

# Why Insurance Agents Can Be a Big Deal For Small Businesses

*As more small businesses look to enhance employee compensation and satisfaction by adding health insurance to their benefit packages, an important partner is an insurance agent specializing in the small group market.*

It's an important relationship, says Michael Lujan Co-founder and chief strategy officer of Limelight Health Inc. in Sacramento, and it's a relationship not to be entered into lightly,

"Be choosy," Lujan said. "Just having an insurance license is not enough. There are more than 30,000 licensed agents in California, yet not all are expert in the small group market segment."



For California's 700,000 small businesses, their licensed health insurance agent is often the outsourced surrogate for employee benefits says Lujan who is also past-president of the California Association of Health Underwriters. He adds most small businesses in the state have fewer than 15 employees, and it is rare that they dedicate staff to manage the company's benefits and therefore rely heavily on their insurance agent for these services

throughout the year.

October through December is an important time of year as many businesses have open enrollment for health and dental insurance and other benefits. And, a growing marketplace for health benefits is [Covered California for Small Business](#).

Currently, more than 28,000 individuals have insurance through Covered California for Small Business, which makes it one of the largest Small Business Health Options Programs in the nation.

Covered California for Small Business has six name-brand carriers participating in its exchange for 2017: Blue Shield of California, Chinese Community Health Plan, Health Net, Kaiser Permanente, Sharp Health Plan and Western Health Advantage.

"The expansion of the small group market is allowing thousands of businesses to take advantage of the new control and choice now offered by Covered California for Small Business," said Kirk Whelan, director of Individual and Small Business Outreach and Sales. "Employers can select up to two adjoining metal tiers and then set their contribution level at one tier or the other. Meanwhile, the employee - knowing the employer's contribution level - has the flexibility to choose which of the two tiers fits best with the employee's budget and needs. "

Whelan also noted that Covered California for Small Business operations are sound, with new employers being enrolled within three days of filing an application, and a year-over-year retention of almost 90 percent. There is also growing interest and participation among insurance agents certified to sell plans on the exchange.

"We've seen a near doubling since 2014 in the number of agents writing policies, with many agents continuing to enroll multiple groups throughout the year," Whelan said.

To sell insurance plans on the Covered California for Small Business exchange, agents must go through a training and certification process. Having a trusted advisor like an agent is vital to a small business who often provides a quality benefits package to attract and retain a happy and healthy workforce.

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## Employer-Agent Relationship

"Just as you would thoroughly interview a new hire, small businesses should interview potential agents and have them demonstrate their match or suitability for your company needs," Lujan said. "Ask

them for a complete list of their services, for references and to describe their expertise in the small group employee benefits space."

Other points to consider when shopping for an agent:

- Do they have other clients in your region, in the same industry and similar size?
- Are they certified with Covered California and represent the entire market or just a few carriers?
- Do they have bilingual-speaking support staff when your employees need help?

Membership in a professional association like [CAHU.org](#) also helps demonstrate their investment in continuing education and understanding of insurance laws, rules and available products.

Businesses with up to 100 employees can apply for health insurance coverage for their workers through Covered California for Small Business. Federal tax credits may be available to employers providing insurance through Covered California for Small Business. Visit [www.CoveredCA.com/forsmallbusiness/](http://www.CoveredCA.com/forsmallbusiness/) for information on how to apply.