



R.L. Repass & Partners, Inc.

Opinion Research ■ Marketing Research ■ Strategic Counsel

Executive Briefing *Draft v1.0*

West Virginia Insurance Exchange Concept & Brand Research
Charleston, Princeton, Weirton, Morgantown, and Martinsburg
April 20 – 27, 2011

BACKGROUND & PURPOSE

As a part of the Affordable Care Act (ACA) passed by Congress and signed into law in 2010, West Virginia is currently working to develop the state's Insurance Exchange program. In an effort to outline their pathway for creating a successful Insurance Exchange, the West Virginia Insurance Commission and the Department of Health and Human Resources has partnered with The Arnold Agency and R.L. Repass & Partners, Inc. to engage with potential the general public and small business owners and managers to identify current information gaps about the Insurance Exchange concept, opinions regarding access to health insurance through the Exchange, how to position the Exchange as a tool to purchase health insurance, and how to communicate the overall benefits of the concept. This research also explored various messaging and branding concepts to be considered the team deployed to develop and market the Insurance Exchange.

INFORMATION OBJECTIVES

The following represents the primary information objectives of this research:

- Define awareness of/knowledge about the Insurance Exchange in West Virginia among targeted populations
- Determine what the public and small business owners/managers know about the ACA and the Insurance Exchange program
- Understand what information consumers have and need, as well as where they are currently seeking information about the exchange



- Identify how consumers talk about the exchange so what appropriate language, wording and branding strategies may resonate with consumers
- Identify the trusted advisors consumers will seek for information about the program
- Explore information channels respondents use for information about health topics including insurance

METHODOLOGY

To meet these objectives ten focus groups with targeted respondents were held in the following West Virginia cities: Charleston, Princeton, Weirton, Morgantown, and Martinsburg April 20th through April 27th, 2011. Five of the groups were comprised of consumers and five were comprised of small business owners/managers. The consumer groups consisted of state residents screened and selected based on their income level, and level of insurance (under insured or no health insurance); while business owners/managers were selected based on size of business (25 employees or less) and role in the health insurance selection process. All groups were conducted at 6 and 8 p.m. The client/sponsoring organization was not identified during the respondent selection process nor during or after the focus groups.

Groups 1 & 2	April 20, 2011 Charleston
Groups 3 & 4	April 21, 2011 Princeton
Groups 5 & 6	April 25, 2011 Weirton
Groups 7 & 8	April 26, 2011 Morgantown
Groups 9 & 10	April 27, 2011 Martinsburg

Focus groups are a form of *qualitative* research (versus *quantitative*) that allows in-depth understanding of marketing/communication issues from a small group of selected respondents under the direction of a trained moderator. The moderators for the groups were Rex Repass, President/CEO of R.L. Repass & Partners, Inc. (RL Repass) and Lane Byrum, Qualitative Research Associate with the firm. Working closely with the clients, a screening questionnaire was developed to qualify respondents in each respondent segment to participate in the research. Information and analysis of the focus group findings should be considered *directional* rather than *conclusive*.



DETAILED FINDINGS

While there is broad awareness in the Affordable Care Act, there is little awareness or familiarity with the details of the Insurance Exchange component of the federal legislation.

Very few respondents, in both the consumer groups and business groups, were aware of the Insurance Exchange. Most respondents, while aware of the ACA, have very little understanding of the purpose of the Insurance Exchange component of the Act, and who it will benefit.

After the Insurance Exchange concept was briefly explained—*the Insurance Exchange is part of the Affordable Care Act and the Insurance Exchange will be a marketplace that offers buyers of health insurance a variety of different plans from which to choose based on various insurance providers*—most respondents seemed to feel that the concept had merit.

“I think it sounds like something that could help those that can’t currently afford insurance.”

“I think the concept is wonderful as long as it doesn’t exclude people with pre-existing conditions, there would have to be open enrollment in order for it to benefit the public at large, and it would have to be affordable.”

“I think it sounds like a great idea; but at the end of the day if I still can’t afford it, I am not getting it. I would like to have insurance; it’s scary not to have it. But affordable means a lot of different things to a lot of different people. If I could afford it, I would get it.”

“I think it sounds good . . . but I’m probably not eligible, even though I don’t have insurance now . . . I think I would make too much, that’s what happen to me with Medicaid.”

“I think it sounds like it would make it easier to get affordable coverage or at least feel like you have a say in how much you are paying.”

The Insurance Exchange concept resonated with individual consumers and small businesses. However, the concept was generally more favorably perceived among small business owners than the public at large.

Small business owners are very concerned about the increasingly high cost of health insurance for employees. Most feel they have a “moral or ethical” obligation to do what they can to provide health insurance to employees, but premium costs are having a significant impact on the ability to offer coverage.

Many participants reported that they want some level of coverage for their employees, but that they want to “get out of the insurance business.” Continual rate increases, negotiating with insurance providers, and dealing with employee

emotions is a “hassle and a headache” for many, but there is a need, or even, burden to provide some sort of insurance option and coverage for employees.

“It sounds like a good idea; my company is small . . . and we can’t carry insurance for five employees. This sounds like that would provide an opportunity for our company to be able to afford insurance.”

“You know I work for a small company, we have 43 employees, and we pretty much do this on our own now. We shop around and then ultimately choose between three or four different insurance companies to see where we can get the best rates. This would just make that process even easier for us and probably make the rates even more competitive.”

 In addition to small business, the Insurance Exchange is perceived to benefit the uninsured or underinsured.

After briefly explaining the Insurance Exchange concept to respondents, the consensus was that the exchange would benefit the uninsured or underinsured the most. The perception is that since those individuals are in the greatest need of insurance, that they will benefit more. It will be important to convey to all consumers and business owners/managers who currently have insurance that they too can benefit will be important to communicate. There is also confusion about how the exchange will be differentiated from the federal Medicaid program, as illustrated in the quote below.

“I think it’s for people that are below the poverty line, but can’t qualify for Medicaid because they make too much.”

“I think it is perhaps for the uninsured and for small business. Maybe those two groups have the most difficult time getting insurance coverage.”

“I think it is for the uninsured and underinsured so that they have a chance to have some insurance.”

“I think this exchange will offer insurance to unemployed and underemployed who maybe have some coverage, but not really great coverage.”

“I really think that ultimately this is going to benefit the consumer because now you have all these insurance companies that are going to have to compete. If we have a big bank of different insurance and the consumer has the option to pick between any of them, they will have to keep it competitive.”

 A barrier to implementation of the exchange concept is a mistrust of government, particular at the federal level in Washington, even among those respondents who do not have health insurance and are underinsured.

Consumers appear to be very skeptical of any service that is managed by government, especially when it comes to private and personal information, like health insurance. This is a particularly strong point-of-view with respect to the federal government. Some respondents are just uncomfortable sharing health related information for fear of what the “government will do something with their information.” In addition, there is simply great mistrust of anything that is government managed; the feeling is that if the government is in charge of it, the government will ruin it. That said, there appears to be more trust in state government in West Virginia than the federal government.

This feeling was a somewhat less negative opinion among business owner/manager participant, though some respondents were still concerned about government managed programs. Positioning the exchange as a “market based” or “marketplace” solution to buying health insurance and the government’s role is simply to offer the conduit to purchasing at a lower cost (annually) is key to consideration of the service.

“You know, there is a red flag for me here because it seems that there is a political undertone. The federal government rarely really has the needs of the people as it’s first priority.”

“I don’t want to be involved with much that the government is running.”

“You know, I don’t use the Internet that much because I am afraid that someone is going to get my information. I don’t want to give my information to the government and let them have a hand in my business.”

“I don’t want the government to stick their nose in my business anymore than they have to.”

“You know I don’t trust the government very much and Charleston is full of lobbyist, I bet this will benefit the government and big health insurance companies.”

“If Washington has anything to do with it, I look at it with a skeptical eye. Now, if the insurance people in Charleston, the people who regulate this, they may be someone I would listen to and trust more.”

“You know it’s like the utilities, I trust the regulators more than the companies, like the Public Service Commission. If the insurance commission spoke on this idea, I would probably listen to what he says.”

 Respondents are generally comfortable using online portals for purchases of various products and services.

It appears that consumers and small business are very comfortable using online portals (e.g. Orbitz, Expedia, and eSurance) to purchase products and services, manage banking relationships, and, in some cases, conduct business related to their health care needs. Several respondents said they have used online forms to apply for health insurance in the past or provide health history information. Those who had applied for insurance or searched online health insurance products (eSurance) recommended that the search be limited to a smaller number of choices versus larger (too many choices can be overwhelming/confusing).

Younger respondents had also used online services to re-order prescription medications and complete health care registration processes. Clearly there is a higher comfort level with younger (35 and under) respondents, but nearly all participants had Internet access at home. Younger respondents were also receptive to receiving and accessing Insurance Exchange Information via a smart phone app.

“I buy everything online; I bought my car insurance online, I buy clothes online, I have my phone attached to my hand and I live off of it. It was cheaper for me to buy my car insurance online because I could compare quotes.”

“I bought my car insurance online. I went to the companies around here and I just felt like I was another number and they were trying to meet a quota. I found that getting insurance online was a little more customer friendly.”

“I use Orbitz and places like that. I would at least consider using an online portal for health insurance.”

“I purchase and order my diabetic supplies online because it always ends up being cheaper in the long run. I wouldn’t be opposed to going through something like this to find the best rates on insurance.”

 Respondents requested that information on annual premium costs, deductibles, and co-pays, as well prescription drug benefits are available via the Insurance Exchange. Cost is clearly the primary barrier to buying insurance for those uninsured.

It is important to most respondents to engage the Insurance Exchange via a web portal and “pick and choose” (bundle) what options best fits their needs (e.g., co-pays, coverages, deductibles, and premiums). This will make the exchange user-friendly and relevant for the consumers and small business owner/managers. Other respondents also requested that a prescription drug benefit is of high value. Respondents indicated that in order for consideration, it is necessary that prescription drug plan options need to be included in the exchange. Consumers and

small business would look first at the monthly costs, followed by prescription drug coverage as the factors that would most likely drive choice.

"We need to see what the total cost per month is and how we can save the company and the employees money. If we can save 20% or better, we would definitely consider the exchange. That's what drives our decision."

"If it doesn't offer prescription plan, then it doesn't help me. If I can afford to go to the doctor but then can't afford the prescriptions afterwards, what good does that do me?"

"I need it to give me all the information that I need. I want to know about my coverage and my deductible and every little thing. I feel like you always get blindsided with fine print. I want full disclosure."

"It has to have prescription drug benefits. I don't have that now and I can't afford the drugs that the doctors prescribe."

"If it doesn't have prescription drug benefits, then I wouldn't even be interested in getting involved."

"I want to see prescription costs. They can vary all over the place if you have a plan. If you don't have a plan, you cannot afford the medicine."

"I want to see what everyone else is saying (prescription costs, deductibles, etc.), but I want to be able to do side-by-side comparisons. I also want to see what hospitals (network vs. out-of network) are covered. Give us as much knowledge and information as possible."

 Messaging about the Insurance Exchange should be cost savings oriented, with consumer-driven, "plain talk" about the affordability and importance of health care coverage.

Avoid insurance jargon and policy-wonk language about why the ACA is important to America. Messaging should focus on how the exchange concept helps real people with real concerns about the affordability health insurance.

Messaging about the exchange should focus on cost saving (large pool of buyers reduces costs/tax credits available), flexibility/plan design based on needs, coverage of pre-existing conditions included (by law/part of the ACA) and choice options via the Insurance Exchange portal.

Avoid language about being "required by law" to have health insurance or any analogy to laws requiring automobile insurance. Consumers don't like feeling like they are being told to do something or being forced to do something.

Eligible consumers and businesses also need to thoroughly understand tax breaks and other incentives they will have available to them. Eligibility for discounts, tax

breaks and other financial incentives need to be detailed in “plain English,” with easy to understand language.

“I don’t like the idea of being told what to do. It’s not that I wouldn’t be interested in the insurance, but when the government mandates me to do something, I don’t like that.”

“I don’t like the idea of everyone being required. If you are someone who is healthy and really don’t need health insurance, why do I have to be required to have it?”

“I don’t like the idea of being required to have health insurance. I can barely pay my bills as is, last month I had a hard time paying my electric bill and can barely afford a place to live, how someone could require me to have something that I just can’t afford it.”

“I think we should all have a choice to not pay for something. Many people are going to have to work extra hard to afford this.”

“I think we all have rights and if the government tells me that I have to have it then that makes me feel like they are taking my rights away.”

“They need to have a FAQ section of a website that spells out exactly who is this is for, who it’s not for, and how you can save money.”

 Affordability is different to each person and consumers are sensitive to what affordability means to him or her.

Consumers and small business owner/managers are quick to point out that affordability is a phrase that has a different meaning and connotation to each person. Respondents were very concerned with who is defining “affordable” for them. Affordability will vary significantly from one household to the next; and they that they don’t trust that the government (or any other party) can define affordable as it fits in their world.

There is a perception that affordable is not really affordable, no matter what changes are coming as a result of the ACA. Consumers in particular cannot wrap their head around that they can afford to be insured. Even if they know it’s in the best interest of their families, it is hard to imagine how it would be possible to pay for comprehensive medical coverage (for those uninsured respondents). It’s difficult for those who haven’t had many medical expenses to understand the types of costs that occur if an accident or illness happens without having insurance. Those that have had that experience seem to be willing to have coverage, regardless of the costs.

“I think it’s good that it’s affordable – but affordable to who? They look at my gross pay, they always do. According to someone I am middle class and I should be able to afford insurance. I am living paycheck-to-paycheck, I can’t afford insurance.”

"I can't afford it, it's not that it's not offered to me, but I can't afford it. It always seems so expensive."

"In order for me to really consider this, it would have to be significantly lower than what my current costs are for insurance. Like half as much."

"The thing is, if they make it affordable, it's going to be crappy coverage."

"This concept is appealing; I would make the money to be able to afford it if I could. I have been in a situation where I got in a bind with no insurance and it completely wiped out my savings."

"Unless you have been there – experienced some kind of sickness without insurance, it can just blow you out of the water how expensive it is."

 While the agent/broker relationship is important, the potential cost savings that an Insurance Exchange can bring to consumers and small businesses appears to be a more important driver of choice.

Participants find the role of the insurance agent and/or broker important because that is the individual that helps them navigate through the confusion of buying insurance in general. However, there appears to be only modest loyalty to one particular agent if there is an opportunity to save significant dollars on annual premium costs. Several respondents said they had been with an automobile insurer and agent for many years but recently switched to Progressive to save money.

Clearly, the purchase of health insurance is even more daunting and overwhelming to both consumers and small business owner/managers. If the Insurance Exchange portal was easy to navigate and provided help to those with questions, it could minimize the need for having an agent or broker for purchasing health insurance. Some small business owners already use the internet to search for insurance coverage.

"We never met our insurance agent. We used him for years and he never even had seen hi. It was so impersonal anyway that I wouldn't be skeptical of doing it online because I didn't have that established relationship with an agent."

"You can chat online with an agent or a representative; that's fine with me."

"It is probably truly a generational thing, but it seems like the older people like an agent and that interaction with someone, and the younger people are comfortable with doing it without one."

"I am fine with using the Internet to shop health insurance prices and inform myself about what's out there, but I still like having an agent to be able to help me navigate."

 **Branding positioning concepts that resonate most are those that describe the primary benefits of the exchange including lower costs, coverage that protects, freedom to choose, and an emotional element leveraging consumers' "pride in West Virginia."**

Respondents defined health insurance as "*providing affordable coverage that will care for my medical needs and protect me and my family.*" Trust in the exchange and carrier options (well-known companies) is also an important part of the value proposition important to consumers and business owners/managers.

Consider including branding wording consumers in West Virginia take pride in as state residents. Words tested in this research that seemed to work with consumers and business owner/managers alike included:

- *Freedom*
- *Choice*
- *Mountain*
- *Heritage*

When considering the process for building the Insurance Exchange brand, remember that a brand should:

- Define the organizations *enduring reason to exist*
 - ✓ To provide affordable health insurance to all West Virginians
 - ✓ To provide coverage that protects me and my family
 - ✓ To trust the organization that is providing the insurance
- Recognize that the people representing the brand *are the brand*
 - ✓ The state, through the Insurance Commission, will need to build trust with consumers and businesses in the state, that the people marketing and managing the exchange deserve the public's trust
 - ✓ Building value propositions and branding language around what is important to consumers and business will engender trust
 - ✓ A high level of customer service and responsiveness will engender trust

- Perceptions and experience are the *life blood of a brand's existence*
 - ✓ What consumers and business who consider and purchase through the exchange say about the experience will define the brand.
 - ✓ A build it and they will come strategy without a high level of customer service will likely doom the brand
 - ✓ How does the exchange deliver on its brand promise will be scrutinized by consumers and businesses

Also remember that a brand is a *promise*. Delivering on that promise will build trust and sustain and grow the brand. The promise of a brand should:

- Be made to all stakeholders (e.g., all eligible consumers and businesses, insurance carriers, and employees of the Insurance Commission)
- Clarify and differentiate what is unique about the Insurance Exchange versus other means of purchasing health insurance either directly or as an employee of an organization
- Focus on the *emotional, aspirational, and tangible* benefits of purchasing insurance through the exchange
- Communicate and deliver on the *functional benefits* most important to the *consumer/business* of buying health insurance through the exchange (e.g., *cost savings, access to affordable care, choice options to meet individual needs, reducing the headaches/hassles on business*)
 - ✓ The most powerful brand positionings promise the benefits most important to customers

Recognize that multiple channels will be required to deliver an effective brand introduction, positioning, and value proposition including (and most importantly) a robust Internet presence, supported by both paid and earned media using multiple channels.