</td>
</tr>
<tr>
<td>I can afford to pay for the health care I need so I don't need health insurance</td>
<td>3%</td>
</tr>
<tr>
<td>I have a pre-existing condition so could not find a plan that would cover me</td>
<td>2%</td>
</tr>
<tr>
<td>I just pay as I go / Just cheaper to pay doctor</td>
<td>2%</td>
</tr>
</tbody>
</table>
Uninsured: Many not shopping

• While over half of the uninsured respondents (56%) have considered buying insurance, less than one-quarter (23%) have looked online.

Preliminary data base sizes: Uninsured=231
Many who shop look online

[How do you shop for health insurance?] “Google or ask other small businesses in town.”
— Small business owner, Duluth

“The first time I bought my own, I used a broker and found that helpful. Now that I know some things, I usually go online and do it myself.”
— Non-group policyholder, Twin Cities
How consumers price value

**Transactional Basis**
- Expected medical costs for the coming year based on experience

**Pure Actuarial Basis**
- Expected medical costs
- Value of being covered in the event of a catastrophic medical event

**Full Value Basis**
- Expected medical costs
- Value of being covered
- Normative, Self-Standards and/or Peace-of-Mind Value

Biggest spenders
Key elements being sought

**How to close the deal**
(a communicator’s and designer’s checklist)

- Help consumer **recognize need**
  - Rational – covering expected and unexpected medical costs
  - Emotional – norms, peace of mind, security, self-standard

- Clear affordable **price tag** up front
  - Specific cost versus generic promises of “affordable
  - Offer financial assistance without framing as a “hand-out”

- Clearly **valuable coverage**

- An intuitive process that offers choices, but **distils the decision-making** to a few meaningful decisions.

- A product that **fulfills emotional needs** – a product that engenders trust and peace of mind at every touchpoint
The small business owners’ journey

**Trigger**: Prompting the search for health insurance (goal)

**The broker**: Most small business owners use, and trust, their broker. There is some concern about whether commissioners influence offerings, but it is minimal.

**Closure**: Brokers offer owners a clear choice based on custom business objectives
Small Business Triggers

Top Reasons Not to Offer Health Insurance

- Could not afford it: 77%
- Not a good value: 28%
- Firm too small: 26%
- Medical underwriting: 22%
- Plans too limited: 18%
- Employees not interested: 14%
- Process confusing: 14%

Preliminary sample size, Not Offer=94

Trigger: Prompting the search for health insurance (goal)
COST
Small Business Triggers

Firms that offer health insurance

- Less or None, 22%
- About Half, 34%
- All or Most, 44%

Firms that do not offer health insurance

- Less or None, 59%
- About Half, 27%
- All or Most, 14%

Trigger: Prompting the search for health insurance (goal)

NORMS

Preliminary sample size, Not Offer=94
Small Biz & Brokers

**The broker:** Most small business owners use, and trust, their broker.

- **Buy Direct, 35%**
- **Use Broker, 65%**

**Years with same broker**

- 0: 6%
- 1 or <: 5%
- 2 to 3: 5%
- 4: 89%

“I would think twice about doing anything without my broker’s opinion; he’s been a trusted advisor for many years.”

— Small business owner, Twin Cities
Closing the Deal: Brokers

“Instead of having to compare all this stuff online I’d rather have somebody just help me – it’s way too time consuming. Sit down, tell me about it.”

— Small business owner, Marshall

Trust broker to select appropriate plan
- Strongly: 55%
- Somewhat: 34%

Trust despite commission
- Strongly: 46%
- Somewhat: 42%

I need broker to sort pros & cons
- Strongly: 51%
- Somewhat: 36%

I’d be willing to pay broker
- Strongly: 17%
- Somewhat: 40%
Key Behavior Factors: A Summary

- **Consequences:**
  - What’s the cost of not having insurance (Loss aversion)
  - What medical costs are coming up?
  - Access to doctor of choice

- **Norms:** What are most people like me doing?

- **Costs:** Is this something I can afford?

- **Efficacy:** Can I boil those this decision to a manageable set of meaningful choices

- **Emotional value:** Peace of mind
Desired State: One theory of value chain

Personal Value

Emotional / intangible

Peace of Mind, Security

Loss aversion
Can meet expectations
Less anxiety

Better health care

Functional

Value: Spend less money on
Fair Deal: Easy to compare plans
Access: Can see the docs I want
Protected: Will pay if disaster strikes

Low-Cost Plans
Easy to use
Good Coverage
Allows pre-existing conditions

Fair Deal:

Access:

Protected:

Value:

Low-Cost Plans

Easy to use
WHAT MIGHT WE DO TO HELP?
Opportunity: Openness to exchange concept

“[the exchange] is a ray of light coming through dark clouds; hope with skepticism.”
— Small business owner, Twin Cities

“Seems too good to be true. Can you really deliver all that?”
— Small business owner, Twin Cities

“I was totally against this when we came in here, but I’m warming up to this idea of employees taking more responsibility in choosing a plan.”
— Small business owner, Twin Cities
### What do we call the exchange?

<table>
<thead>
<tr>
<th>Name</th>
<th>PRO</th>
<th>CON</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minnesota Health Insurance Exchange</td>
<td>“Things are just bought and sold, more innocent”</td>
<td>“Sounds like stocks, which are confusing”</td>
</tr>
<tr>
<td>Minnesota Health Choices</td>
<td>“That’s what it is”</td>
<td>“Wishy washy, not as classy”</td>
</tr>
<tr>
<td>Minnesota Health Insurance Marketplace</td>
<td>“Direct, simple and to the point. Sounds more professional”</td>
<td>“Doesn’t sounds like government at all”</td>
</tr>
<tr>
<td>Health Plans Minnesota</td>
<td>(Not tested qualitatively)</td>
<td>(Not tested qualitatively)</td>
</tr>
<tr>
<td>Minnesota Health Connection</td>
<td>(Not tested qualitatively)</td>
<td>(Not tested qualitatively)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Biz</th>
<th>Con</th>
</tr>
</thead>
<tbody>
<tr>
<td>14%</td>
<td>8%</td>
</tr>
<tr>
<td>32%</td>
<td></td>
</tr>
<tr>
<td>15%</td>
<td>16%</td>
</tr>
<tr>
<td>23%</td>
<td>14%</td>
</tr>
</tbody>
</table>

Consumers preferred this name, but in focus groups, some said it was bland and generic. Few thought it was unclear. Only “Exchange” was seen as confusing.
Who should run the exchange?

**PRO**
- They take care of people as their job

**CON**
- Could become political issue, worry about corruption

**State**

**PRO**
- If a non-profit would function like Consumer Reports it would be great

**CON**
- Potential “bonehead” employees; who’s on the board?

**State Agency**
- 16% Consumers, 13% Business

**Hybrid**
- 42% Consumers, 43% Business

**Non-Profit**
- 43% Consumers, 44% Business
Six branding approaches were tested

“RIGHT FIT”
Minnesota wants to help you find the right health insurance plan for you. The state is creating a website where you can compare costs and what care is covered. You can explore both private insurance plans and public programs then select the best fit for you. The state is also setting up a toll-free help number and paying “navigators” to help people find the right health insurance plan for them.

“MARKETPLACE”
Minnesota is creating a new health insurance marketplace. It is a website where you can compare different health insurance plans and choose the one you like. Private health insurers compete to win your business. Lower-income people can also enroll in public health insurance programs.

“AFFORDABLE”
Minnesota is creating a way to help people afford health insurance. It is a website where middle-income people can reduce premiums with tax credits and where lower-income people can secure the insurance they need for free.

“EASY”
Minnesota is creating an easier way to shop for health insurance. It is a website that classifies private health insurance plans by how much they cover and lets you compare prices among similar plans. Just select the plan you like best.

“COMPARE”
Minnesota is creating a better way to compare health insurance options. It is a website where you can shop and buy health insurance. Plans are put into four levels – bronze, silver, gold, and platinum – based on how much they cover. You can compare the monthly costs of similar plans, as well as co-pays and deductibles, and select the plan you like best.

“ONLINE SHOPPING”
Minnesota is creating an online shopping site for health insurance. It is a website that provides instant comparisons and allows you to buy a plan at any time. You can purchase insurance directly – no need to sit down with an agent, broker or anyone else.
Minnesota wants to help you find the right health insurance plan for you. The state is creating a website where you can compare costs and what care is covered. You can explore both private insurance plans and public programs then select the best fit for you. The state is also setting up a toll-free help number and paying “navigators” to help people find the right health insurance plan for them.

“Navigators seem like real live people you can talk to.”
— Uninsured resident, Duluth

Minnesota is creating a new health insurance marketplace. It is a website where you can compare different health insurance plans and choose the one you like. Private health insurers compete to win your business. Lower-income people can also enroll in public health insurance programs.

“Private companies competing for business is good.”
— Uninsured resident, Bemidji
Targeting the “Low-Hanging Fruit”

**BASE**
Very likely to use exchange
31%

**SWING**
Middle two boxes
44%

**ANTI**
Very unlikely to use exchange
24%
### Segment profiles

**Core Segment**
- Middle-aged
- Unemployed
- Most educated and online
- Recently uninsured.

**Swing segment**
- Younger
- Often employed part-time
- College graduates

**Anti segment**
- Tends to be older
- Lesser educated,
- Longer-term uninsured
- Online less.

<table>
<thead>
<tr>
<th></th>
<th>Core</th>
<th>Swing</th>
<th>Anti</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age 25-34</td>
<td>14%</td>
<td>18%</td>
<td>11%</td>
</tr>
<tr>
<td>Age 35-44</td>
<td>11%</td>
<td>12%</td>
<td>11%</td>
</tr>
<tr>
<td>Age 45-54</td>
<td>36%</td>
<td>32%</td>
<td>31%</td>
</tr>
<tr>
<td>Age 55-64</td>
<td>38%</td>
<td>39%</td>
<td>47%</td>
</tr>
<tr>
<td>Married</td>
<td>68%</td>
<td>68%</td>
<td>62%</td>
</tr>
<tr>
<td>Never married/single</td>
<td>16%</td>
<td>22%</td>
<td>22%</td>
</tr>
<tr>
<td>Employed full-time</td>
<td>38%</td>
<td>41%</td>
<td>34%</td>
</tr>
<tr>
<td>Employed part-time</td>
<td>15%</td>
<td>25%</td>
<td>16%</td>
</tr>
<tr>
<td>Unemployed</td>
<td>17%</td>
<td>10%</td>
<td>16%</td>
</tr>
<tr>
<td>High school graduate</td>
<td>17%</td>
<td>24%</td>
<td>30%</td>
</tr>
<tr>
<td>Some college</td>
<td>26%</td>
<td>28%</td>
<td>35%</td>
</tr>
<tr>
<td>College graduate</td>
<td>38%</td>
<td>32%</td>
<td>21%</td>
</tr>
<tr>
<td>Uninsured less than 6 months</td>
<td>28%</td>
<td>18%</td>
<td>8%</td>
</tr>
<tr>
<td>Uninsured 6 months to 2 years</td>
<td>27%</td>
<td>32%</td>
<td>21%</td>
</tr>
<tr>
<td>Uninsured 2+ years</td>
<td>42%</td>
<td>43%</td>
<td>56%</td>
</tr>
<tr>
<td>Never had insurance</td>
<td>3%</td>
<td>7%</td>
<td>15%</td>
</tr>
<tr>
<td>Use internet daily/almost daily</td>
<td>85%</td>
<td>70%</td>
<td>44%</td>
</tr>
<tr>
<td>Have kids under 18</td>
<td>39%</td>
<td>37%</td>
<td>24%</td>
</tr>
</tbody>
</table>
### Appeal of features by segment

- **A website to compare your health insurance plan to others**
  - Ant: 24%
  - Swing: 55%
  - Core: 86%

- **Search for tax credits and assistance then use instantly**
  - Ant: 28%
  - Swing: 46%
  - Core: 71%

- **A website to sort health insurance plans by different criteria**
  - Ant: 16%
  - Swing: 47%
  - Core: 85%

- **Toll-free number to ask questions about health insurance**
  - Ant: 30%
  - Swing: 41%
  - Core: 68%
Appeal of features by segment

Experts to help you find the best health insurance plan
- Anti: 27%
- Swing: 39%
- Core: 67%

An online premium calculator where you could anonymously learn the likely cost of a private health insurance
- Anti: 21%
- Swing: 46%
- Core: 75%

A website that allows you to compare health insurance plans
- Anti: 22%
- Swing: 58%
- Core: 88%
Another Key feature: Service

“I’d like to sit one-on-one and make sure I didn’t miss anything and have answered everything correctly.”
— Uninsured resident, Duluth

“I would research insurance on the Internet, but I don’t think I’d feel comfortable buying it on the Internet. There’s something to be said for meeting face-to-face and knowing that someone is accountable for your plan.”
— Small business owner, Bemidji

It’s a big expense, the premiums are high. You want to speak with someone you know you trust.”
— Small business owner, Duluth
Initial Recommendations

Outreach efforts and communications for the exchange should...

- **Do some outreach NOW.** Goodwill exists if people are brought into process, experts say.
- **Acknowledge the arduous experience** consumers and small businesses go through when seeking insurance to establish empathy.
- **Frame the exchange as a tool that can help bridge a gap for everyone,** but do so in a way that doesn’t “over-sell” the benefits and set unrealistic expectations.
- **Recognize the path to being insured is a journey for most people,** so materials should be tailored to address barriers at each stage of the journey.
- **Deal with the issue of cost and trust early in the process.** Consumers are adept at quickly discerning whether something is trustworthy and within their means; if that’s not quickly established, we’ll lose them. Related, generic terms such as ‘affordable’ and ‘low-cost’ are less effective than specific figures.
- **Engage brokers as intermediaries,** as small businesses still want their expertise and advice.
- **Emphasize** two broad aspects of the exchange concept: **personalized (or “right”) choices** for consumers and **competition among carriers** (which consumers see as potentially lowering costs).
- Plan to incorporate some variation of ‘**Marketplace’ and/or ‘Choices’ language** in the exchange name.