

# Who Should Pay for Health Insurance? A Survey of Business Leaders Finds They Don't Want to Foot the Bill

Survey of business leaders' opinions on health care

# **SUMMARY**

During 1995 and 1996, researchers at Economic and Social Research Institute conducted a two-part survey of employers' opinions about the role of business in financing employee health care coverage. The survey explored issues concerning:

- Coverage of employees' children and families.
- The role of the private sector in financing public coverage.
- Possible ways of assisting the uninsured.

The institute, based in Washington, is a nonprofit, nonpartisan organization specializing in health and social policy research.

# **Key Findings**

- More than nine out of ten of the businesses surveyed contributed at least in part to their workers' health care coverage, although fewer than one in ten was in favor of total support of the cost of workers' coverage.
- Forty-two percent believed that the business portion of this cost should be less than 50 percent.
- Most businesses expressed concern for the uninsured, with particular concern for uninsured children; however, approximately two-thirds of the respondents stated that their companies would not be very willing to do more to address this issue.
- A majority of businesses surveyed believed that the cost of caring for uninsured children should be spread across society, rather than being shouldered by business.

# **Funding**

The Robert Wood Johnson Foundation (RWJF) supported this project through a grant of \$150,847.

## THE PROJECT

This grant supported a two-part survey of business leaders' opinions of health care and health policy. The survey was conducted in 1996, two years after the national health care reform debate.

During the first phase, the researchers interviewed 25 business professionals involved with health care issues, such as vice presidents for human resources, directors of health benefits, and personnel directors. They were asked open-ended questions about their opinions on the employer's role in health care financing.

The researchers used the resulting information to develop a second, more structured telephone survey of 601 businesses, conducted by Matthew Greenwald & Associates through a subcontract. Respondents representing their firms' employee benefits departments were randomly selected from small (10–99 employees), medium (100–999), and large (1,000+) businesses.

The researchers discovered that the extent of employer-sponsored coverage is declining; and that employers are asking—and think it is appropriate for—workers to shoulder a significant portion of the cost of coverage. In the name of cost control, some employers are dropping coverage altogether. Others are keeping coverage in force while dropping employees' family members, or contributing significantly less to their coverage than to workers' coverage.

Businesses are not supporting any new, comprehensive health care programs, particularly those that would require new payroll taxes. They want neither a universal government-sponsored program nor a mandate on employers to contribute to workers' coverage. Instead, they want to maintain a voluntary program to cover more uninsured children.

# **FINDINGS**

- Small businesses were more likely to be contributing all of the costs of health care for workers, but were simultaneously most likely to be contributing nothing at all. All large businesses surveyed were making some contribution to their workers' coverage.
- Small businesses were much more likely not to be contributing to the cost of health coverage for workers' families—approximately 40 percent of small businesses that contribute to the cost of workers' coverage did *not* contribute to the health coverage of families. By contrast, only a small percentage of mid-size businesses (12%) and large business (3%) did not contribute to families' coverage.
- Respondents expressed a preference to support a government program for uninsured children through sales taxes (31%) or income taxes (28%). Other ideas

of funding sources were met with less support: a tax on hospitals and other providers (15%), a payroll tax (10%), and a tax on private insurance premiums (5%).

- In general, businesses preferred encouragement by tax incentives to contribute to their employees' health care rather than mandates to do so: 72 percent favored this approach. On the issue of coverage for employees' families, employers tended to feel similarly. While most were against laws requiring such support, 65 percent felt that businesses should be encouraged to contribute to the health care coverage of employees' families.
- Forty percent believed that managing costs would be the primary health care challenge facing business in the coming years. As a result, 79 percent of businesses surveyed were shifting workers into HMOs, PPOs, or managed care programs.
- Although four out of five businesses not using managed care expressed concern about the quality of that care, only 11 percent of those using it had actually experienced problems with quality.

### **Communications**

The grantee produced a report for each phase of this project. The first summarized the interviews of phase one, while the second, *Assessing Business Attitudes on Health Care*, analyzed the survey of 601 employers and discussed the findings of the entire project.

A public relations firm assisted the grantee in disseminating the second report to the media, and 25 journalists attended the press briefing about the report. *The Washington Post* ran a story about the study, later expanded by the Associated Press. An article in *The New York Times* included a review of the study's key findings. National Public Radio covered the report and the principal investigator appeared on CNN in an interview with Charles Bierbauer to discuss it. The grantee also prepared an article for publication in *Business and Health*. Finally, copies of the report were distributed to a mailing list of business, government, and health care industry representatives.

## **AFTERWARD**

In 1998, after the State Children's Health Insurance Program (CHIP) was enacted, RWJF made another grant to ESRI (ID# 033172) to investigate employer and worker perspectives on CHIP. See Program Results Report on ID# 033172.

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# **BIBLIOGRAPHY**

(Current as of date of the report; as provided by the grantee organization; not verified by RWJF; items not available from RWJF.)

# **Books and Reports**

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