

South Carolina Perspectives on a Health Insurance Exchange: A Focus Group Research Study

*This report is based on research conducted by the
South Carolina Institute of Medicine and Public Health for
the South Carolina Department of Insurance*

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ABSTRACT

Perspectives of South Carolinians regarding a health insurance exchange were collected during a series six of focus groups conducted from July through September 2011. Participants included small business leaders, insurance agents and carriers, healthcare system administrators, representatives of consumer organizations, and direct consumers. Each focus group was facilitated by trained research staff based on a structured discussion guide with questions tailored to the specific expertise of each group. A total of 41 participants were involved in this study. Each focus group was audio-recorded, and the verbatim transcripts were coded by members of the research team using descriptive phrases that were analyzed to identify common themes. Five broad themes emerged from across the discussions: cost escalation, openness and information, individual/personal responsibility, competition and marketplace, and fostering innovation. Each theme represents perspectives shared commonly across the various groups and is based on specific statements made by participants. Numerous questions regarding the technical and/or logistical aspects of an exchange yielded input that was inconsistent across participant groups. The results of this research support the need for a broad view of the context of a health insurance exchange and attention to the diverse array of factors—in addition to insurance coverage—that influence the cost and accessibility of healthcare services.

INTRODUCTION

The Patient Protection and Affordable Care Act, which became federal law in March 2010, includes a set of specific provisions for the development and implementation of health insurance exchanges at the state level. As each state explores the specifics of these provisions, a critical question is whether states will develop a state-based exchange or default to a federal option. The South Carolina Health Planning Committee was established in March 2011 to assist with the formulation of policy recommendations regarding whether it is feasible for South Carolina to establish a health insurance exchange and, if so, propose a plan for its successful implementation and sustainability.

In an effort to support the work of the Health Planning Committee, the South Carolina Department of Insurance commissioned research on the status of insurance coverage in the state as well as key perspectives on various aspects of a health insurance exchange. As a component of this broader research initiative, the South Carolina Institute of Medicine and Public Health (formerly the South Carolina Public Health Institute) conducted a focus group study among key constituencies to explore their perspectives on health insurance coverage, marketplace considerations and the type of exchange that South Carolina could have. The content of this report reflects the methodology, results and conclusions relevant to this study.

METHODS

Perspectives on health insurance coverage and related considerations were gathered through six 90-minute focus groups conducted from July through September 2011. Each focus group was comprised of individuals representing prescribed stakeholder groups. These groups included small business leaders, insurance agents and carriers, healthcare system administrators, representatives of consumer organizations, and direct consumers. (Note: An effort was made to include frontline healthcare providers, but scheduling demands on those professionals proved to be a significant barrier in convening that group.)

With the exception of the consumer focus group, participants were recruited through individual contacts and referrals. Professional participants were not provided financial incentives for their involvement, but meals were offered to all participants during each focus group session. The consumer group participants each received a \$75 gift card for their involvement. In order to ensure diverse representation of consumers, a marketing firm was engaged to recruit individuals who reflected varied demographics and represented both the insured and under/uninsured populations.

Each focus group was facilitated by trained research staff based on a structured discussion guide with questions tailored to the specific expertise of each group. The discussion portion of each focus group session was digitally (audio) recorded and transcribed verbatim by a professional transcriptionist. A note-taker was also present for each discussion to ensure redundancy in capturing the data.

At the beginning of each focus group, participants were provided with general information about the purpose of the research as well as the format and agenda for the session. Each participant was advised of the optional nature of their involvement and received a written copy of the overview information. Prior

to the guided discussion portion of each focus group, participants were advised that this research was not intended to be a debate about healthcare reform or the legislation itself. Rather, the focus of the discussion would be the component of the law relating to the formation of a health insurance exchange. The focus group protocol also included a verbal and written description of the basic concepts relevant to a health insurance exchange and the essential aspects that would be used to define participation. Core questions relating to development, implementation and governance of exchanges were asked of each group. Broader questions about the insurance marketplace and the healthcare environment were also included for each group and were tailored to the expertise of participants, as needed.

Members of the research team reviewed the transcripts and coded data using descriptive phrases related to the purpose of the study. Each of the researchers completed coding independently and then met together to share results and conduct further analysis. A standard protocol was used to identify salient themes, recurring ideas or language, and patterns of belief. Following general agreement concerning language, perspectives and overarching themes, the research team identified specific statements from the transcripts to support the themes that emerged. Individual themes were reviewed for rigor and then consolidated (where necessary) to eliminate potential redundancy. Themes representing the most common perspectives on the issues discussed across the groups were confirmed, and participant statements were then included to add clarity and demonstrate the strength of the data.

RESULTS

A total of 41 individuals participated in the six focus groups, which were held in Greenville, Columbia and Charleston, SC. Table 1 details the key stakeholder populations engaged, the number of focus group participants, and the geographic location of each session.

Table 1. Focus Group Information

| Stakeholder Population | Number of Participants | Session Location |
|---------------------------------------|------------------------|-----------------------|
| Small Business Leaders (2 groups) | 10 | Columbia & Charleston |
| Insurance Agents and Carriers | 8 | Columbia |
| Healthcare System Administrators | 7 | Greenville |
| Consumer Organization Representatives | 5 | Columbia |
| Direct Consumers | 11 | Greenville |

The convenience sample of participants across the various professional groups provided a cross-section of opinions on the topical focus of this research. Varied levels of understanding in regard to the specifics of an insurance exchange allowed for constructive dialogue and a balanced exchange of ideas. Basic information was provided, as needed, to each group regarding the fundamental concepts relative to a health insurance exchange. The sample of direct consumers was recruited by a third-party entity (as described in the Methods section) with strict criteria for diversity—particularly in regard to insurance status.

Each focus group discussion addressed the contextual aspects of the insurance marketplace as well as the specific technical and/or logistical aspects of an exchange. Questions and prompts were designed to effectively promote discussion within each group, emphasizing the need for balanced involvement by all participants. Across the discussion groups, five consistent themes emerged that represent the substance of the qualitative data: *cost escalation, openness and information, individual/personal responsibility, competition and marketplace, and fostering innovation.*

Bridging those specific themes were two overarching ideas that serve as introductory and concluding elements to the results of this research. The introductory element addresses *theory vs. practice* and the concluding element focuses on the broader *health outcomes* of South Carolinians. The introductory element reflected a shared vision among many participants that the theory behind an exchange—specifically the effort to extend health insurance coverage to those who do not have it—is a laudable goal. It is the practical aspects of that effort that concerned a number of participants as evidenced by the following quotes:

“It’s a good theory in concept of offering everybody insurance, but I don’t know if it [an exchange] is necessarily the right vehicle to do it.”

Insurance Industry Representative

“I hear insurance reform, and I agree—it needs to be done. I have yet to understand how; yet to see a plan.”

Consumer

The first theme that emerged across all groups was that of *cost escalation*. Participants felt that an exchange, while perhaps increasing coverage options and creating an opportunity to compare plans, would do little to address the underlying issue of the cost of healthcare and the fact that those costs are, in part, what drives the cost of health insurance premiums. As examples of this belief, participants in the insurance industry focus group stated:

“All it [an exchange] does is bring more volume to the problem, which is cost.”

“Neither system right now—the proposed system of the exchange or our current system—is dealing with the cost drivers of healthcare.”

A participant from the small business focus group underscored that concern by stating:

“We can’t sustain as consumers any more cuts in benefits, and we can’t sustain as employers the cost of what it takes to be insured.”

The shared concern around cost escalation extended to the impact of high deductible and maximum coverage health plans which are perceived by some as creating burdens for both consumers and healthcare systems, as expressed by a healthcare system administrator:

“Patients [with high deductible or maximum coverage policies] become, from our perspective, charity patients, and that has a tendency to cause the patient to not seek care until, lots of times, it’s pretty close to too late.”

Complementing the attention paid to cost concerns is the second theme of *openness and information*. This theme reflects the apparent confusion and frustration that exists on multiple levels regarding the costs of both insurance and healthcare services. The following quotes yield perspective on this issue:

“To read those hospital bills and what the insurance rate was and what the adjusted rate was and what the contractual rate was...it would take a genius to figure that out.”

Consumer Organization Representative

“I don’t know of a soul that I’ve talked to that understands insurance.”

Consumer

“You ask people: What does your medication cost? [They will say] ‘It costs me \$20.’ No, that’s the co-pay. What does it cost? If you knew what it costs, it would curl your hair.”

Small Business Leader

Another concern related to the substance of the previous quote is that individuals are seen by

some as being removed from the true costs of healthcare. A member of the insurance industry focus group indicated that the conceptual design of a health insurance exchange—particularly the provision of premium subsidies—may contribute to that disconnect:

“The exchange will further remove the consumer from the cost of healthcare.”

It is that general sentiment that creates a linkage to the theme of *individual/personal responsibility*. A number of participants from across each of the groups highlighted the need for attention to promoting greater responsibility for both healthcare choices and individual health behaviors as reflected in the following quotes:

“There has to be a cultural change within the society with regard to wellness and accountability—responsibility—and until that begins to take shape, I don’t see anything changing.”

Insurance Industry Representative

“How will people be held accountable for their own health? Those that smoke, that are morbidly obese—they’re the ones that add to the cost of healthcare, and we’re paying for that.”

Small Business Leader

The broader discussion around this particular theme did include recognition by many of the need for targeted guidance and education for those who require the most help in regard to their health practices. This specific concern was expressed by a healthcare system administrator who commented on the potential limitations of an exchange in addressing this need:

“It’s one thing to have [insurance] coverage, but then how do you use it in a way that manages your health status in the most effective way?”

The next theme of *competition and market-place* grew out of the answers to various

contextual questions that were posed to each group. Participants in most groups expressed a perceived lack of competition in the insurance marketplace, as reflected in the following quotes:

“All roads lead back to one or two companies with the same amount for premiums.”

Small Business Leader

“Competition is a concern and despite having put all the large payers essentially on par, other payers have not been able to gain market share.”

Healthcare System Administrator

“We do not have enough competition; we do not have enough quality carriers.”

Small Business Leader

The issue of competition in the state-level marketplace was also seen as a broader national concern:

“I think the country, as far as that is concerned, needs to open up the market...cross the state lines...open it up, and I think it’ll create a lot of competition.”

Consumer

Participants from the insurance industry also focused considerable attention on marketplace concerns, expressing particular interest in the impact that an insurance exchange would have on “redefining the marketplace.”

The final theme of *fostering innovation* emerged from a variety of comments regarding the opportunity that exists through any reform effort to explore new ideas and test innovative practices. Participants expressed a general desire for something different (as opposed to the current system of coverage options) that they believe should be implemented in an efficient and non-partisan manner. Many participants pointed to the opportunity that exists to

highlight promising practices across our state and develop a unique, state-based solution that benefits all South Carolinians. The following quote emphasizes that specific point:

“We in South Carolina probably know our people better than the feds probably know us. From the state’s perspective, I think we would be better off doing it [an exchange] ourselves.”

Healthcare System Administrator

Related to this theme, a number of participants also presented their belief that current practices and programs should be preserved (where possible) to minimize cost and duplication of effort and maximize potential benefit.

In addition to each of the five broader themes, participants across all groups shared a belief in the need to improve the health and quality of life of South Carolinians. The concluding element of *health outcomes* became a positive focus for all of the groups. As such, they directed attention to the need for healthcare reform efforts to result in improved health statistics and a higher standard for outcomes in regard to both health and quality of life.

The technical and/or logistical questions related to exchange development yielded little consensus. Most participants preferred to focus on contextual issues they found to be more relevant to current considerations. The one area of general agreement was the belief that a state-run exchange would be preferable to a federal option. Aspects of state control and tailoring to meet the unique needs of the state were seen as advantages to a state-administered exchange. Some participants did express concerns around the sustainability and cost of a state exchange, but most participants were still inclined to support a state approach despite those considerations. Discussion around the structural elements of an exchange (e.g., governance, organizational placement) yielded no consensus opinions. Those aspects were seen as further removed from more immediate issues.

DISCUSSION

Focus groups are a useful tool in the research process in that they allow for detailed and thoughtful exploration of complex topics by targeted stakeholder groups. This discussion-based research approach also allows for diverse opinions to be captured and analyzed in a manner that provides useful information—particularly when considered in the context of complementary research methods. The focus groups conducted as a part of this study provide important perspectives on a health insurance exchange and offer insight into the complexity of this issue. The specific findings generated by this study support the need for a broad view of the context of a health insurance exchange and attention to the diverse array of factors—in addition to insurance coverage—that influence the cost and accessibility of healthcare services. The lack of agreement on most of the technical and/or logistical aspects of an exchange reflect the divergent opinions that continue to exist on key aspects of this issue.

CONCLUSION

This study aimed to explore the perspectives of key stakeholder groups on the issues of health insurance coverage, marketplace considerations and the type of health insurance exchange that South Carolina could have. The findings from this research highlight the many considerations that should inform any efforts to establish a health insurance exchange at the state level. The technical and/or logistical aspects of developing and implementing an exchange are vital considerations, but the broader context represented by the common themes detailed in this report offers guidance on the more expansive aspects that should be considered as a part of any reform efforts.

This research received institutional review board approval from the University of South Carolina.

The South Carolina Institute of Medicine and Public Health is an independent convener and research entity established to provide evidenced-based information on issues related to the health of South Carolinians. The Institute is nonpartisan and does not make specific recommendations related to policy considerations. The role of the Institute and its research staff is to provide credible, fact-based information that advances the dialogue on health issues in our state.

The research team would like to acknowledge those individuals who participated in this study. By sharing their perspectives and experiences, these individuals have allowed for greater insight into the critical issues relating to the focus of this research.

For questions regarding this study or the findings presented in this report, please contact the Institute of Medicine and Public Health at info@imph.org.