



Nebraska  
Center  
For  
Rural  
Health  
Research

**Results from the 2006 Small Employer Survey:  
Nebraska State Planning Grant, Year 3**

PR07-01

January 2007

Authors:

Michelle Mason, M.A.

Li-Wu Chen, Ph.D.

Liyan Xu, M.S.

Michael Shambaugh-Miller, Ph.D.

Keith Mueller, Ph.D.

Prepared by the Nebraska Center for Rural Health Research for  
presentation to the Nebraska Health Insurance Policy Coalition

The Nebraska Center for Rural Health Research, formed in 1990, is located within the College of Public Health at the University of Nebraska Medical Center.

Members of the Nebraska Center work collaboratively with the Rural Policy Research Institute ([www.rupri.org](http://www.rupri.org)) in Columbia, Missouri, and the RUPRI Center for Rural Health Policy Analysis, which is housed in the Section ([www.rupri.org/healthpolicy](http://www.rupri.org/healthpolicy)).

The broad mission of the Nebraska Center is to conduct research and analysis related to improving health care delivery in rural areas. The Center focuses on special populations among rural residents, including the elderly, children, minorities, mentally ill, underinsured and uninsured, and new immigrants whose needs for assistance are unique.

Support for this study was provided by the Nebraska State Planning Grant awarded by the Health Resources and Services Administration (HRSA) to the Nebraska Health and Human Services System.

### **Special Thanks**

The authors would like to thank the following persons who provided data and technical assistance to this project: Fred Ullrich, information systems specialist; Larry Andelt, survey program manager; Roslyn Fraser, health data analyst; and Sue Nardie, editor.

Nebraska Center for Rural Health Research  
University of Nebraska Medical Center  
984350 Nebraska Medical Center  
Omaha, NE 68198-4350  
(402) 559-5260 (phone)  
(402) 559-7259 (fax)

# TABLE OF CONTENTS

<b>Executive Summary .....</b>	<b>1</b>
<b>Study Overview .....</b>	<b>1</b>
<b>Key Findings.....</b>	<b>1</b>
<b>Background and Purpose.....</b>	<b>4</b>
<b>Small Employer Survey .....</b>	<b>5</b>
Background.....	6
Method .....	6
Study Population.....	6
Characteristics of Responding Small Businesses .....	7
Findings From Businesses That <i>Do NOT Offer</i> Health Insurance (n = 97).....	10
Characteristics of Insurance Package Likely to Be Offered by Employers That Do Not Currently Offer Employee Health Benefits .....	13
Findings From Businesses That <i>Offer</i> Health Insurance (n = 61) .....	17
Characteristics of Employee Health Insurance Package Offered by Employers ...	20
Findings Regarding the Health Insurance Plan with Majority Enrollment.....	22
<b>Employee Survey.....</b>	<b>29</b>
Background.....	30
Method .....	30
Study Population.....	30
Responses From Employees <i>NOT Offered</i> Health Insurance by Employer (n = 59) ..	33
Responses From Employees <i>Offered</i> Health Insurance by Employer (n = 314) .....	37
Responses From Employees <i>Enrolled</i> in Health Insurance Offered by Employer (n = 213).....	41
<b>Insurance Scenario Analysis .....</b>	<b>45</b>
Background.....	46
Method .....	46
Findings From the Employer Survey .....	46
Findings From the Employee Survey .....	48
<b>Identifying the Affordability Gap.....</b>	<b>51</b>
Background.....	52
Method .....	52
Findings.....	52
<b>Conclusions.....</b>	<b>59</b>
<b>Next Steps .....</b>	<b>59</b>
<b>Appendix A: Sample of Employer Surveys .....</b>	<b>61</b>
<b>Appendix B: Sample of Employee Interview Protocol .....</b>	<b>78</b>

## LIST OF TABLES AND FIGURES

Figure 1	Percentage of Small Businesses by Offer Status (n = 158) .....	8
Figure 2	Offering Status by Geographic Region.....	9
Figure 3	Employer Knowledge About Health Insurance Terminology and Cost, and About Current Plans Available to Small Businesses (n = 93) .....	10
Figure 4	Reasons for Not Offering Health Insurance to Employees (n = 97).....	11
Figure 5	Presence of a Seriously Ill Employee (n = 91) .....	11
Figure 6	Impact of Not Offering Health Insurance to Employees .....	12
Figure 7	Maximum Monthly Premium Non-offering Employers and Their Employees Able to Afford.....	13
Figure 8	Likelihood Businesses Would Offer Plan Type.....	14
Figure 9	Likelihood Businesses Would Offer Coverage Options.....	14
Figure 10	Percentage of Businesses That Would Likely Choose Cost-sharing Option (n = 85).....	15
Figure 11	Percentage of Businesses That Would Likely Choose Limit to Employee Health Plans (n = 97) .....	15
Figure 12	Likelihood Business Will Offer Employee Health Benefits in the Next Two Years (n = 89) .....	16
Figure 13	Offer Status for Part-time Employees (n = 61).....	17
Figure 14	Impact of Offering Health Insurance to Employees .....	18
Figure 15	Changes Made in the Last Five Years Regarding Employee Health Insurance .....	19
Figure 16	Likely Changes Within the Next Year Regarding Employee Health Insurance .....	19
Figure 17	Maximum Monthly Premium Offering Employers and Their Employees Able to Afford.....	20
Figure 18	Percentage of Businesses That Offer Health Insurance Plan Type to Full-time Employees.....	21
Figure 19	Percentage of Businesses That Offer Coverage Type (n = 59).....	21
Figure 20	Plan Type with Majority Enrollment (n = 58) .....	22
Table 1	Employee Annual Deductible and Out-of-pocket Limit—Single and Family .....	23
Figure 21	Current Contribution for Employee-Only Coverage—Employer and Employee.....	24
Figure 22	Current Contribution for Family Coverage—Employer and Employee.....	24
Figure 23	Percentage of Businesses That Cover Service Options .....	25
Figure 24	Percentage of Businesses With Cost-sharing Option for Physician Office Visit.....	26
Figure 25	Percentage of Businesses With Cost-sharing Option for ER Visit.....	26
Figure 26	Percentage of Businesses With Cost-sharing Option for Hospital Stay .....	27
Figure 27	Likelihood Business Will Discontinue to Offer Health Insurance in the Next Year (n = 58) .....	28
Figure 28	Percentage of Employee Interviews by Employer Size (n = 373).....	31
Figure 29	Percentage of Employee Interviews by Employer Offer Status .....	32
Figure 30	Offering Status by Employer Size .....	32

Figure 31	Coverage Status for Employees Not Offered Health Insurance (n = 59) .....	33
Figure 32	Coverage Status for Employees Not Offered Health Insurance by Employer Size .....	34
Figure 33	Source of Coverage for Employees Not Offered Health Insurance (n = 41)...	34
Figure 34	Maximum Monthly Premium Amount Affordable for Employees Not Offered Health Insurance (n = 46) .....	35
Figure 35	Percentage of Employees Who Would Accept Limit to Employee Health Plans if Employer Needed to Keep Business Cost Down (n = 53).....	36
Figure 36	Employee Participation if Employer Offered Health Insurance (n = 59) .....	36
Figure 37	Eligibility and Enrollment for Employees Offered Health Insurance (n = 314) .....	37
Figure 38	Reason for Not Participating in Health Insurance Offered by Employer (n = 64) .....	38
Figure 39	Reason Not Eligible for Health Plan Offered by Employer (n = 37).....	38
Figure 40	Maximum Monthly Premium Amount Affordable for Employees Offered Health Insurance by Employer (n = 190) .....	39
Figure 41	Preferred Tradeoff for Employees Offered Health Insurance by Employer (n = 130).....	40
Figure 42	Health Insurance Plan Type Offered by Employer (n = 213).....	41
Figure 43	Health Insurance Plan Type in Which Employees Are Enrolled (n = 186).....	42
Figure 44	Employee Premium Contribution Per Month for Health Insurance (n = 165).....	43
Table 2	Employee Contribution for Annual Deductible and Annual Out-of-pocket Limit .....	43
Figure 45	Confidence Employer Will Continue to Offer Health Insurance for the Next Two Years (n = 211) .....	44
Table 3	Variations of Benefit Item Variables for Scenario Questions .....	46
Table 4	Effects of Plan Benefit Design on Employer’s Likelihood of Offering Health Insurance .....	47
Figure 46	Preferred Cost-sharing for Employers That Are Likely to Offer Health Insurance .....	48
Table 5	Effects of Plan Benefit Design on Small Business Employees’ Likelihood of Enrolling in the Health Insurance Offered by Employers.....	49
Figure 47	Preferred Cost-sharing for Employers That Are Likely to Offer Health Insurance .....	50
Figure 48	Maximum Monthly Premium Non-offering Employers and Their Employees Able to Afford .....	53
Figure 49	Current Contribution for Employee-Only Coverage—Employer and Employee .....	53
Figure 50	Current Contribution for Family Coverage—Employer and Employee.....	54
Table 6	Potential Product Option 1 for Small Employers and Their Employees .....	55
Table 7	Potential Product Option 2 for Small Employers and Their Employees .....	57
Table 8	Potential Product Option 3 for Small Employers and Their Employees .....	58

# EXECUTIVE SUMMARY

## STUDY OVERVIEW

In the fall of 2006, researchers from the Nebraska Center for Rural Health Research, under contract with the Nebraska Health and Human Services Systems, conducted a three-part study designed to assess the prospects for providing affordable health insurance benefits through small businesses. This study included (1) a mail survey of 158 small businesses with 50 or fewer employees located in three geographic regions (Lancaster County, Tri-cities area (which consists of Hall, Adams, and Buffalo Counties), and Scotts Bluff County) in Nebraska; (2) telephone interviews of 373 employees in the same three geographic regions who work for businesses with 3 to 500 employees; and (3) an assessment of the gap between the cost that small employers and their employees are able to afford for health benefits and the cost of products currently available for small business to offer their employees. The findings from this study can be used to develop strategies that would work toward closing the gap that currently exists between self-reported affordability and the cost of current health insurance coverage options available to small businesses and their employees.

## KEY FINDINGS

- Of the 158 responding small businesses, 39% reported offering health insurance to their employees, and 61% reported that they do not offer health insurance to their employees. (Figure 1)
- Small businesses located in a metropolitan area are more likely to offer employer-sponsored insurance than are their counterparts located in a non-metropolitan area. (Figure 2) Non-offering businesses were more likely to have fewer employees, have a lower percentage of full-time employees, have younger and lower-income employees, and have a higher employee turnover rate, as compared with offering businesses.
- Of the 373 employees interviewed, 86% reported they were offered employer-sponsored health insurance. (Figure 29)

### *Affordability and Type of Plan*

Of the small businesses that **do not offer** employee health benefits,

- 88% reported that the maximum monthly premium **they** could afford would be less than \$200. (Figure 7)
- 62% reported that the maximum monthly premium **they** could afford would be less than \$100. (Figure 7)
- 97% reported that the maximum monthly premium **their employees** could afford would be less than \$200. (Figure 7)
- 65% reported that the maximum monthly premium **their employees** could afford would be less than \$100. (Figure 7)

- 73% reported that they are still not likely to offer health benefits in the next two years. (Figure 12)

Of small businesses that **offer** employee health benefits,

- 54% are able to afford between \$100 and \$500 per month for their share of the monthly premium. (Figure 17)
- 29% reported that the maximum amount **they** would be able to afford is over \$500. (Figure 17)
- 57% reported that the maximum monthly premium **their employees** would be able to afford was between \$100 and \$300. (Figure 17)
- 15% reported that the maximum monthly premium **their employees** would be able to afford was more than \$300. (Figure 17)
- 84% reported that they are not likely to discontinue health insurance coverage for their employees in the next year. (Figure 27)

Of employees **not offered** employer-sponsored insurance,

- 90% work for a business that employs fewer than 50 employees. (Figure 30)
- 31% reported they are uninsured. (Figure 31)
- 78% of those who are uninsured are employed by a business with fewer than 50 employees. (Figure 32)
- 61% reported they would be willing to contribute less than \$200 per month for health insurance. (Figure 34)
- 33% reported being willing to contribute less than \$100 per month. (Figure 34)
- 68% reported they would participate in a plan offered by their employers if offered the opportunity. (Figure 36)

Of employees **offered** employer-sponsored insurance,

- 39% work for a business that employs fewer than 50 employees. (Figure 30)
- 68% reported they were eligible for and enrolled in a plan offered by their employer. (Figure 37)
- 81% of those eligible and enrolled are enrolled in a PPO plan. (Figure 42)
- 53% reported they would be willing to contribute a maximum of up to \$200 per month for health insurance. (Figure 40)
- 26% reported being willing to contribute less than \$100 per month. (Figure 40)
- 96% were confident their employer will continue to offer health insurance for the next two years. (Figure 45)

### *Decision to Offer and Enroll*

- Premium price is the most important factor (the only factor in some cases) to small businesses (especially those currently not offering health insurance) when considering whether to offer health insurance to their employees. Employers that do not offer health insurance are **3.38** times more likely to offer health insurance if the total monthly premium is \$300, as compared to \$500.(Table 4)
- Premium price is the most important factor to employees working for small businesses when considering whether to enroll in the health insurance offered by their employers, although employees are also generally responsive to the change in deductible, co-payment, and coinsurance of an insurance package when making their enrolling decision. (Table 5)
- The magnitude of the premium gap between self-reported affordability and coverage options currently available for small employers and their employees would range from \$50 and up for an employer-only coverage, to \$500 and up for a family coverage, assuming that the small business has a closer-to-average age distribution of employees.

## BACKGROUND AND PURPOSE

Nebraska has a total population of 1,742,500 people, 61% of whom are nonelderly (aged between 19 and 64 years). Of nonelderly adults, 67% have employer-sponsored health insurance. Eighty percent of households in Nebraska have at least one member working full-time. Between 2000 and 2004, the number of nonelderly Nebraska residents with employer-sponsored health insurance declined by 2.8 percentage points; however, this change is less than the national decline of 4.9%.<sup>1</sup> In 2003, 45% of private-sector businesses in Nebraska offered health insurance to their employees, compared to 56% of private sector businesses nationally. Of the private sector businesses in Nebraska with fewer than 50 employees, 32% offered health insurance to employees, again lower than the national percentage of 43%.<sup>2</sup>

The results of the 2004 Nebraska household survey<sup>3</sup> indicated that the vast majority of uninsured individuals in Nebraska were employed and working for a small employer or are self-employed. According to the 2004 Nebraska Employee Benefits Report<sup>4</sup>, small employers were considerably less likely to offer health insurance coverage to their employees. In addition, results showed that those employers who did offer coverage might be inclined to stop offering coverage if their share of cost for employee coverage continued to increase at current rates. Even if insurance coverage was made available, many employees who work in small businesses did not purchase the coverage. The surveys indicated that the main reason small employers did not offer insurance coverage and in turn some employees did not take up the offer was because health insurance policies were perceived as being too costly.

Although valuable information was collected from both the household and employer surveys in the initial State Planning Grant, better information is needed to determine the cost and types of insurance policies that are offered by small employers. For those small employers that do not offer health insurance to their employees, it is essential to learn how willing they would be, based on a range of acceptable prices for benefit packages, to offer coverage. In addition, it is important to determine how willing employees would be, based on what they perceive as acceptable costs and benefits, to participate in employer-sponsored insurance coverage. Given the costs and benefits of the products currently available, we identified the gap between the prices set by insurance companies and the prices affordable by small employers and their employees. This price gap information will be useful in developing an affordable health insurance product for the target population, which in turn may help reduce the number of uninsured persons in Nebraska.

---

<sup>1</sup> Urban Institute and Kaiser Commission on Medicaid and the Uninsured estimates based on the Census Bureau's March 2004 and 2005 Current Population Survey (CPS: Annual Social and Economic Supplements).

<sup>2</sup> Agency for Healthcare Research and Quality, Center for Cost and Financing Studies. 2003 Medical Expenditure Panel Survey - Insurance Component. Table II.A.2: [http://www.meps.ahrq.gov/MEPSDATA/ic/2003/Tables\\_II/TIIA2.pdf](http://www.meps.ahrq.gov/MEPSDATA/ic/2003/Tables_II/TIIA2.pdf). Definitions and descriptions of the methods used for this survey can be found in the Technical Appendix: <http://www.meps.ahrq.gov/MEPSDATA/ic/2003/techappendix.htm>.

<sup>3</sup> <http://www.unmc.edu/rural/SPG/health-insur-ne-results-updated.pdf>.

<sup>4</sup> <http://www.dol.state.ne.us/nwd/center.cfm?PRICAT=4&SUBCAT=4C&APP=4C10&ACTION=espubs04>.

**SMALL EMPLOYER SURVEY**  
**(n = 158)**

## **BACKGROUND**

In the fall of 2006, researchers from the Nebraska Center for Rural Health Research, under contract with the Nebraska Health and Human Services System (NHHSS), conducted a mail survey of 600 small employers in five counties in Nebraska (Lancaster, Hall, Adams, Buffalo, and Scotts Bluff). The purpose of this study was to examine the premium gap between self-reported affordability and the prices of health insurance products currently available for small employers and their employees.

## **METHOD**

Using data collected by the Nebraska Department of Labor, we created a random sample of 600 businesses with 50 or fewer employees located within Lancaster, Hall, Adams, Buffalo, and Scotts Bluff counties in Nebraska. After a review of the literature and previously validated national surveys, two instruments were developed (one for businesses that offer employee health benefits, and the other for businesses that do not offer such benefits), respondents were asked to complete the questionnaire most applicable to their business. Both instruments were estimated to take 10 to 15 minutes to complete. The instrument for businesses that offer health insurance included questions regarding types of coverage, plans, and services offered, types of plans offered, current premium contribution from the employer and their employees, maximum premium affordable for employer and their employees, business impact of offering health insurance, acceptable restrictions on coverage, and likelihood of future change in coverage and offering status. The instrument for businesses that do not offer included questions regarding preferred coverage type, preferred plan type, maximum premium affordable for employer and their employees, business impact of not offering health insurance, and likelihood of future change in offering status (see Appendix A for copies of the survey instruments). Using the Dillman<sup>5</sup> method developed for survey research, we made five contacts with the businesses in our sample. An advisory panel composed of six representatives from major health insurance companies and brokers in Nebraska was formed to provide guidance for the development of the survey instruments and the interpretation of the survey results.

## **STUDY POPULATION**

Of the 600 small businesses contacted we received completed surveys from 158 small businesses (26%).<sup>6</sup> The response rate for each geographic area was as follows: 74 of 300 businesses (25%) responded from Lancaster County, 58 of 150 businesses (39%) responded from the Tri-city area, and 26 of 150 businesses (17%) responded from Scotts Bluff County. Of the responding businesses 47% were located within Lancaster County, while 53% of the responding businesses were located in either Scotts Bluff or the Tri-cities area. Thirteen businesses returned documentation of refusal to participate.

---

<sup>5</sup> Dillman, D.A. (2000). *Mail and internet surveys: The tailored design method*. New York: John Wiley & Sons.

<sup>6</sup> Approved by the Institutional Review Board May 2006. IRB # 192-06-EX.

## CHARACTERISTICS OF RESPONDING SMALL BUSINESSES

*Non-offering businesses were more likely to have fewer employees, a lower percentage of full-time employees, younger and lower-income employees, and a higher employee turnover rate than were offering businesses.*

- *Years in operation:* The median number of years in operation for all businesses is 20 years, ranging from 1 to 136 years. Businesses that offer health insurance reported a median of 23 years in operation (1 to 89 years), while businesses that do not offer health insurance reported a median of 20 years in operation (1 to 136 years).
- *Number of employees:* Businesses reported a median of 6 employees, ranging from 1 to 40 employees. Businesses that offer health insurance have a median of 9 employees (1 to 38), while businesses that do not offer health insurance have a median of 5 employees (1 to 40).<sup>7</sup>
- *Full-time employees:* Median percentage of full-time employees (those working more than 30 hours per week) for all businesses is 75%. Businesses that offer health insurance reported a higher median percentage of full-time employees (88%) than did businesses that do not offer health insurance (67%).<sup>7</sup>
- *Female employees:* The median percentage of female employees is 50% for all businesses. Businesses that do not offer health insurance employ a higher median percentage of female workers (57%) than do businesses that offer health insurance (33%).
- *Age of employees:* When compared to businesses that do not offer, businesses that offer health insurance have a higher median percentage of employees aged 41 to 64 years (52%). Likewise, businesses that do not offer health insurance have a higher median percentage of employees aged 19 to 40 years (56%).<sup>8</sup>
- *Income of employees:* Businesses reported that most employees (52%) make between \$15,000 and \$30,000 a year. Businesses that do not offer health insurance reported a higher median percentage of employees making less than \$15,000 a year (50%) than did businesses that offer health insurance (11%). In addition, businesses that offer health insurance reported a higher median percentage of employees making more than \$75,000 a year (12%) than did businesses that do not offer health insurance (10%).<sup>9</sup>

---

<sup>7</sup> Median test:  $p < 0.01$ .

<sup>8</sup> ANOVA F-test:  $p < 0.05$ .

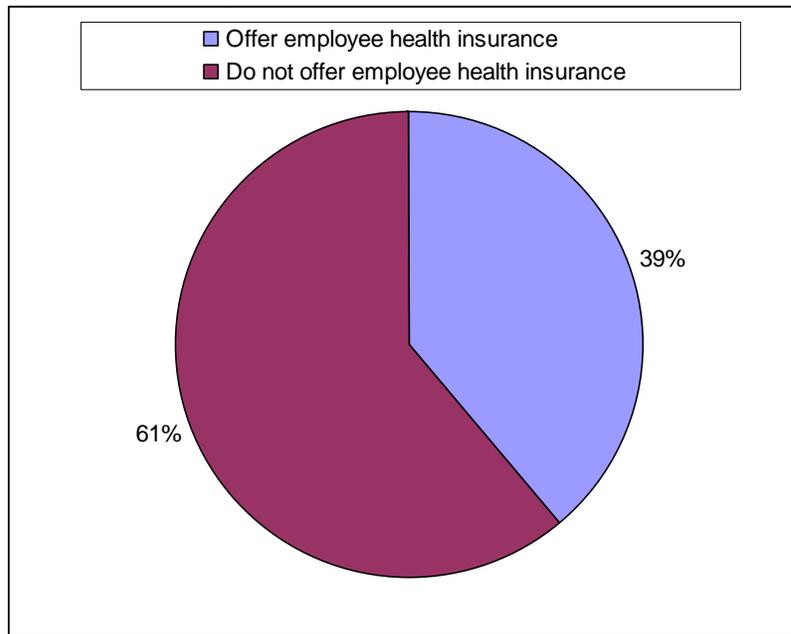
<sup>9</sup> ANOVA F-test:  $p < 0.01$ .

- *Rate of turnover:* Twelve percent of all businesses reported having a high rate of turnover among their employees. Businesses that do not offer health insurance reported a higher rate of turnover (16%) than did businesses that offer health insurance (5%).<sup>10</sup>
- *Franchise:* Seven percent of the businesses reported being part of a franchise or a larger corporation. Twelve percent of businesses that offer health insurance reported being part of a franchise or larger corporation, compared to 3% of businesses that do not offer health insurance.<sup>11</sup>

*The majority of responding small businesses do not offer health insurance to their employees.*

- Of the 158 responding small businesses, 61 (39%) reported offering health insurance to their employees. Ninety-seven small businesses (61%) reported that they do not offer health insurance to their employees. (Figure 1)

Figure 1: Percentage of Small Businesses by Offer Status (n = 158)

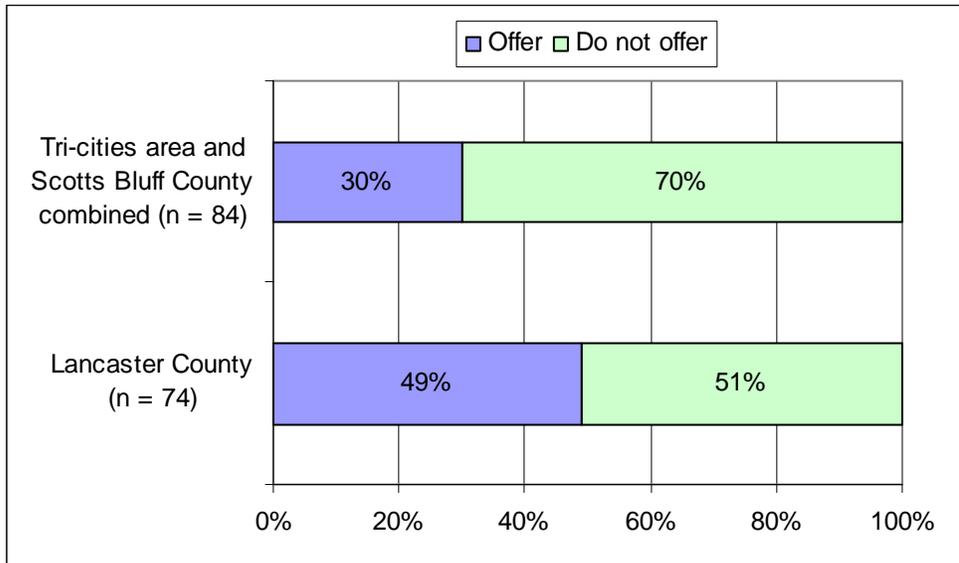


- The offering rate for small businesses in the metropolitan area (e.g., Lancaster County) is statistically significantly higher than that for their counterparts in the non-metropolitan counties combined (e.g., Tri-city area and Scotts Bluff County) (i.e., 49% vs. 30%).<sup>10</sup> (Figure 2)

<sup>10</sup> Chi-square:  $p < 0.05$ .

<sup>11</sup> Fisher exact:  $p < 0.05$ .

Figure 2: Offering Status by Geographic Region

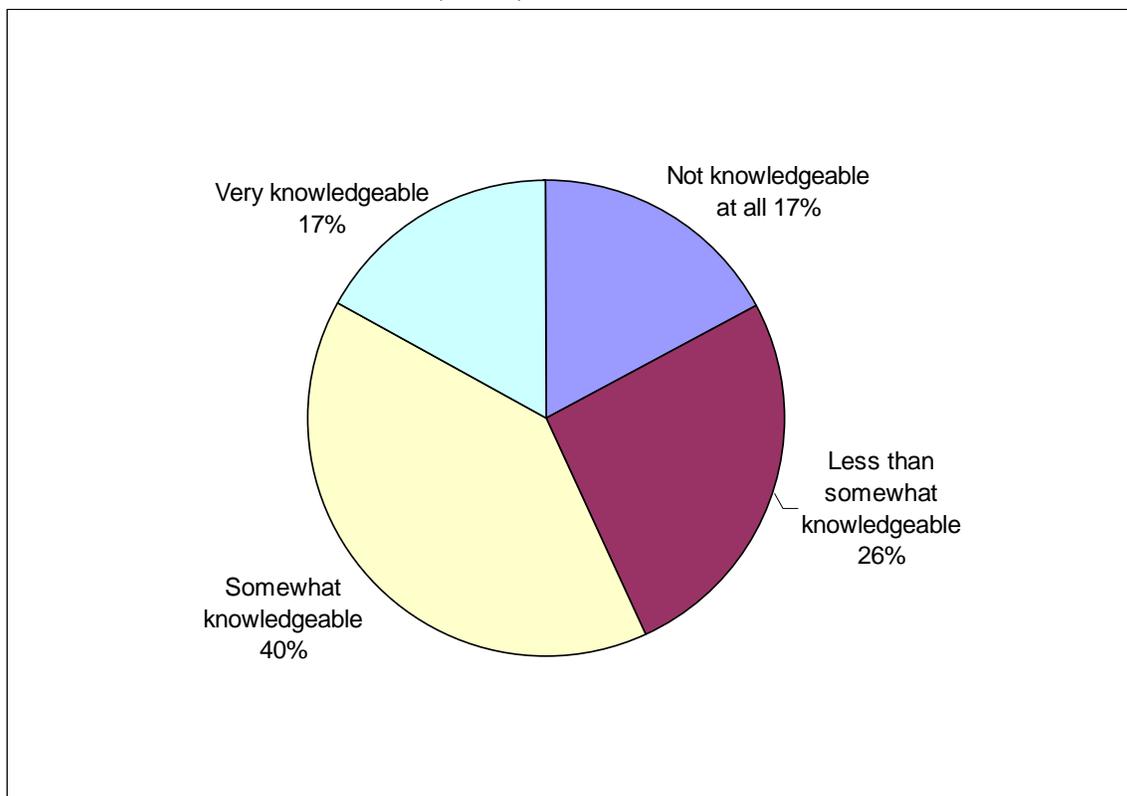


**FINDINGS FROM BUSINESSES THAT *DO NOT OFFER* HEALTH INSURANCE  
(n = 97)**

*Many small business owners need education regarding health insurance.*

- Forty-three percent of the non-offering employers reported that they have little or no knowledge about health insurance terminology and costs and about current plans available for small businesses to offer their employees. (Figure 3)

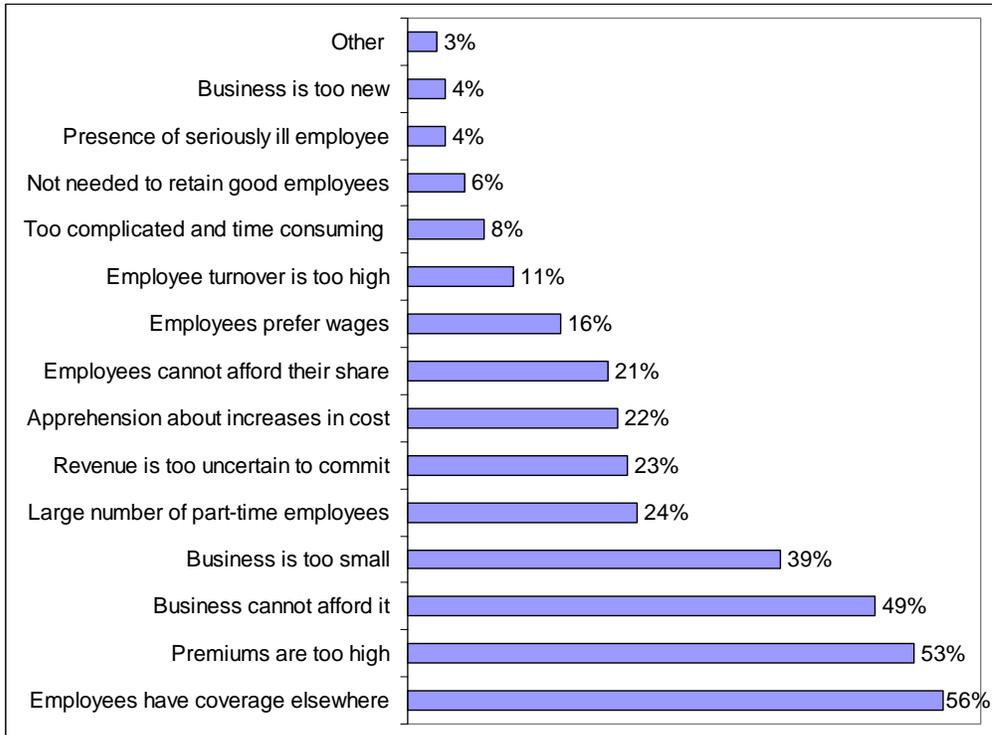
Figure 3: Employer Knowledge About Health Insurance Terminology and Cost, and About Current Plans Available to Small Businesses (n = 93)



*Employees having coverage elsewhere and cost are the most commonly reported reasons for not offering employee health insurance.*

- Non-offering employers reported “employees have coverage elsewhere” (56%) and “premiums are too high” (53%) as the reasons for not offering employee health benefits, followed by “business cannot afford it” (49%), “business is too small” (39%), and “large number of part-time employees” (24%). (Figure 4)

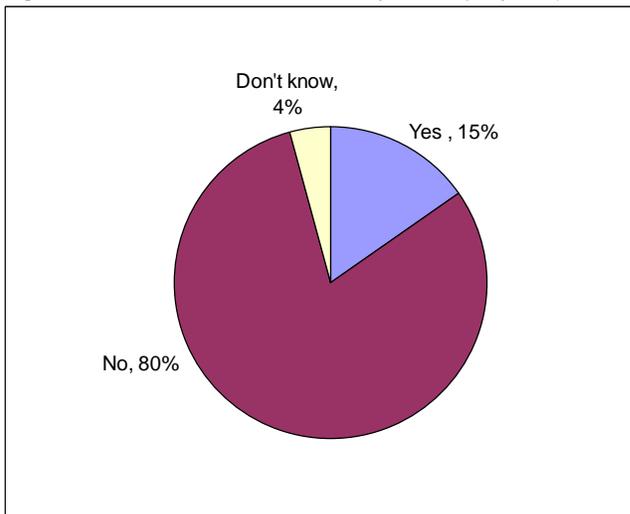
Figure 4: Reasons for Not Offering Health Insurance to Employees (n = 97)



*The majority of the businesses that do not offer health benefits did not employ any seriously ill employees.*

- Of the responding non-offering employers, 15% reported having a seriously ill employee. (Figure 5)

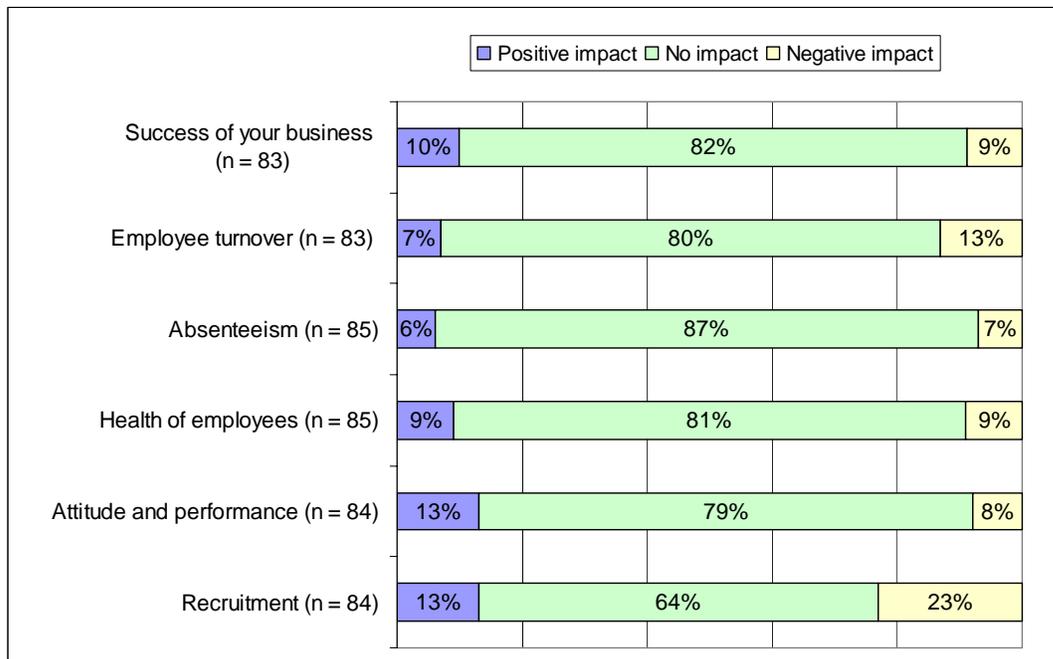
Figure 5: Presence of a Seriously Ill Employee (n = 91)



*Not offering employee health benefits has a negative impact on employee recruitment.*

- Many non-offering employers do not believe there is an impact (positive or negative) of NOT offering employees health insurance. Over 80% of the non-offering employers reported that not offering health insurance to employees has no impact on employee turnover (80%), health of employees (81%), absenteeism (87%), and success of business (82%). (Figure 6)
- Non-offering employers reported that not offering health insurance to employees has the greatest **negative** impact (23%) on employee recruitment. However, 13% of non-offering employers reported a **positive** impact on employee recruitment of not offering employee health benefits. (Figure 6)

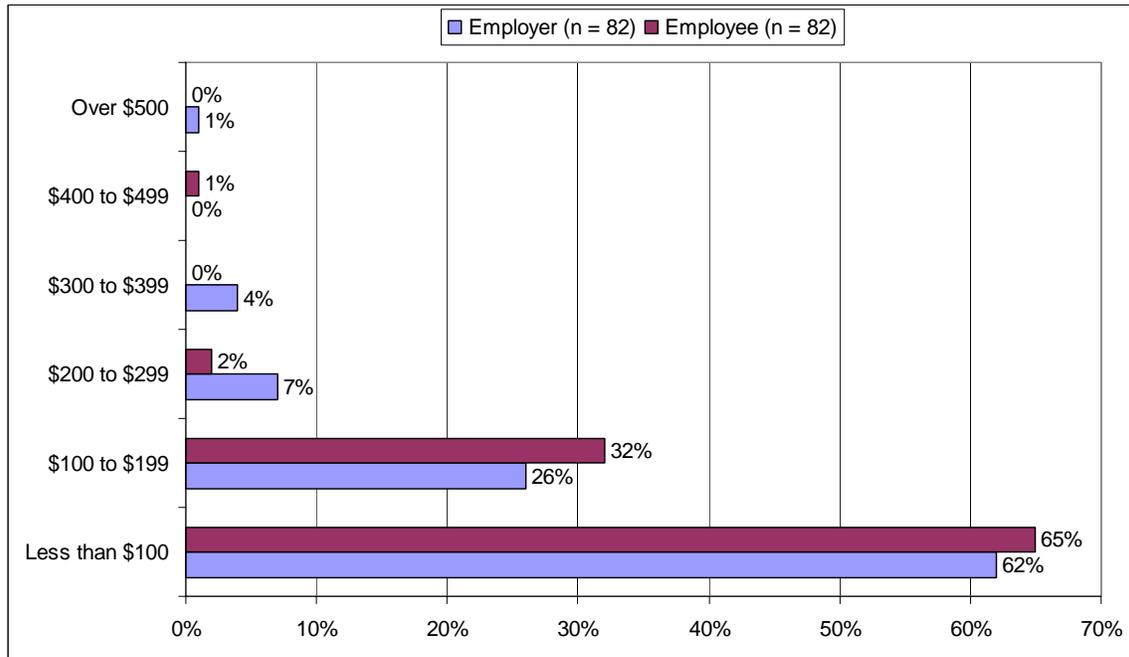
Figure 6: Impact of Not Offering Health Insurance to Employees



*The majority of non-offering employers and their employees could only afford up to \$100 each for health insurance each month.*

- Eighty-eight percent of non-offering employers reported that the maximum monthly premium **they** could afford would be less than \$200. Furthermore, 62% of employers reported that the maximum monthly premium **they** could afford would be less than \$100. (Figure 7)
- Ninety-seven percent of non-offering employers reported that the maximum monthly premium **their employees** could afford would be less than \$200. Sixty-five percent of employers reported that the maximum monthly premium **their employees** could afford would be less than \$100. (Figure 7)

Figure 7: Maximum Monthly Premium Non-offering Employers and Their Employees Able to Afford



### Characteristics of Insurance Package Likely to be Offered by Employers That Do Not Currently Offer Employee Health Benefits

- Most likely plan type—PPO/POS:* Non-offering employers reported that they would most likely offer a preferred provider organization (PPO) or point-of-service (POS) plan to employees. Fifty-eight percent were at least somewhat likely to offer this plan type. (Figure 8)
- Most likely coverage option—employee only:* Fifty-nine percent of non-offering employers reported they would be more likely to offer an “employee only” coverage option over all other options. (Figure 9)
- Most likely cost-sharing method—combination:* Twenty-two percent of non-offering employers reported they were more likely to offer a combination of co-payment plus deductible and coinsurance. However, the highest percentage (47%) of the non-offering employers reported “do not know.” (Figure 10)
- Acceptable limits—increase in cost:* Fifty-three percent of non-offering employers reported that they would most likely limit an employee health plan by increasing the overall deductible in order to keep cost down, followed by increasing co-payment and/or coinsurance (42%). (Figure 11)

Figure 8: Likelihood Businesses Would Offer Plan Type

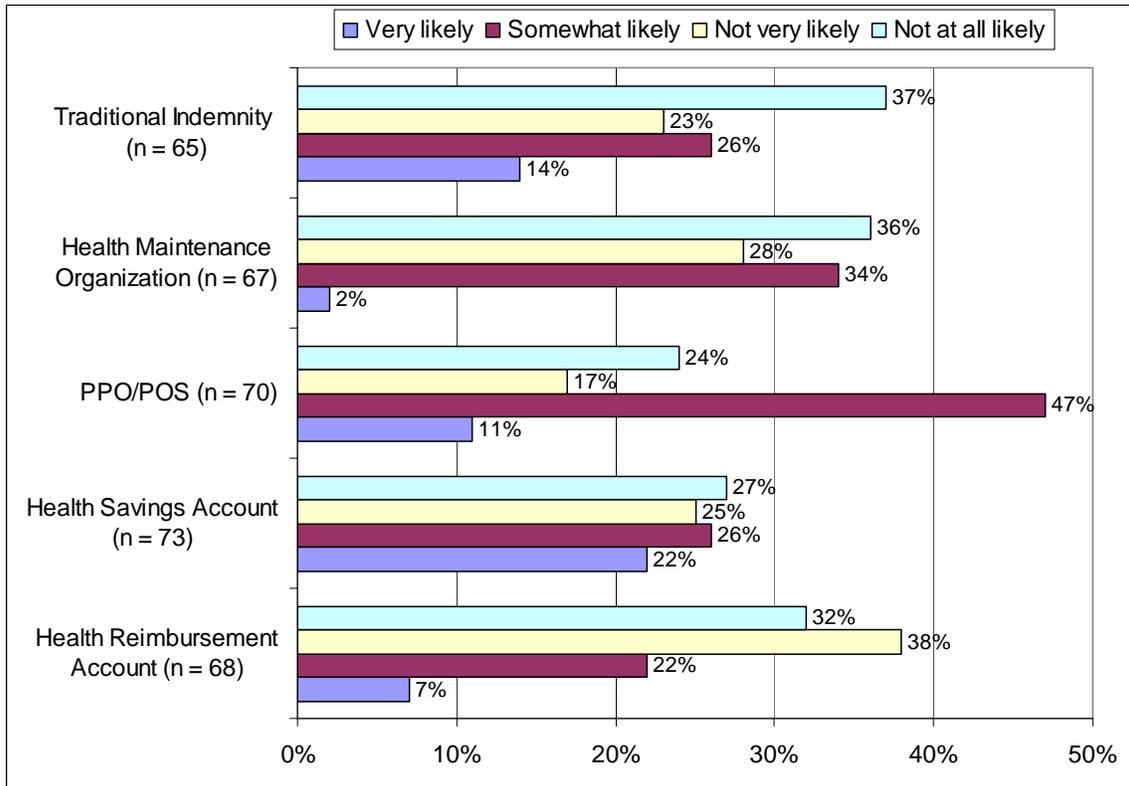


Figure 9: Likelihood Businesses Would Offer Coverage Options

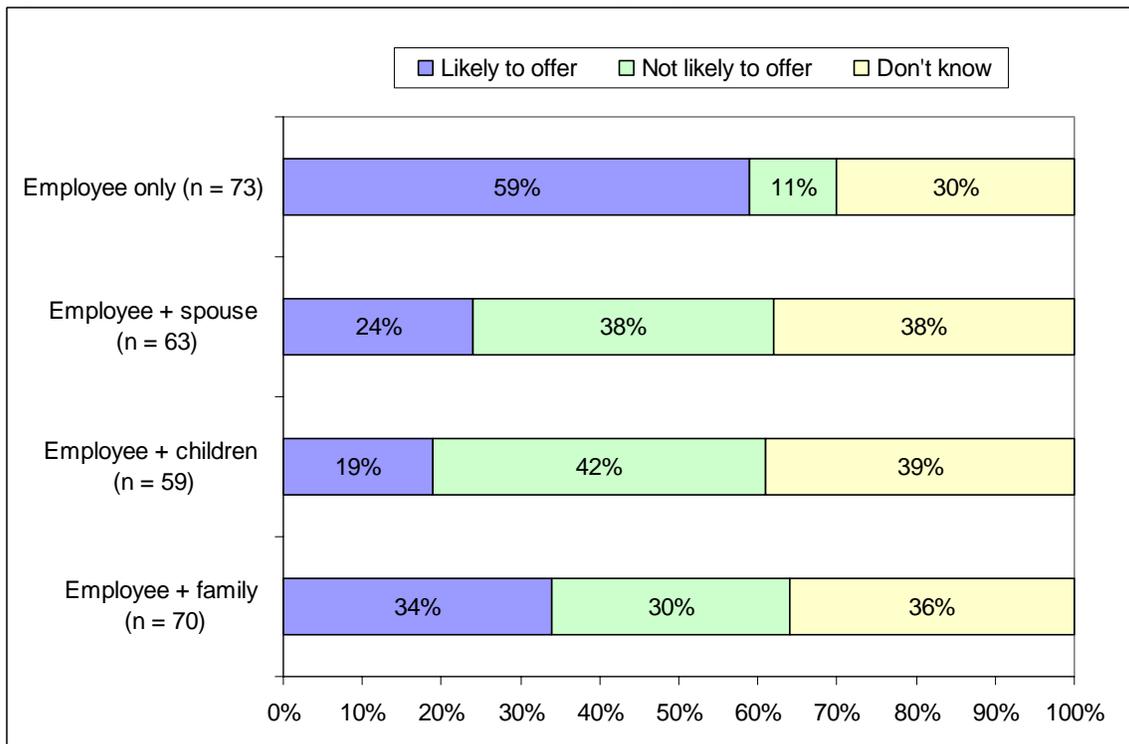


Figure 10: Percentage of Businesses That Would Likely Choose Cost-sharing Option (n = 85)

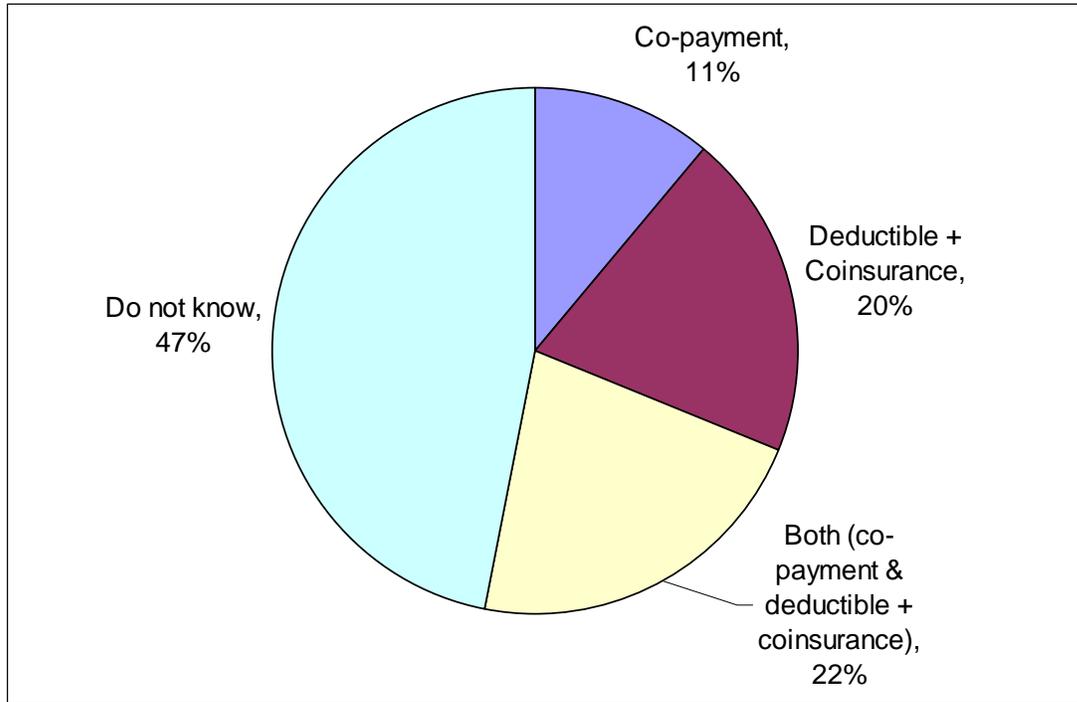
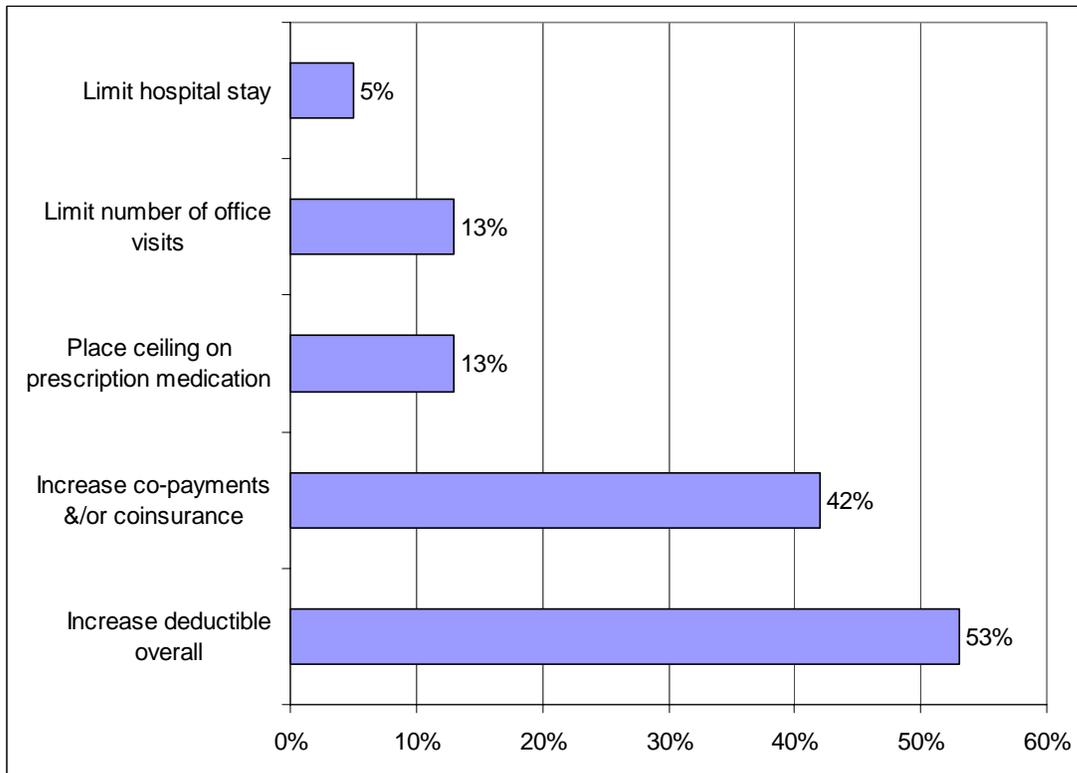


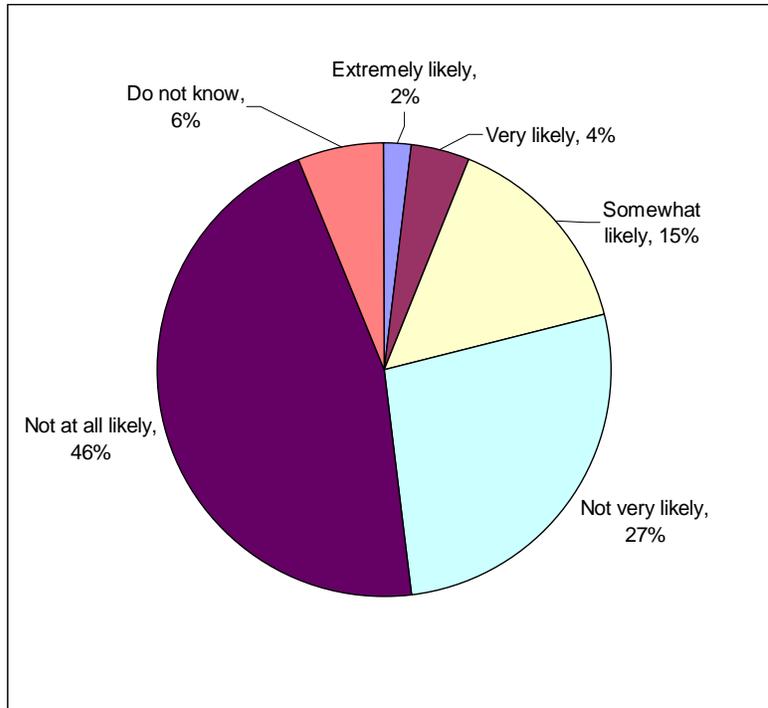
Figure 11: Percentage of Businesses That Would Likely Choose Limit to Employee Health Plans (n = 97)



*The majority of non-offering employers are not likely to offer health insurance to employees in the next two years.*

- Nearly three-fourths (73%) of the non-offering employers reported that they were not likely to offer these benefits in the next two years. However, 21% of non-offering employers reported that they were at least somewhat likely to offer employee health benefits in the next two years. (Figure 12)

Figure 12: Likelihood Business Will Offer Employee Health Benefits in the Next Two Years (n = 89)



***What we heard from some non-offering employers***

“We have already started looking at furnishing health insurance, but at this time we do not have the resources to pay for it. We are continuing to research all possibilities.”

“We would like to offer health benefits, but as a new business we can not afford to do so.”

“I have to hire employees who are covered under a spouse’s plan or are able to get their own insurance.”

“Most businesses I know are constantly looking for ways to drop employee health benefits and still retain employees.”

“Adding health care costs to the cost of our product would make it prohibitively expensive and likely kill our business.”

“Our income as a business is too variable to commit to payments.”

## FINDINGS FROM BUSINESSES THAT *OFFER* HEALTH INSURANCE (n = 61)

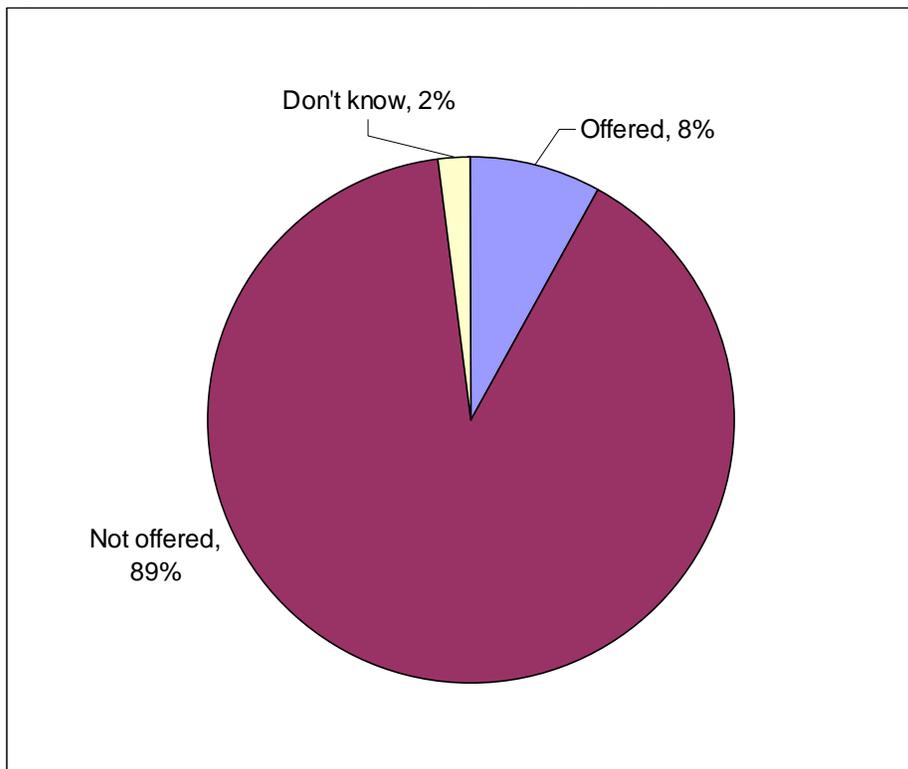
*The majority of the small businesses that offer employee health benefits have done so for many years.*

- Eighty-five percent of the employers that offer health insurance to their employees have done so for the last five years.

*Few responding small businesses offer health benefits to part-time employees.*

- Eight percent of offering employers reported offering health insurance benefits to part-time employees (those working less than 30 hours per week). Eighty-nine percent of employers reported not offering benefits to these employees. (Figure 13)

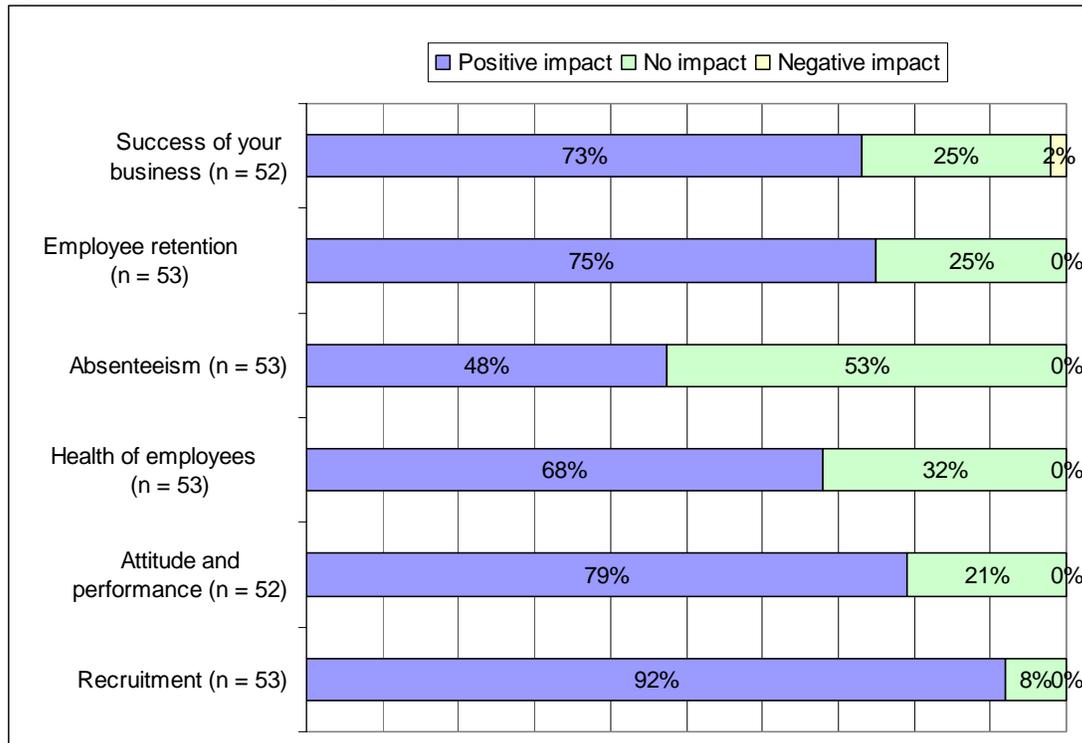
Figure 13: Offer Status For Part-time Employees (n = 61)



*Offering employee health insurance has the greatest impact on employee recruitment.*

- The highest percentage of offering employers reported that offering health insurance to employees had a **positive** impact (92%) on employee recruitment. (Figure 14)
- In addition, over 70% of the offering employers reported that offering health insurance to employees had a **positive** impact on employee attitude and performance (79%), employee retention (75%), and overall success of business (73%). (Figure 14)
- One employer reported that offering health insurance to employees has a negative impact on the success of the business. (Figure 14)

Figure 14: Impact of Offering Health Insurance to Employees



*Increases in premium payments were the most common changes to employee health benefits within the last five years and the most likely change within the next year.*

- Sixty-five percent of offering employers reported that they had increased business premium payment within the last five years. Forty-five percent of employers reported decreasing benefits coverage. (Figure 15)

- Thirty-three percent of employers reported they were likely to increase the business premium payment within the next year. Twenty-five percent of employers reported being likely to increase the employee premium payment. (Figure 16)

Figure 15: Changes Made in the Last Five Years Regarding Employee Health Insurance

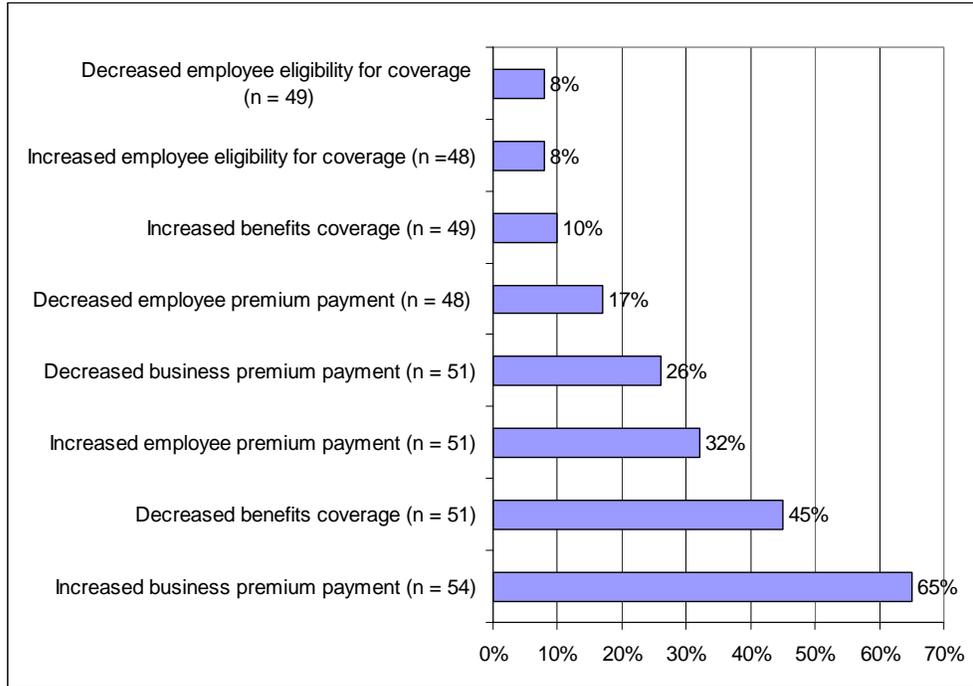
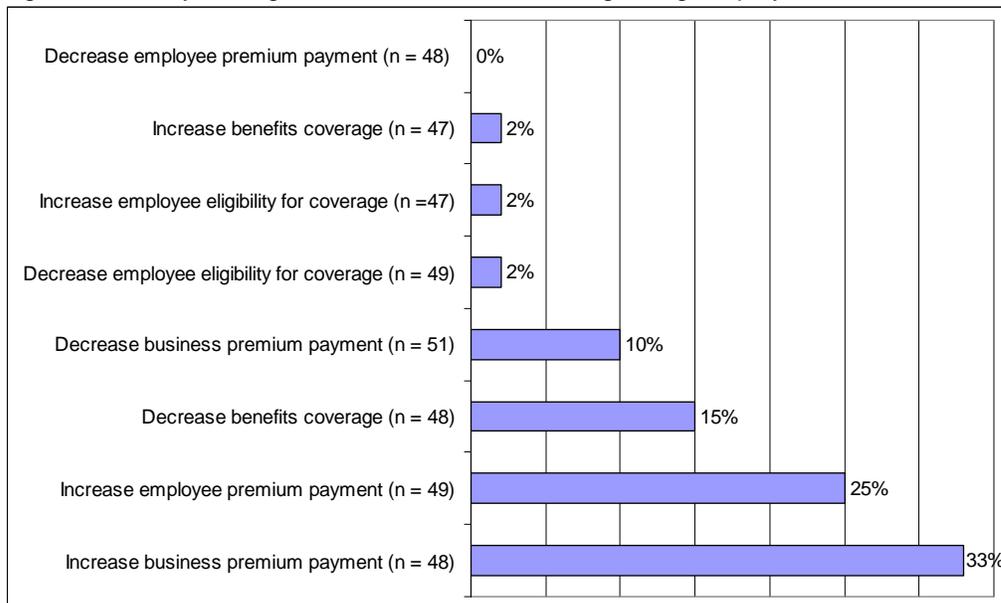


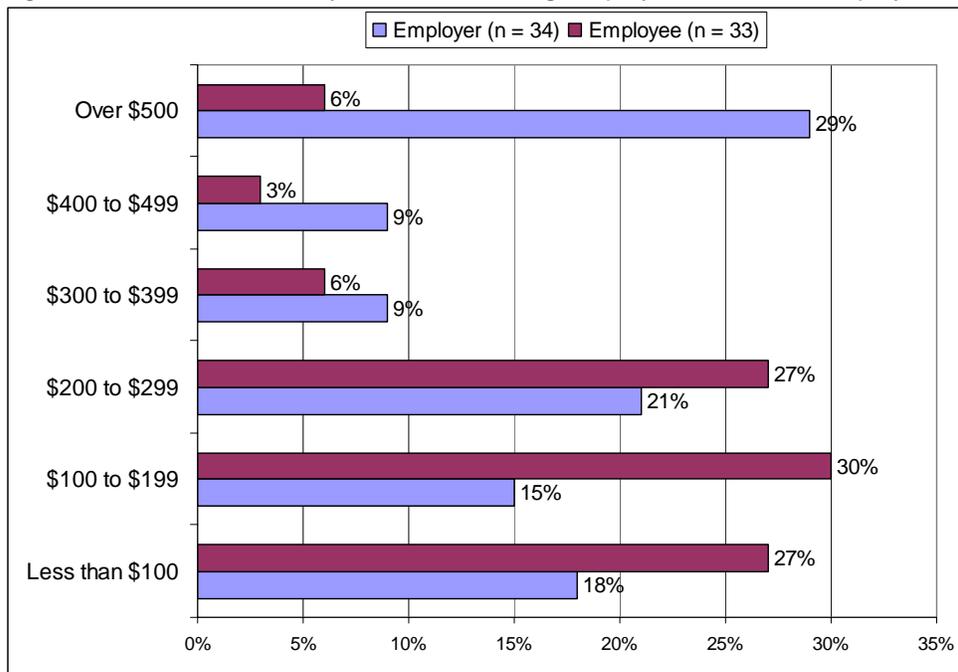
Figure 16: Likely Changes Within the Next Year Regarding Employee Health Insurance



The majority of offering employers and their employees could only afford up to \$300 for health insurance each month.

- Over half (54%) of employers that offer employee health benefits are able to afford between \$100 and \$500 per month for their share of the monthly premium. In fact, 29% of employers reported that the maximum amount **they** would be able to afford is over \$500. (Figure 17)
- Over half (57%) of offering employers reported that the maximum monthly premium **their employees** would be able to afford was between \$100 and \$300. Furthermore, 15% of offering employers reported that the maximum monthly premium **their employees** would be able to afford was more than \$300. (Figure 17)

Figure 17: Maximum Monthly Premium Offering Employers and Their Employees Able to Afford



### Characteristics of Employee Health Insurance Package Offered By Employers

- *Most offered plan type—PPO/POS:* Ninety-two percent of the offering employers offer employees a PPO or a POS plan. (Figure 18)
- *Most offered coverage option—employee only:* The majority (83%) of employers offered employee-only coverage to their employees. Sixty-six percent of employers offered family coverage. (Figure 19)

Figure 18: Percentage of Businesses that Offer Health Insurance Plan Type to Full-time Employees

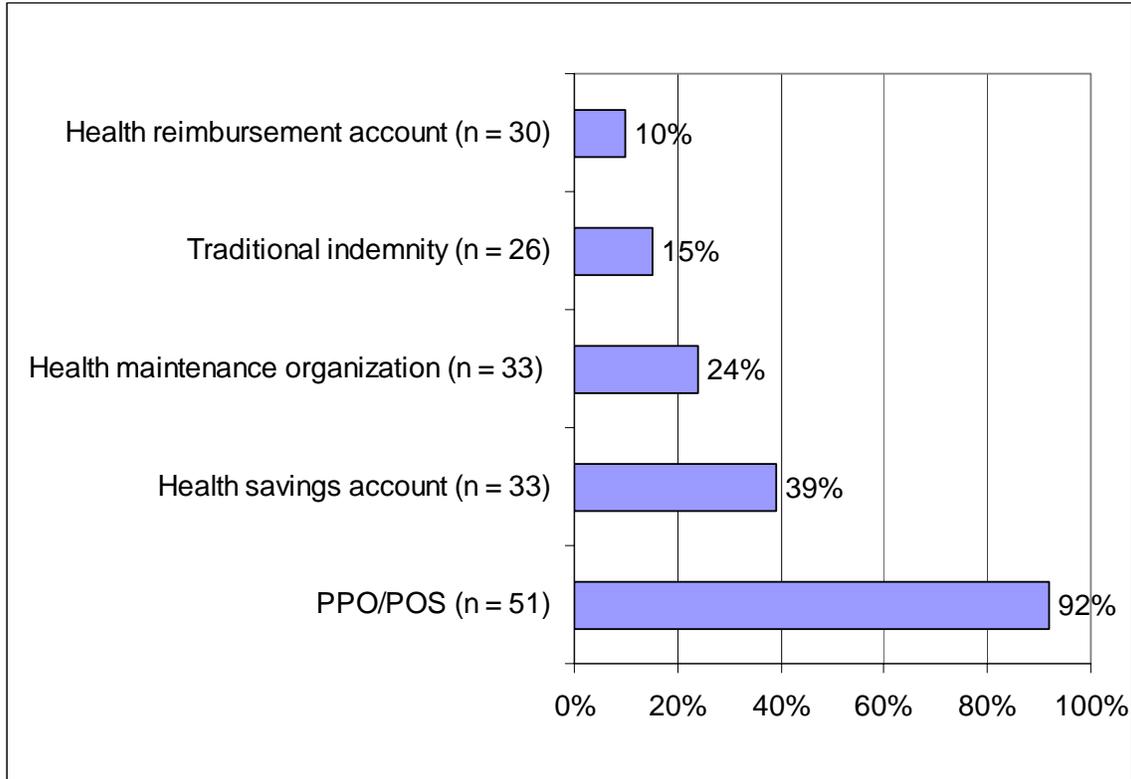
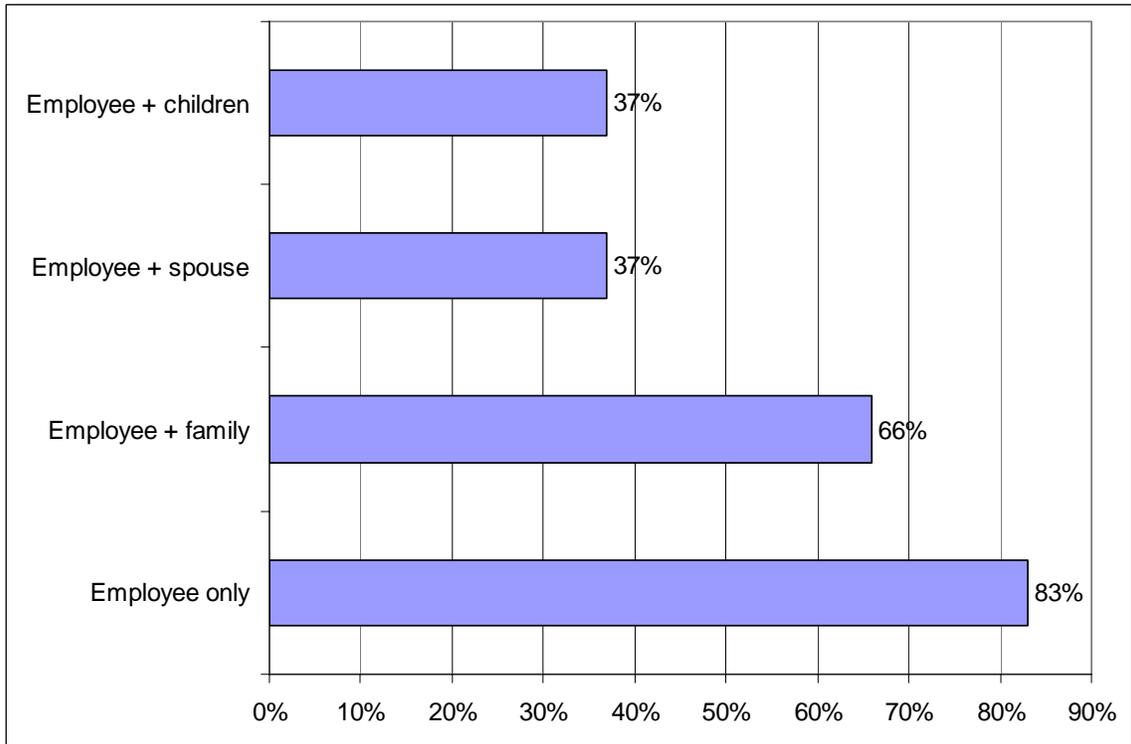


Figure 19: Percentage of Businesses That Offer Coverage Type (n = 59)

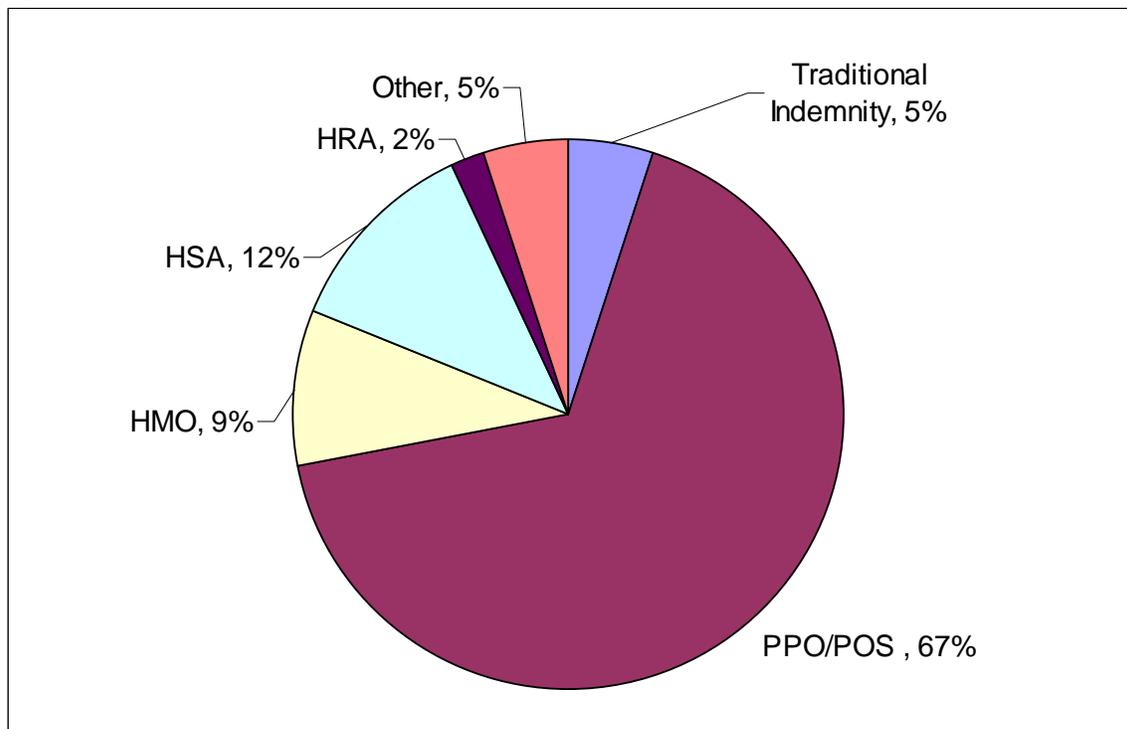


## FINDINGS REGARDING THE HEALTH INSURANCE PLAN WITH MAJORITY ENROLLMENT

*The majority of offering employers reported that their employees are enrolled in a PPO or a POS plan.*

- Sixty-seven percent of employers reported that the majority of their full-time employees are enrolled in a PPO or POS plan, followed by health savings account (HSA) (12%). (Figure 20)

Figure 20: Plan Type with Majority Enrollment (n = 58)



- The median annual deductible for employees is \$1,125 (ranging from \$100 to \$5,000) for single coverage and \$2,500 (ranging from \$500 to \$7,500) for family coverage. (Table 1)
- The median annual out-of-pocket limit is \$2,500 (ranging from \$500 to \$7,000) for single coverage and \$5,000 (ranging from \$1,000 to \$9,000) for family coverage. (Table 1)

Table 1: Employee Annual Deductible and Out-of-pocket Limit—Single and Family

	Median (sample size)	Minimum	Maximum
<b>Annual Deductible</b>			
Employee only	\$1,125 (n = 52)	\$100	\$5,000
Family	\$2,500 (n = 35)	\$500	\$7,500
<b>Annual Out-of-Pocket Limit</b>			
Employee only	\$2,500 (n = 41)	\$500	\$7,000
Family	\$5,000 (n = 27)	\$1000	\$9,000

- While three-fourths of offering employers (74%) reported that their employees contribute less than \$100 per month for employee-only coverage, only 12% of offering employers reported that their business contributes less than \$100 per month for employees with individual coverage (Figure 21)
- Fifty-four percent of offering employers reported that their employees contribute less than \$100 per month for family coverage. However, fifty percent of the offering employers reported that the business contributes over \$400 per month for employees with family plans (Figure 22)

Figure 21: Current Contribution for Employee-Only Coverage—Employer and Employee

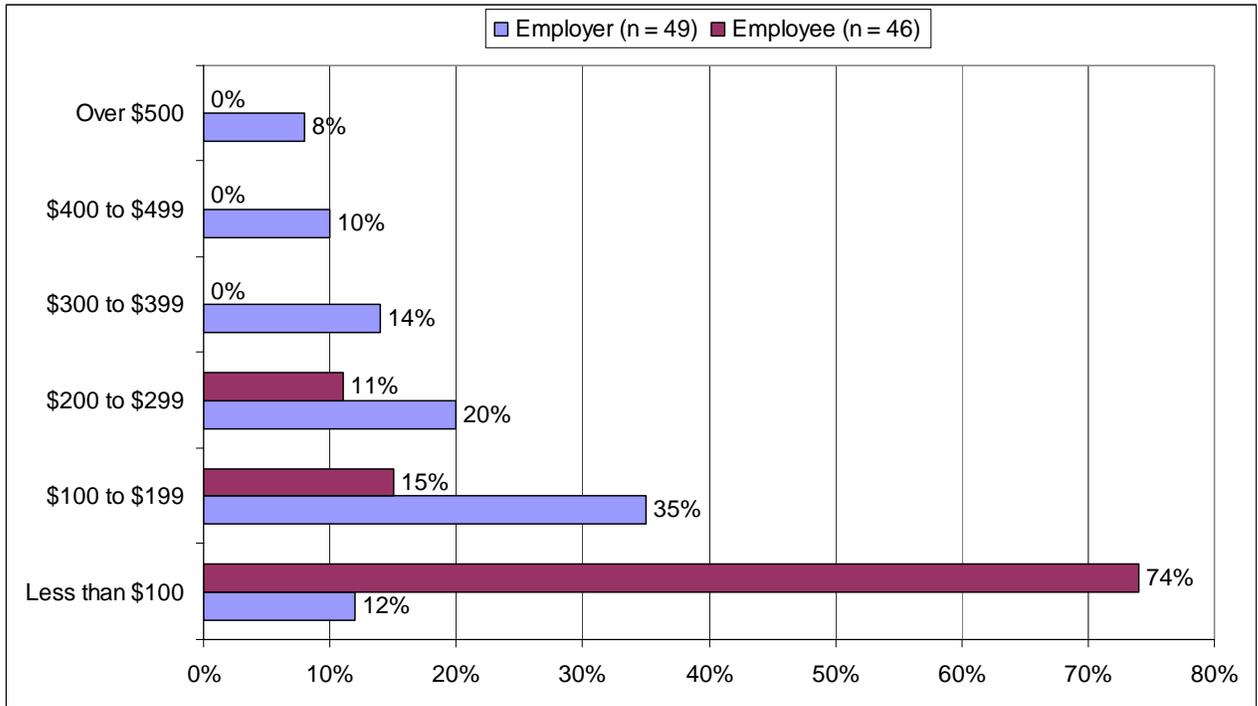
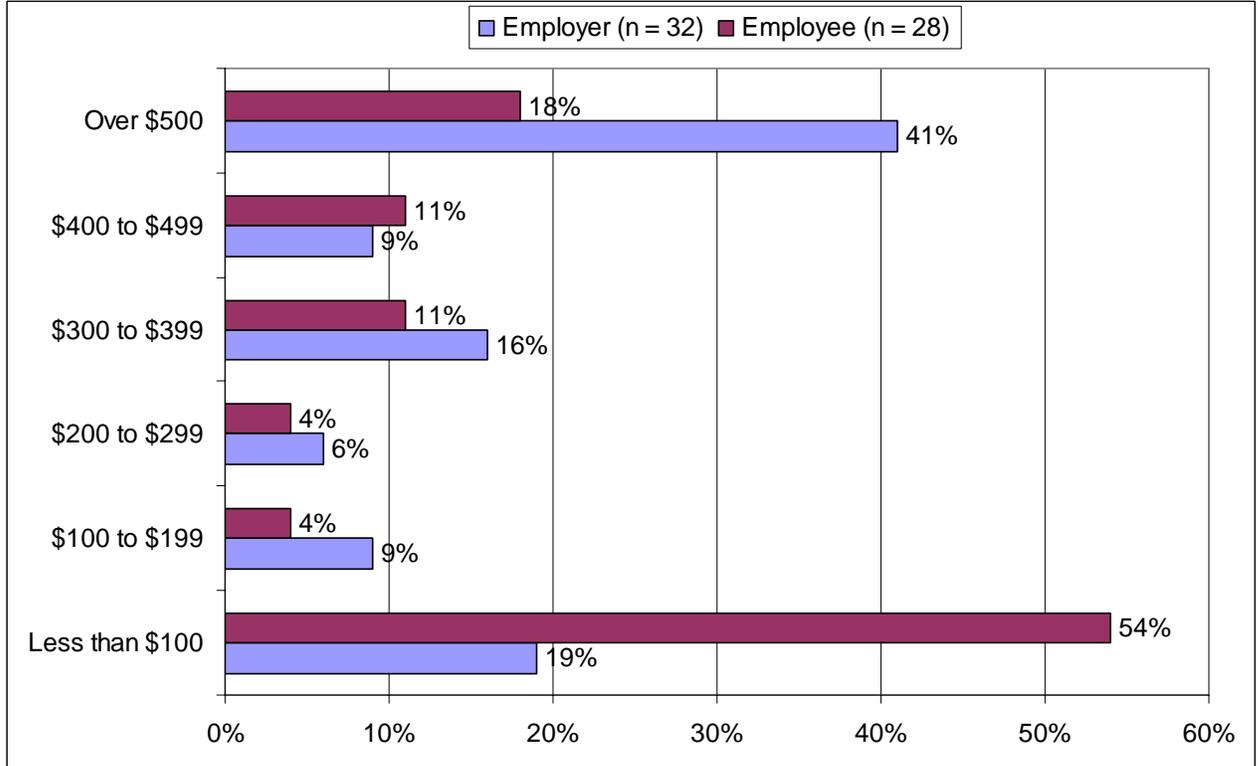


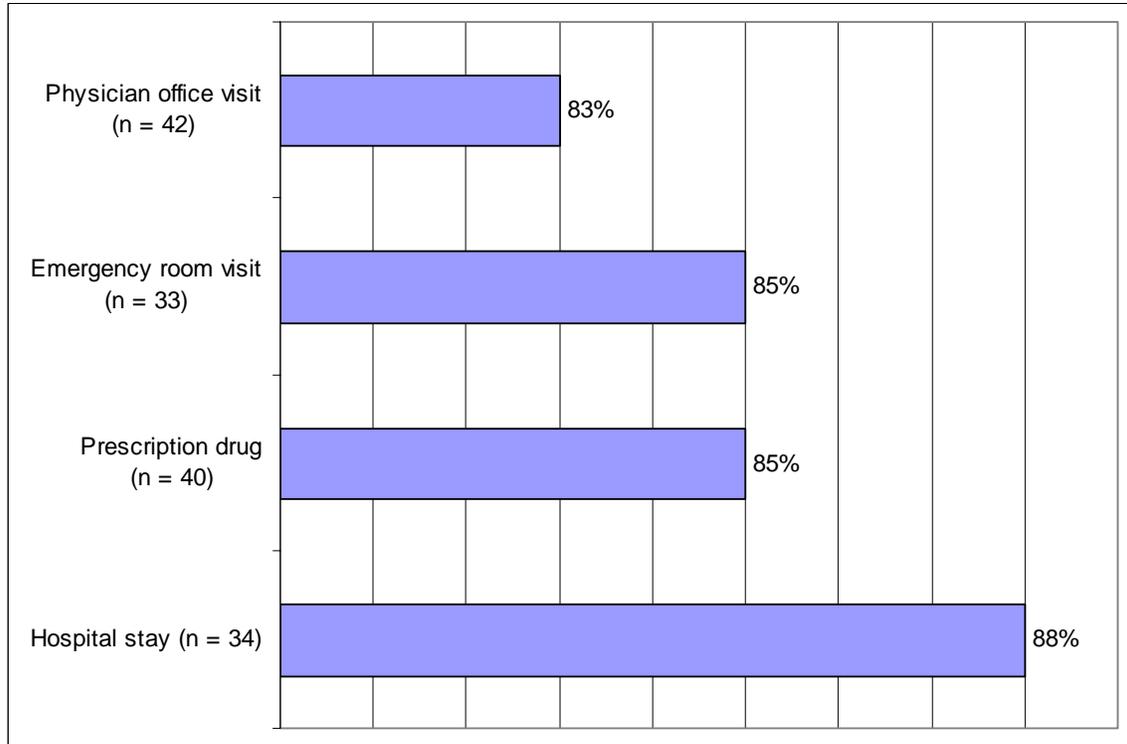
Figure 22: Current Contribution for Family Coverage—Employer and Employee



The majority of offering employers include the basic services in employee health packages.

- Over 80% of employers include hospital stay (88%), prescription drug coverage (85%), emergency room visit (85%), and physician office visit (83%) in the health insurance packages offered to their employees. (Figure 23)

Figure 23: Percentage of Businesses That Cover Service Options



- The majority of offering employers had a co-payment cost-sharing mechanism for physician office visits, both primary care (88%) and specialty care (78%). (Figure 24)
- Nearly three-fourth of offering employers (74%) had a co-payment cost-sharing mechanism for ER visits from their employees. (Figure 25)
- The majority of offering employers had a deductible (77%) and/or coinsurance (72%) as the cost-sharing mechanism for hospital stay. (Figure 26)

Figure 24: Percentage of Businesses with Cost-sharing Option for Physician Office Visit

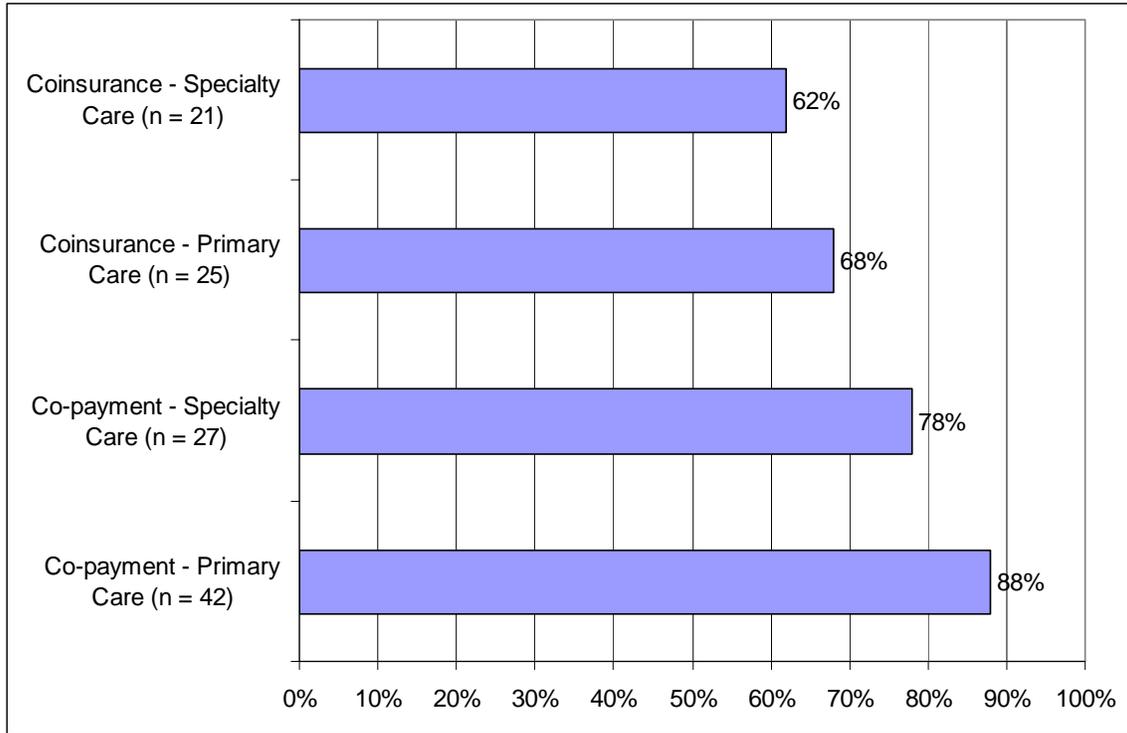


Figure 25: Percentage of Businesses with Cost-sharing Option for ER Visit

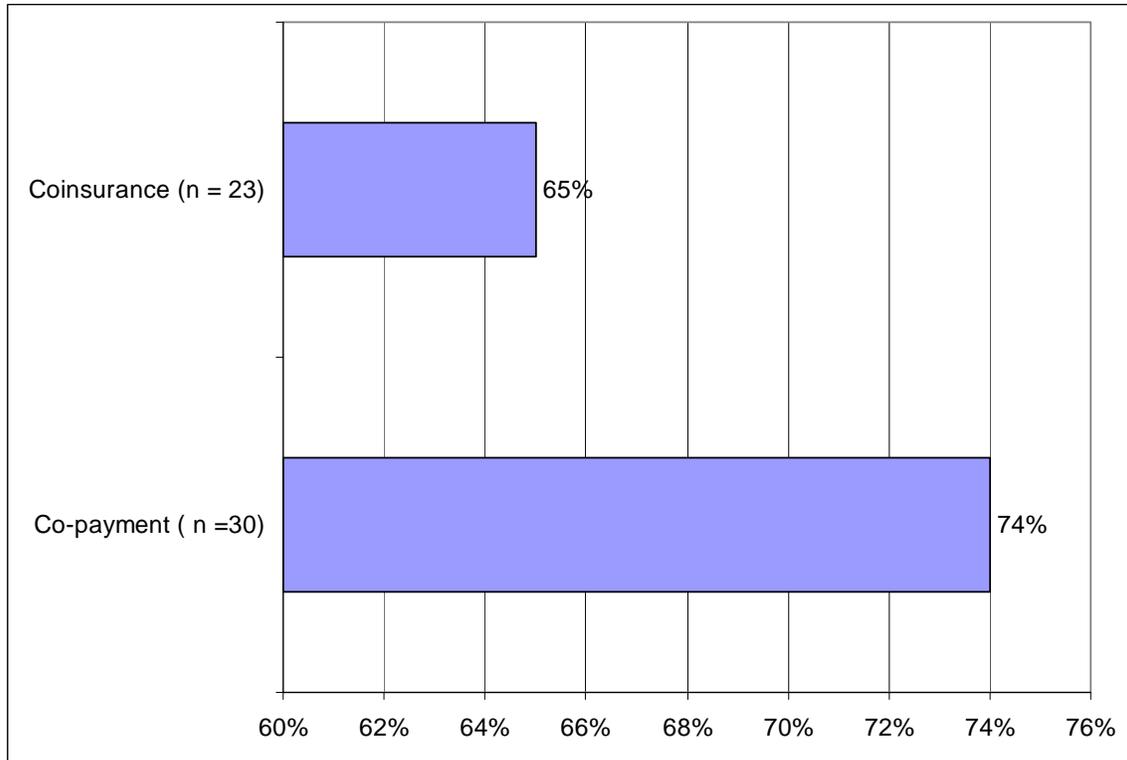
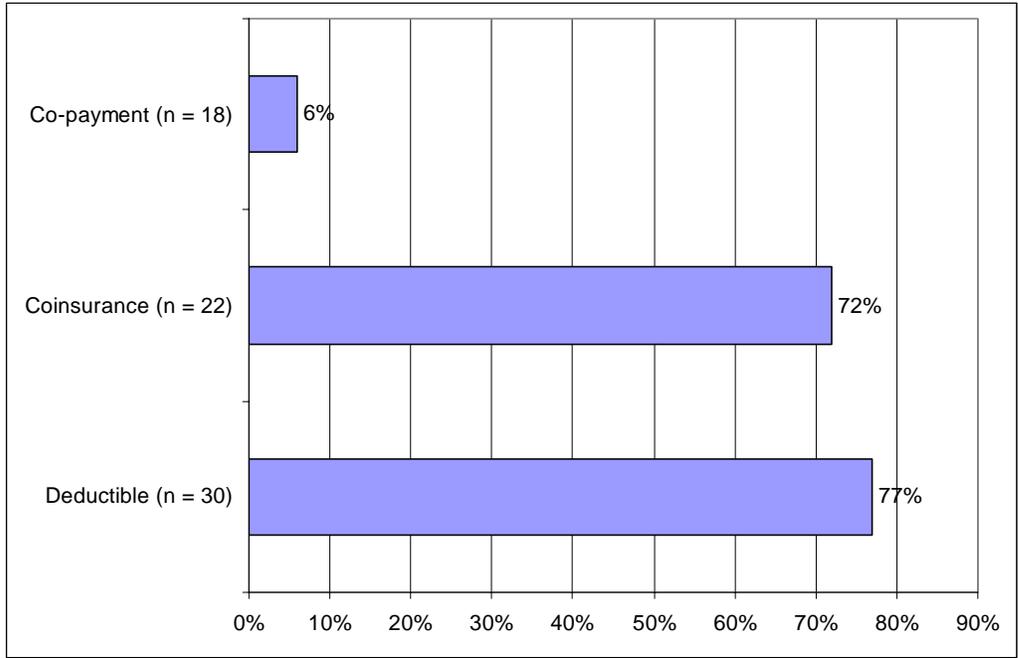


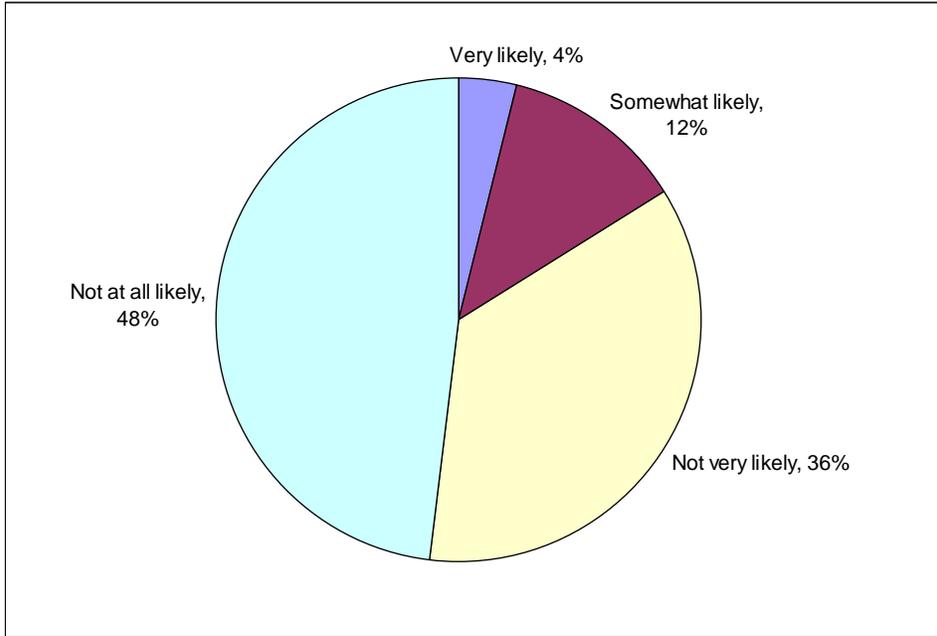
Figure 26: Percentage of Businesses with Cost-sharing Option for Hospital Stay



*The majority of offering employers are not likely to discontinue coverage in the next year.*

- The majority (84%) of offering employers reported that they are not likely to discontinue health insurance coverage for their employees in the next year. (Figure 27)

Figure 27: Likelihood Business Will Discontinue to Offer Health Insurance in the Next Year (n = 58)



***What we heard from some offering employers***

“We are trying to find a better plan, but have found most to be too expensive.”

“Currently, employees that are eligible for main medical have coverage through their spouse; therefore, we offer coverage, but it is not used.”

“At some point I can no longer afford to offer health insurance coverage. The increasing costs will become too high.”

“It would be nice if you don’t have any claims on your policy that the premium would go down accordingly, also if you did have claims then the rate would be raised accordingly.”

**EMPLOYEE SURVEY**  
**(n = 373)**

## **BACKGROUND**

To acquire additional information regarding the perceptions of employees working for small businesses about health insurance, we conducted a telephone survey of employees in the same regions targeted by the small employer survey.

## **METHOD**

A random sample of 10,500 households from three geographic areas (Lancaster County, the Tri-cities area, and Scotts Bluff County) was created using data generated by GENESYS Sampling Systems. Each interview took about 10 minutes to complete. Each participant was asked up to 25 questions covering the following general topics: employer offering status, employee participation in employer plan, enrolled plan design, contribution and cost-sharing and maximum premium affordable (see Appendix B for a copy of the employee telephone protocol). Professionally trained interviewers conducted the employee interviews. Eligible participants were identified using the following criteria: participants were between the ages of 19 and 64 years, employed for pay by someone other than themselves, and employed at a business that has between 3 and 500 employees. Although our employer survey focused on businesses with 50 or fewer employees, we chose to interview employees of businesses with between 3 and 500 employees. Our assumption was that employees working for businesses within this size range are likely to have similar levels of information about selecting insurance plans and similar reasons for the decisions they make.

## **STUDY POPULATION**

A total of 373 employee interviews were successfully completed.<sup>12</sup> Forty-eight percent of interviewed employees lived in Lancaster County, 29% lived in the Tri-cities area, and 21% lived in Scotts Bluff County. Seven employees provided incomplete county information. More than 90% of interviewed employees reported they were white (94%) and/or non-Hispanic (96%). Seventy-two percent of employees had at least some college education. Fifty percent of interviewed employees reported an annual household income between \$35,000 and \$75,000. The age distribution among those interviewed was relatively equal within the eligible age range, with a slightly higher percentage between the ages of 46 to 55 years (36%) and the lowest percentage between the ages of 56 to 64 years (18%).

---

<sup>12</sup> Approved by the Institutional Review Board May 2006. IRB # 192-06-EX.

Nearly half of the employees interviewed work for a business that employs 3 to 49 employees.

- Sixty-one percent of employees interviewed work for a business that employs up to 100 employees. Forty-seven percent of employees interviewed work for a business that employs between 3 and 49 employees. (Figure 28)

The majority of employees interviewed reported being offered health insurance from their employer. Employees of small businesses are less likely to be offered health insurance from their employer.

- Eighty-six percent of employees reported that their employer offers health insurance to employees. (Figure 29) Thirty-nine percent of these employees work for a business that employs fewer than 50 employees. (Figure 30)
- Ninety percent of employees NOT offered health insurance by their employer work for a business that employs fewer than 50 employees. (Figure 30)

Figure 28: Percentage of Employee Interviews by Employer Size (n = 373)

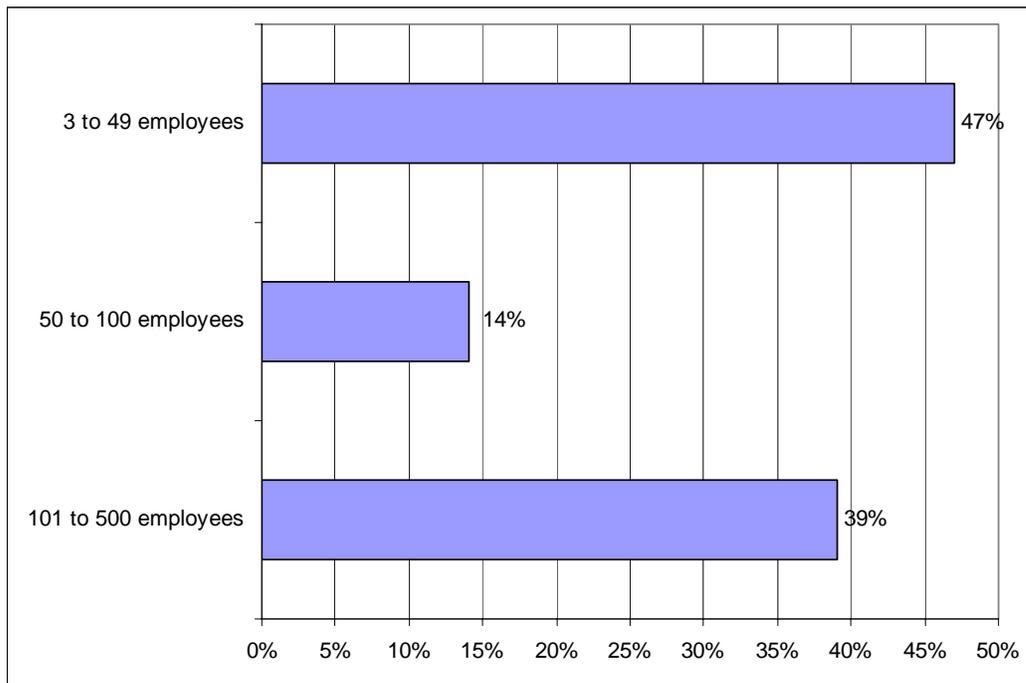


Figure 29: Percentage of Employee Interviews by Employer Offer Status

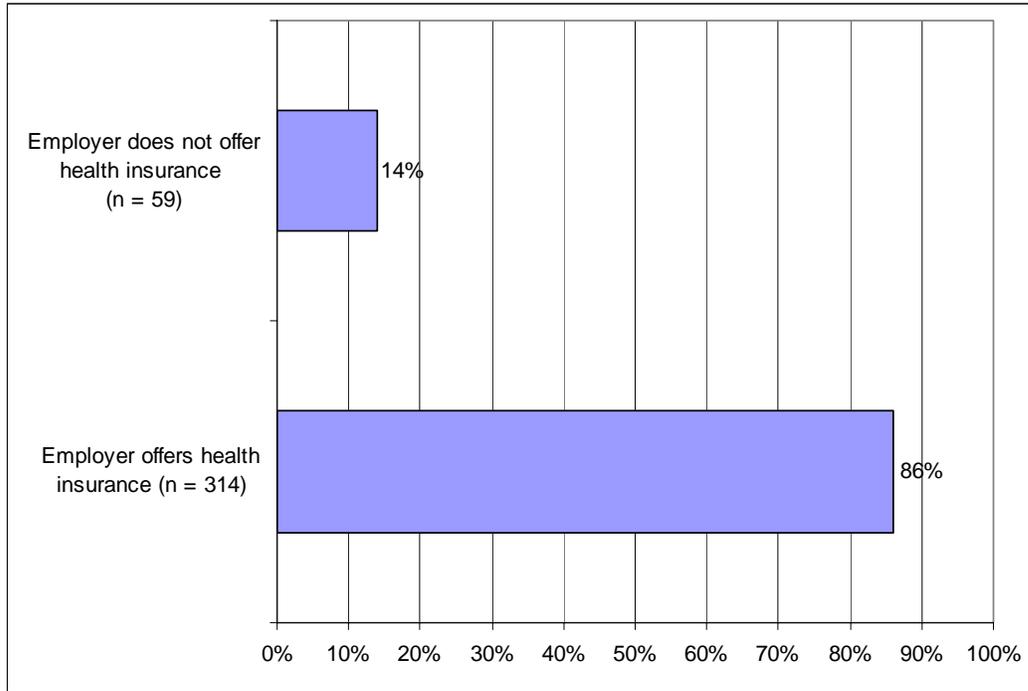
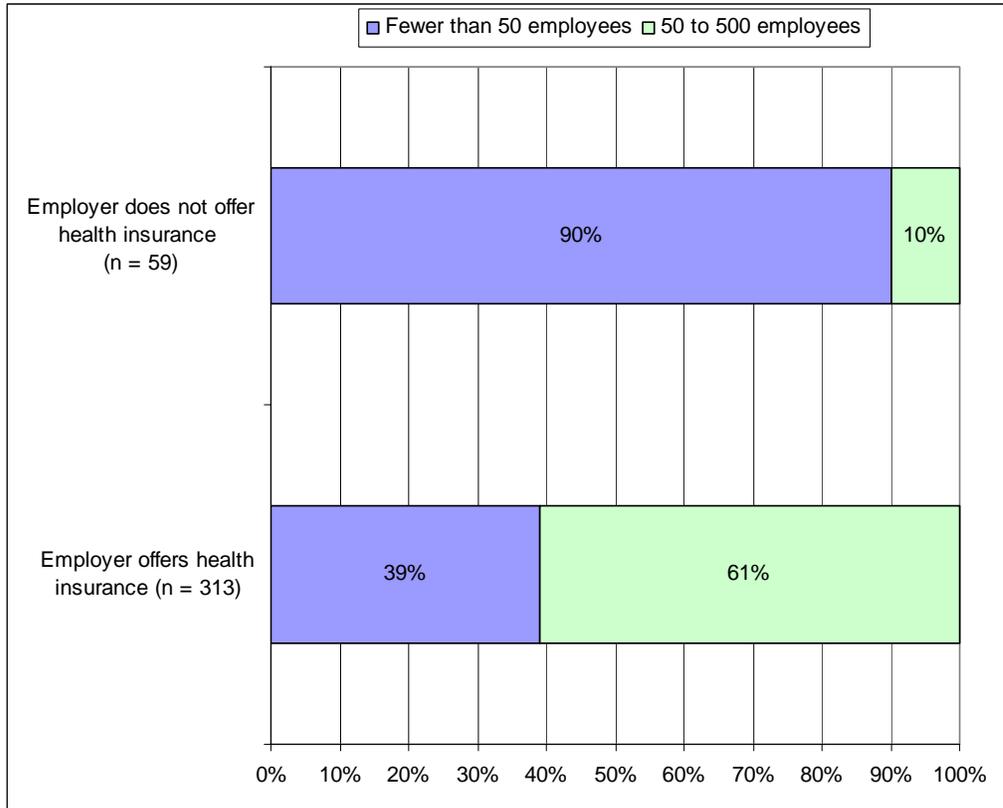


Figure 30: Offering Status by Employer Size



## **RESPONSES FROM EMPLOYEES NOT OFFERED HEALTH INSURANCE BY EMPLOYER (n = 59)**

*The majority of employees NOT offered health insurance by their employer have coverage elsewhere.*

- Thirty-one percent of the employees not offered health insurance by their employer reported that they are uninsured. (Figure 31) Seventy-eight percent of these employees are employed by a business with fewer than 50 employees. (Figure 32)
- Sixty-nine percent of employees not offered health insurance reported having coverage elsewhere. (Figure 31) Ninety-five percent of these employees work for a business with fewer than 50 employees. (Figure 32)
- Of the employees with coverage elsewhere, the majority (56%) reported having coverage through their spouse's employer. (Figure 33)

Figure 31: Coverage Status for Employees Not Offered Health Insurance (n = 59)

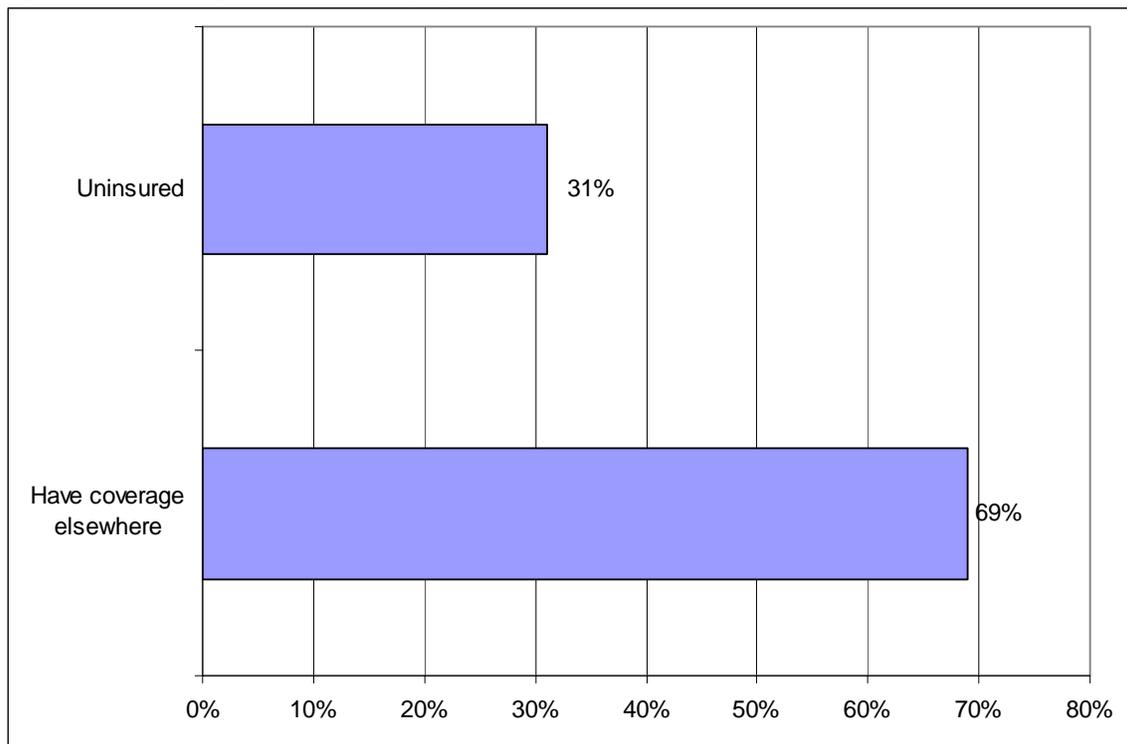


Figure 32: Coverage Status for Employees Not Offered Health Insurance by Employer Size

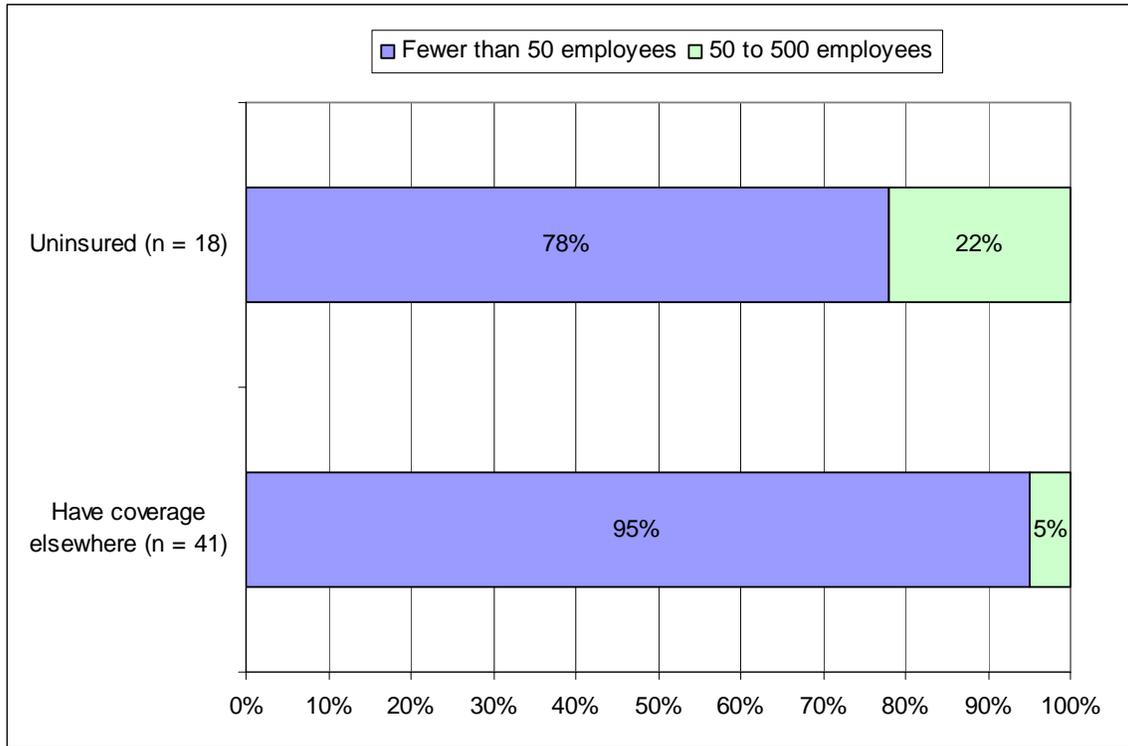
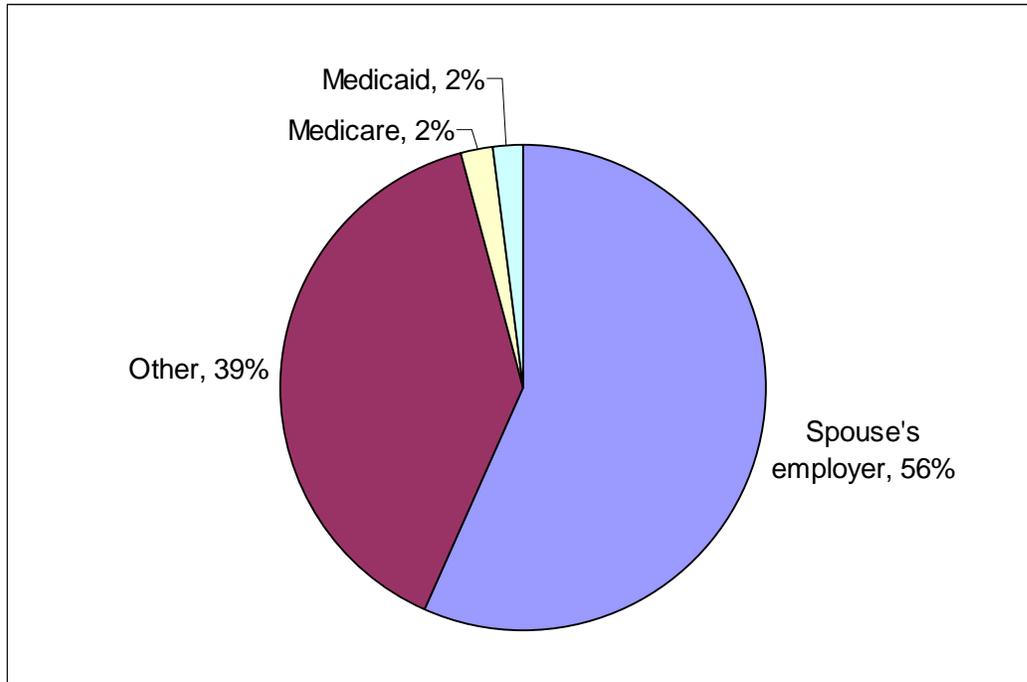


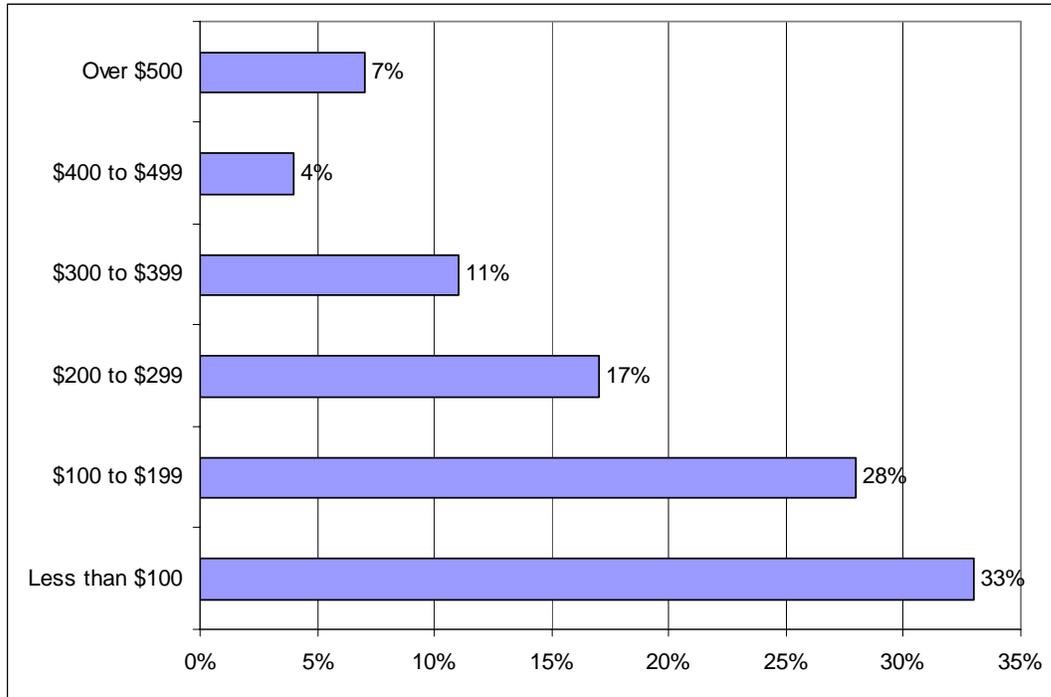
Figure 33: Source of Coverage for Employees Not Offered Health Insurance (n = 41)



*The majority of employees not offered health insurance by their employer would be willing to contribute up to \$200 per month for health insurance.*

- Sixty-one percent of employees reported that they would be willing to contribute up to \$200 per month for health insurance. Thirty-three percent of employees reported being willing to contribute up to \$100 per month. (Figure 34)

Figure 34: Maximum Monthly Premium Amount Affordable for Employees Not Offered Health Insurance (n = 46)



*If an employer needed to keep cost for health insurance down, employees would be most likely to accept a limit to the number of physician office visits.*

- Thirty percent of employees not offered health insurance reported being willing to accept a limit to the number of physician office visits, followed by an increase in deductible (25%). (Figure 35)

*The majority of employees would participate in an employer health plan if their employer were to offer health insurance to employees.*

- Sixty-eight percent of employees reported that they would participate in a plan offered by their employer if offered the opportunity. (Figure 36)

Figure 35: Percentage of Employees Who Would Accept Limit to Employee Health Plans if Employer Needed to Keep Business Cost Down (n = 53)

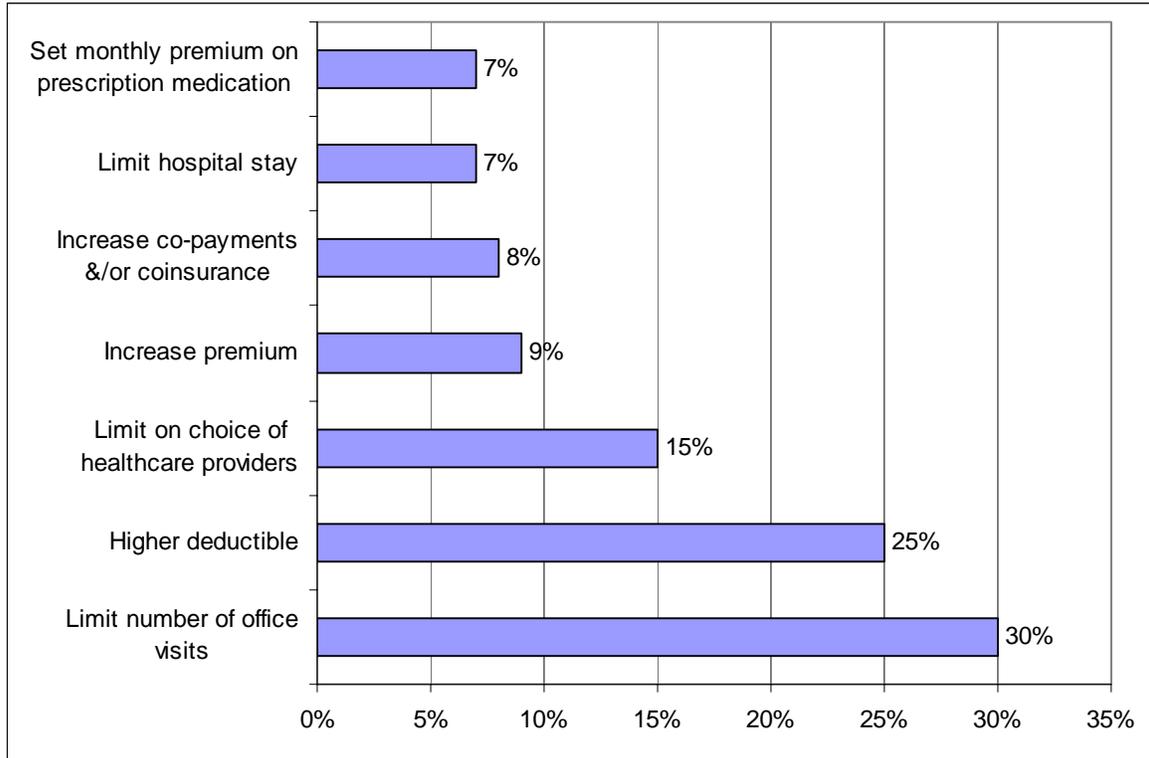
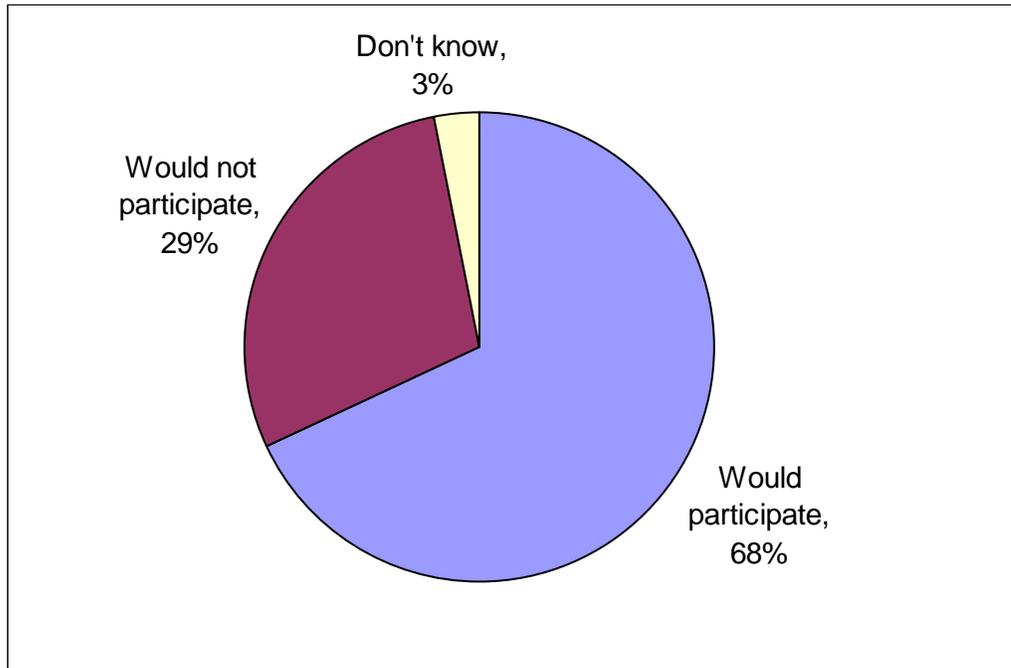


Figure 36: Employee Participation if Employer Offered Health Insurance (n = 59)



## RESPONSES FROM EMPLOYEES OFFERED HEALTH INSURANCE BY EMPLOYER (n = 314)

*The majority of employees offered health insurance are eligible for and enrolled in a plan offered by their employer.*

- Sixty-eight percent of employees offered health insurance by their employer reported that they are eligible for and enrolled in a plan offered by their employer. (Figure 37)
- Twenty percent of employees offered health insurance reported they are eligible but not enrolled in their employer's plan. (Figure 37) Of these employees, 80% reported that the reason they do not participate in their employer's health plan is because they have coverage elsewhere. (Figure 38)
- Twelve percent of the employees offered health insurance reported that they are not eligible to participate in the plans offered by their employer. (Figure 37) Of these employees, the majority (76%) reported that they are not eligible because they work part-time. (Figure 39)

Figure 37: Eligibility and Enrollment for Employees Offered Health Insurance (n = 314)

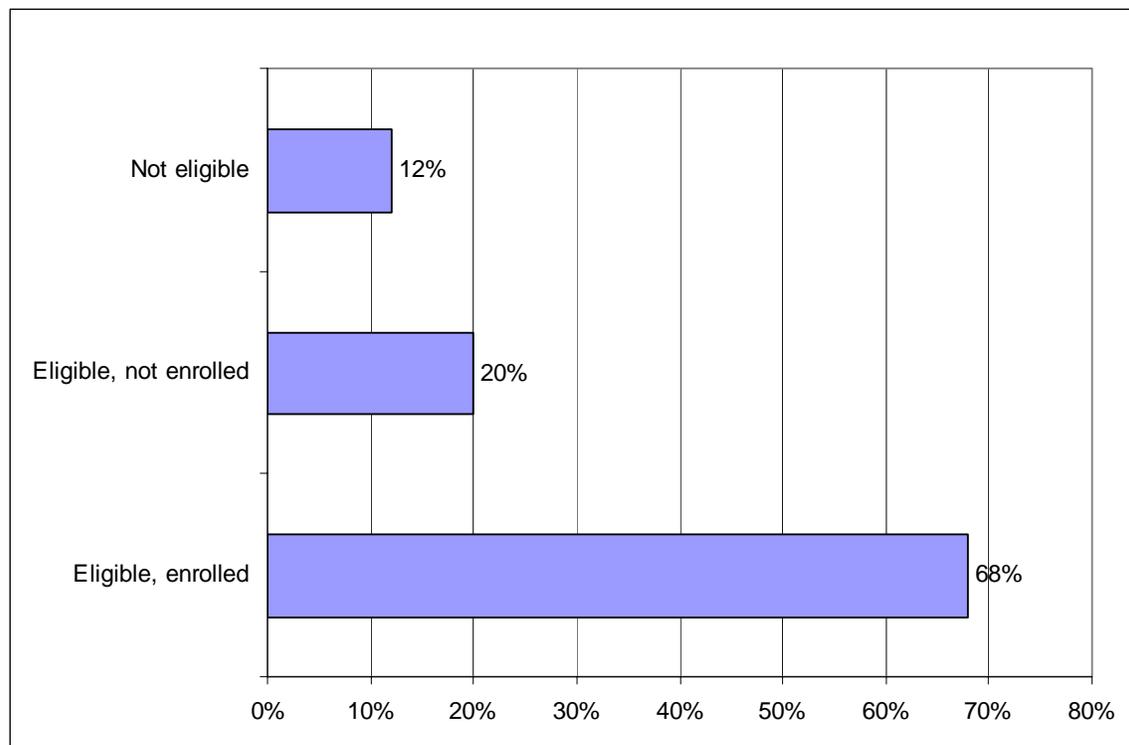


Figure 38: Reason for Not Participating in Health Insurance Offered by Employer (n = 64)

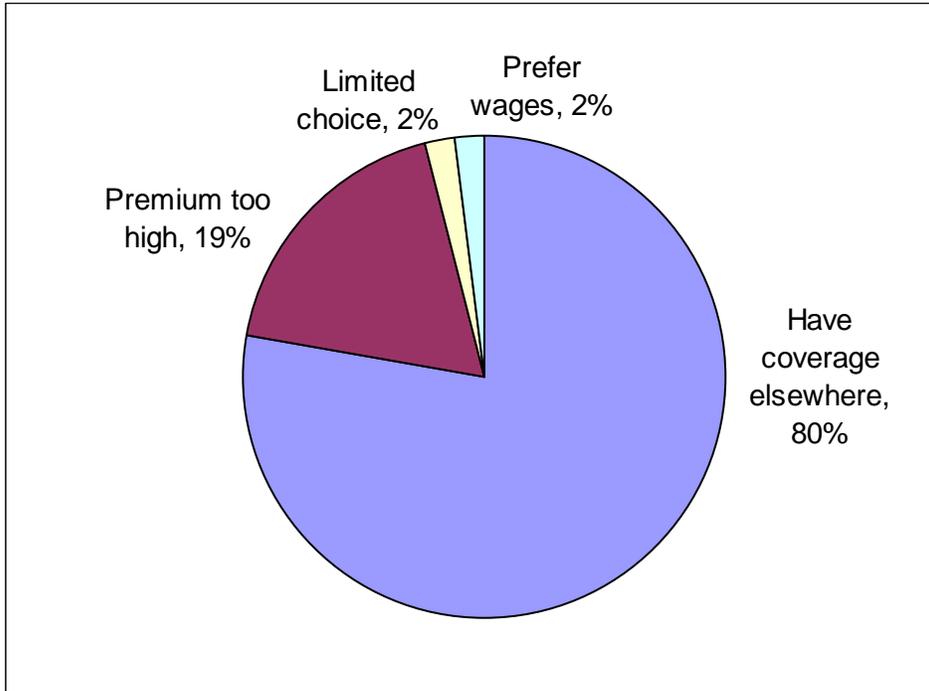
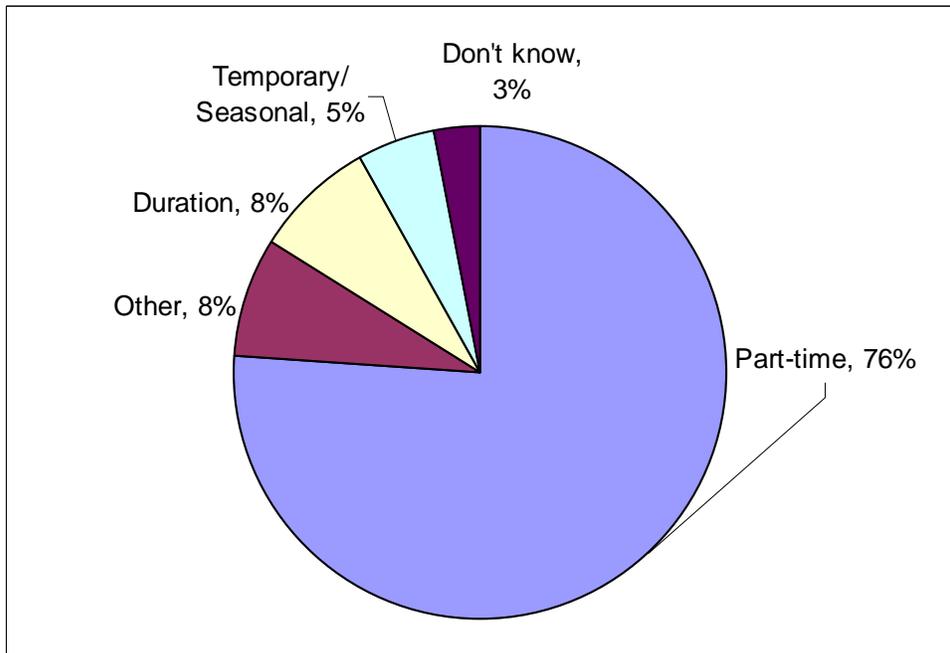


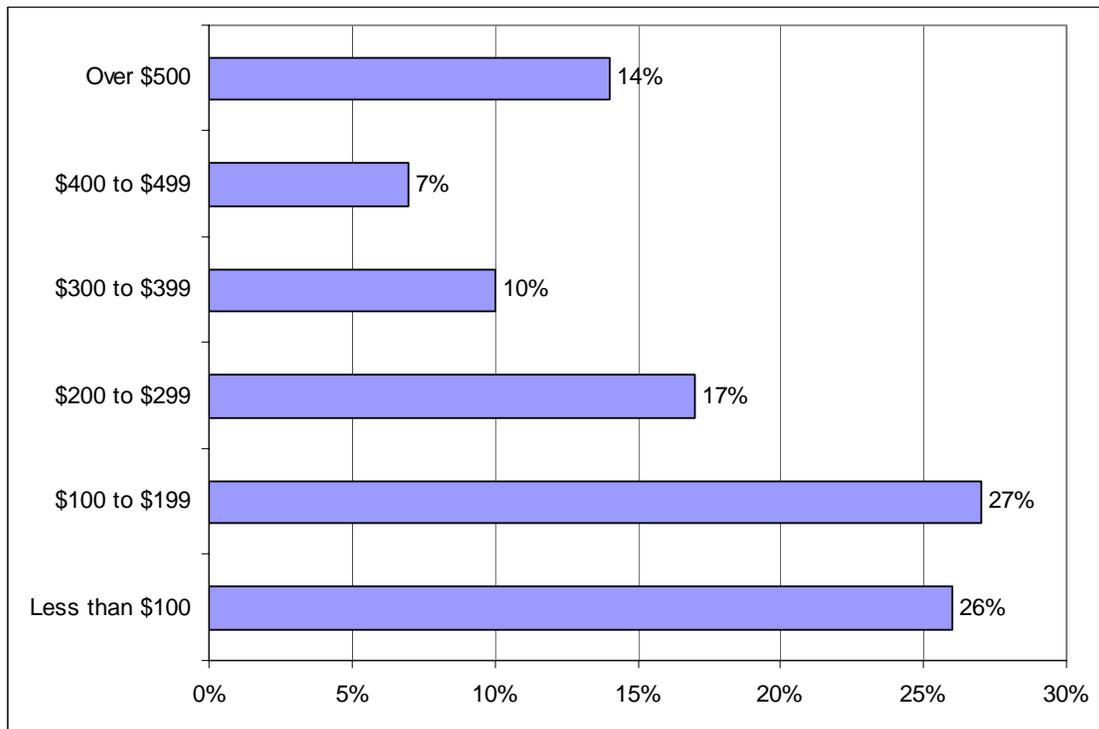
Figure 39: Reason Not Eligible for Health Plan Offered by Employer (n = 37)



*More than half of employees offered health insurance by their employer would be willing to contribute up to \$200 per month for health insurance.*

- Fifty-three percent of employees offered health insurance reported that they would be willing to contribute a maximum of \$200 per month for health insurance. Twenty-six percent of employees reported being willing to contribute up to \$100 per month. (Figure 40)

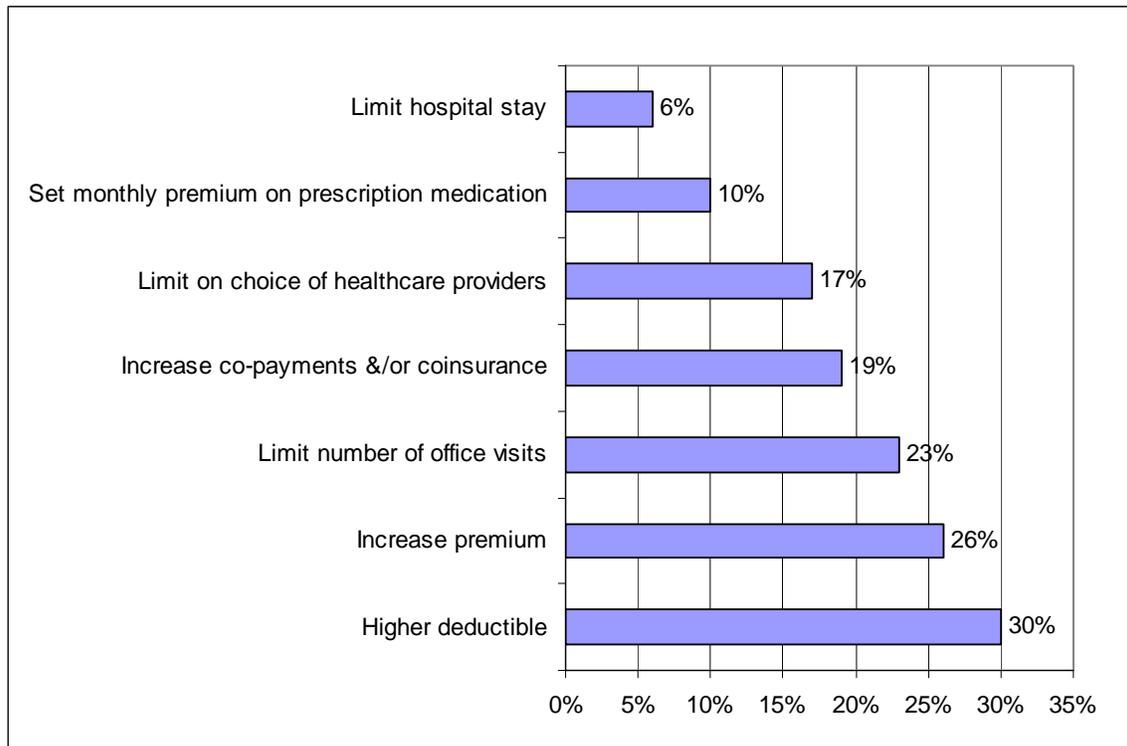
Figure 40: Maximum Monthly Premium Amount Affordable for Employees Offered Health Insurance by Employer (n = 190)



*If an employer needed to keep cost for health insurance down, employees offered health insurance would be most likely to accept an increase in cost over limits in services.*

- Thirty percent of employees not offered health insurance reported being willing to accept a higher deductible, followed by an increased premium (26%). (Figure 41)

Figure 41: Preferred Tradeoff for Employees Offered Health Insurance by Employer (n = 130)



**RESPONSES FROM EMPLOYEES ENROLLED IN HEALTH INSURANCE OFFERED BY EMPLOYER (n = 213)**

*The majority of employees participating in an employer health plan are offered and enrolled in a PPO plan.*

- Eighty-one percent of employees participating in a health insurance plan offered by their employer reported being offered a PPO plan. Employees are least likely to be offered a traditional indemnity. (Figure 42)
- Seventy-eight percent of employees participating in employer-sponsored insurance reported being enrolled in a PPO plan. (Figure 43)

Figure 42: Health Insurance Plan Type Offered by Employer (n = 213)

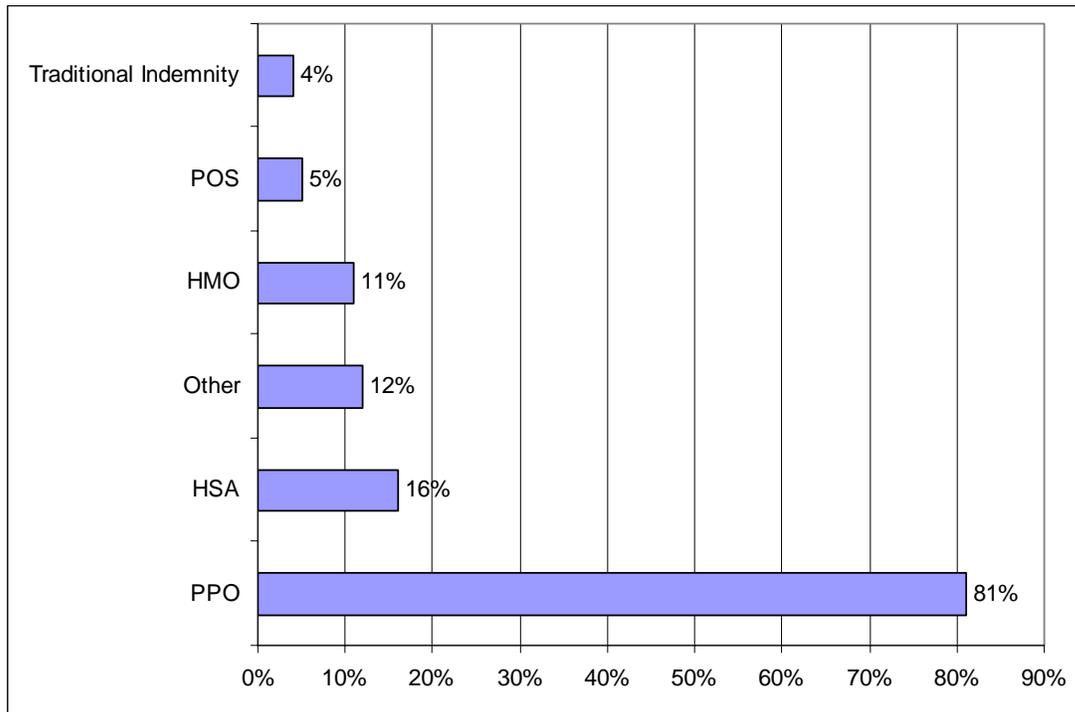
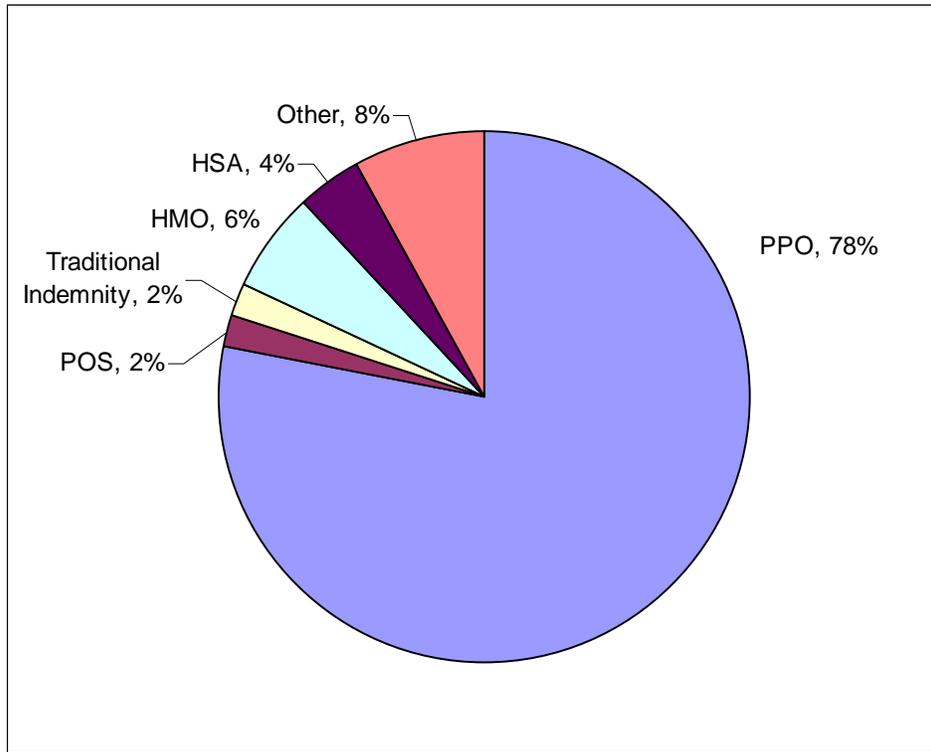


Figure 43: Health Insurance Plan Type in Which Employees Are Enrolled (n = 186)



*About two-thirds of employees pay up to \$200 toward their monthly premium.*

- Sixty-seven percent of employees enrolled in a health insurance plan offered by their employer reported paying up to \$200 per month toward their premium. Forty-seven percent of employees reported paying less than \$100 a month toward their premium. (Figure 44)
- Employees enrolled in employer-sponsored insurance reported a median annual deductible of \$500 (ranging from \$80 to \$6,000) and a median annual out-of-pocket limit of \$1,600 (ranging from \$200 to \$7,500). (Table 2)

Figure 44: Employee Premium Contribution Per Month for Health Insurance (n = 165)

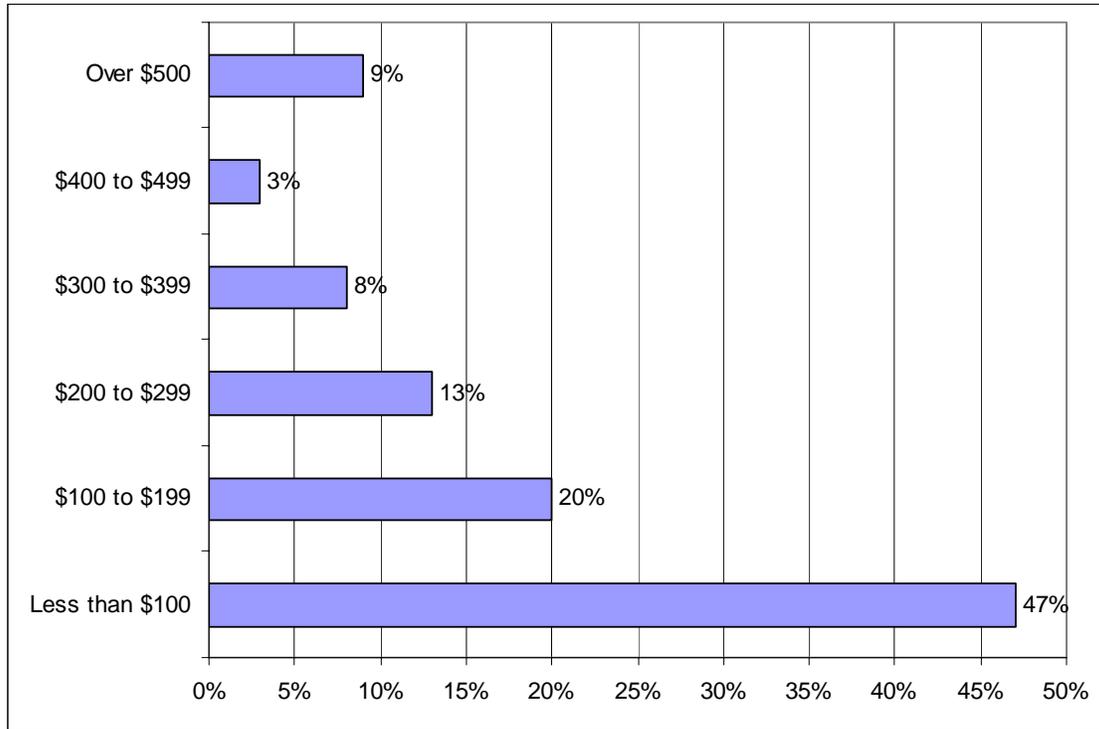


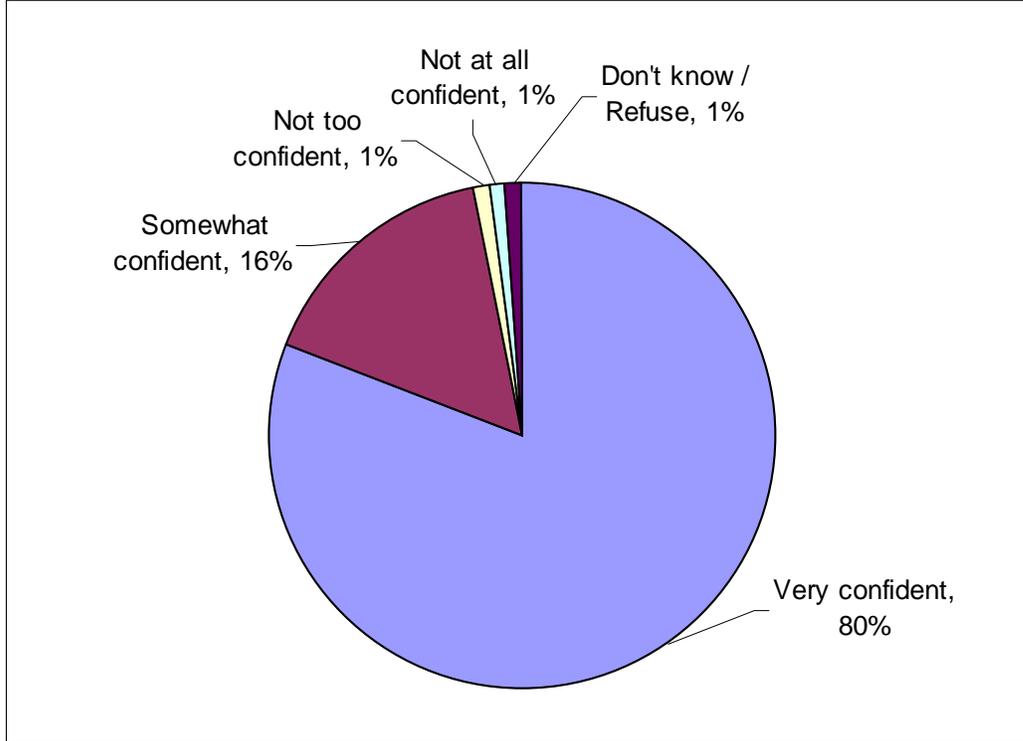
Table 2: Employee Contribution for Annual Deductible and Annual Out-of-pocket Limit

	Median (sample size)	Minimum	Maximum
<b>Annual deductible</b>	\$500 (n = 147)	\$80	\$6,000
<b>Annual out-of-pocket limit</b>	\$1,600 (n = 79)	\$200	\$7,500

*Nearly all employees participating in employer-sponsored insurance are confident that their employer will continue to offer health insurance for the next two years.*

- Ninety-six percent of employees enrolled in employer-sponsored health insurance reported that they are at least somewhat confident that their employer will continue to offer health insurance for the next two years. (Figure 45)

Figure 45: Confidence Employer Will Continue to Offer Health Insurance For the Next Two Years (n = 211)



# **INSURANCE SCENARIO ANALYSIS**

## BACKGROUND

As part of the employer and employee surveys, we collected information about how small employers (or their employees) respond to the variation in premium, deductible, co-payment, and coinsurance of an insurance product when considering whether to offer health insurance to their employees (or enrolling in the health insurance offered by their employer). This information will be useful in developing insurance products that are affordable to small employers and their employees.

## METHOD

Scenario questions were developed addressing the variation in premium, deductible, co-payment, and coinsurance of an insurance product. Each of these four variables has two alternative values, a lower-cost option or a higher-cost option, as follows:

Table 3: The Variations of Benefit Item Variables for Scenario Questions

<b>Benefit Items</b>	<b>Cost Options</b>	
	<b>Low</b>	<b>High</b>
Total monthly premium	\$300	\$500
Annual individual deductible	\$500	\$1500
Co-payment for physician office visits	\$20	\$40
Coinsurance for employees	10%	30%

These benefit options yield a total of 16 possible scenarios (i.e.,  $2 \times 2 \times 2 \times 2 = 16$ ), with each scenario representing a unique insurance product. We also assumed that all insurance products cover physician care, hospital care, emergency room, and prescription medication, and include a maximum individual annual out-of-pocket liability. We randomly selected 4 scenarios (out of the pool of 16) into each questionnaire so each employer or employee could respond to a different set of 4 scenarios (see Appendix A or B for the examples of scenario questions). Each scenario question included two additional questions. First, how likely is the business (or employee) to offer (or to enroll in) such a scenario insurance product? Second, what is the desired premium split between business and employee if the business (or employee) decides to offer (enroll in) such a scenario insurance product?

A generalized estimating equation (GEE) regression approach was then used to analyze the data collected from businesses' and employees' responses to scenario questions. The GEE method was used to account for the possible correlation of responses within the same respondent, as each business or employee was given four scenario questions to answer.

## FINDINGS FROM THE EMPLOYER SURVEY

*Premium price is the most important factor to small businesses (especially those currently not offering health insurance) when considering whether to offer health insurance to their employees. (Table 4)*

- Non-offering employers are **3.38** times more likely to offer health insurance if the total monthly premium is \$300 than if it is \$500.
- Offering employers are **72%** more likely to offer health insurance if the total monthly premium is \$300 than if it is \$500.
- Offering employers are also **48%** more likely to offer health insurance if the coinsurance level for employees is 10% than if it is 30% ( $p < 0.1$ ).
- On average, employers, regardless of their offering status, are **1.91** times more likely to offer health insurance if the total monthly premium is \$300 than if it is \$500.

Table 4: The Effects of Plan Benefit Design on Employer’s Likelihood of Offering Health Insurance

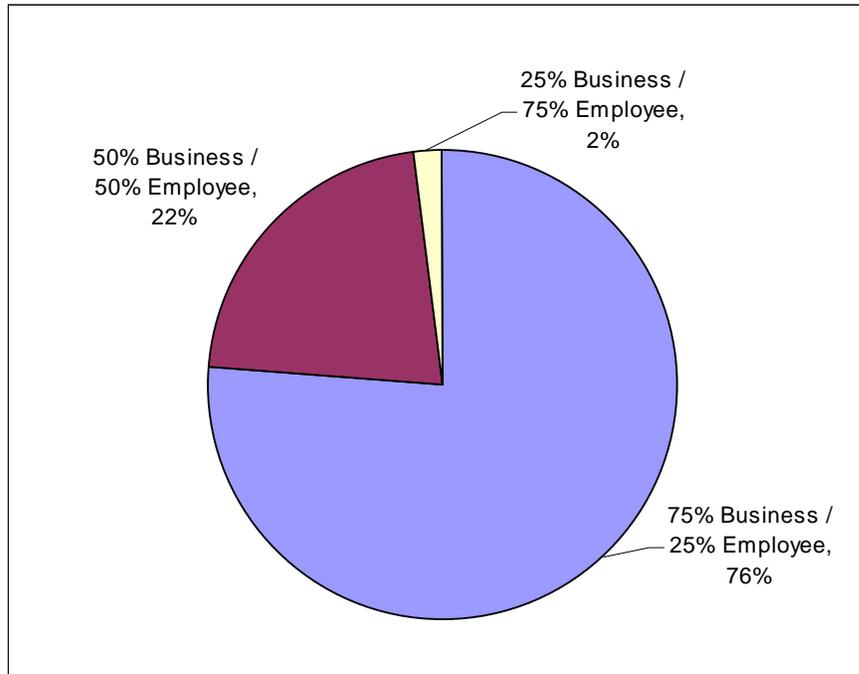
	<i>Employers That Do Not Offer</i>	<i>Employers That Do Offer</i>	<i>All Employers</i>
Total monthly premium <b>(\$300 vs. \$500)</b>	3.38 times more likely to offer (2.53, 7.57)	72% more likely to offer (1.04, 2.85)	1.91 times more likely to offer (1.98, 4.30)
Annual deductible <b>(\$500 vs. \$1500)</b>	--	--	--
Co-payment for physician visit <b>(\$20 vs. \$40)</b>	--	--	--
Coinsurance <b>(10% vs. 30%)</b>	--	48% more likely to offer (0.98, 2.23)	--

“--” indicates that the results were not statistically significant.

The numbers in parentheses are the 95% confidence intervals of the odds ratios.

- Of the small businesses that are likely to offer health insurance, the majority (76%) prefer a 75% business/25% employee split, while one-fifth (22%) prefer a 50%/50% split. (Figure 46)

Figure 46: Preferred Cost-sharing for Employers That Are Likely to Offer Health Insurance



## FINDINGS FROM THE EMPLOYEE SURVEY

*Premium price is the most important factor to employees working for small businesses when considering whether to enroll in the health insurance offered by their employers, although employees are also generally responsive to the change in deductible, co-payment, and coinsurance of an insurance package when making their enrolling decision. (Table 5)*

### Employees *not* offered health insurance

- are **1.74** times more likely to enroll in a health insurance plan if the total monthly premium is \$300 than if it is \$500.
- are **1.37** times more likely to enroll in a health insurance plan if the annual deductible is \$500 than if it is \$1,500.

### Employees offered health insurance

- are **1.72** times more likely to enroll in a health insurance plan if the total monthly premium is \$300 than if it is \$500.
- are **57%** more likely to enroll in a health insurance plan if the coinsurance level for employees is 10% than if it is 30%.

- are **58%** more likely to enroll in a health insurance plan if the annual deductible is \$500 than if it is \$1,500.
- are **61%** more likely to enroll in a health insurance plan if the co-payment for physician visit is \$20 than if it is \$40.

**All employees regardless of employer offering status**

- are **1.69** times more likely to enroll in a health insurance plan if the total monthly premium is \$300 than if it is \$500.
- are **49%** more likely to enroll in a health insurance plan if the coinsurance level for employees is 10% than if it is 30%.
- are **65%** more likely to enroll in a health insurance plan if the annual deductible is \$500 than if it is \$1,500.
- are **52%** more likely to enroll in a health insurance plan if the co-payment for physician visit is \$20 than if it is \$40.

Table 5: The Effects of Plan Benefit Design on Small Business Employees' Likelihood of Enrolling in the Health Insurance Offered by Employers

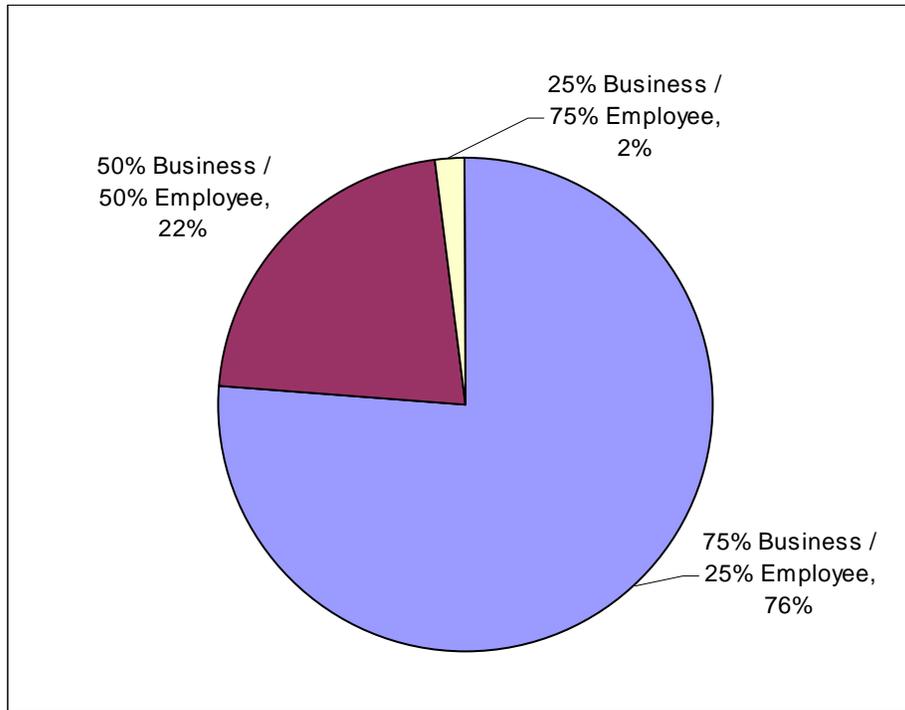
	<i>Employers That Do Not Offer</i>	<i>Employers That Do Offer</i>	<i>All Employers</i>
Total monthly premium <b>(\$300 vs. \$500)</b>	1.74 times more likely to enroll (1.59, 4.72)	1.72 times more likely to enroll (2.13, 3.47)	1.69 times more likely to enroll (2.16, 3.36)
Annual deductible <b>(\$500 vs. \$1500)</b>	1.37 times more likely to enroll (1.44, 3.91)	58% more likely to enroll (1.28, 1.96)	65% more likely to enroll (1.36, 2.02)
Co-payment for physician visit <b>(\$20 vs. \$40)</b>	--	61% more likely to enroll (1.30, 2.01)	52% more likely to enroll (1.25, 1.85)
Coinsurance <b>(10% vs. 30%)</b>	--	57% more likely to enroll (1.26, 1.95)	49% more likely to enroll (1.22, 1.81)

"--" indicates that the results were not statistically significant.

The numbers in parentheses are the 95% confidence intervals of the odds ratios.

- Among the small business employees that are likely to enroll in health insurance, the majority (76%) prefer a 75% business/25% employee split, while one-fifth (22%) prefer a 50%/50% split. This result is the same as what we found among small employers. (Figure 47)

Figure 47: Preferred Cost-sharing for Employers That Are Likely to Offer Health Insurance



# **IDENTIFYING THE AFFORDABILITY GAP**

## **BACKGROUND**

One of the important objectives in this project was to identify the gap, if any, between the amount small employers (and their employees) can afford to pay for health insurance and the price of health insurance products currently available. In order to achieve the policy goal of reducing the number of the uninsured in Nebraska, we are especially interested in identifying the gap between the amount that small businesses *that currently do not offer* any health insurance to employees can afford to pay and the price of health insurance products currently available.

## **METHOD**

To facilitate the discussion on the gap analysis, we collected input from a panel of insurance company representatives (including executives from Blue Cross Blue Shield of Nebraska, Mutual of Omaha, UnitedHealthcare, and Silverstone Group) about what kinds of health insurance products in terms of benefit design and premium prices are currently available to small businesses in Nebraska. Combining this information with our survey results, we conducted a premium affordability gap analysis.

## **FINDINGS**

According to results for the employer survey, the majority of the non-offering small employers and their employees could only afford a monthly premium of less than \$100 each for health insurance (Figure 48). If we compare Figure 48 with Figures 49 and 50, which show the current monthly premium prices that offering small employers and their employees are paying, we find that a gap exists between ability to pay (for non-offering employers and their employees) and the current product prices (for offering employers and their employees). Although 74% of offering small employers pay a monthly premium contribution of less than \$100 for employee-only coverage, only 12% of the offering small employers reported that their employees pay less than \$100 for such coverage (Figure 49). The gap becomes greater if the family coverage is of interest. Only 54% of the offering small employers reported paying a monthly premium of less than \$100 for family coverage, and only 19% of the offering small employers reported that their employees pay less than \$100 for such coverage (Figure 50). In addition, two-fifths (41%) of the offering small employers actually contribute more than \$500 each month for the family coverage offered to their employees.

Figure 48 (same as Figure 7, pg. 13): Maximum Monthly Premium Non-offering Employers and Their Employees Able to Afford

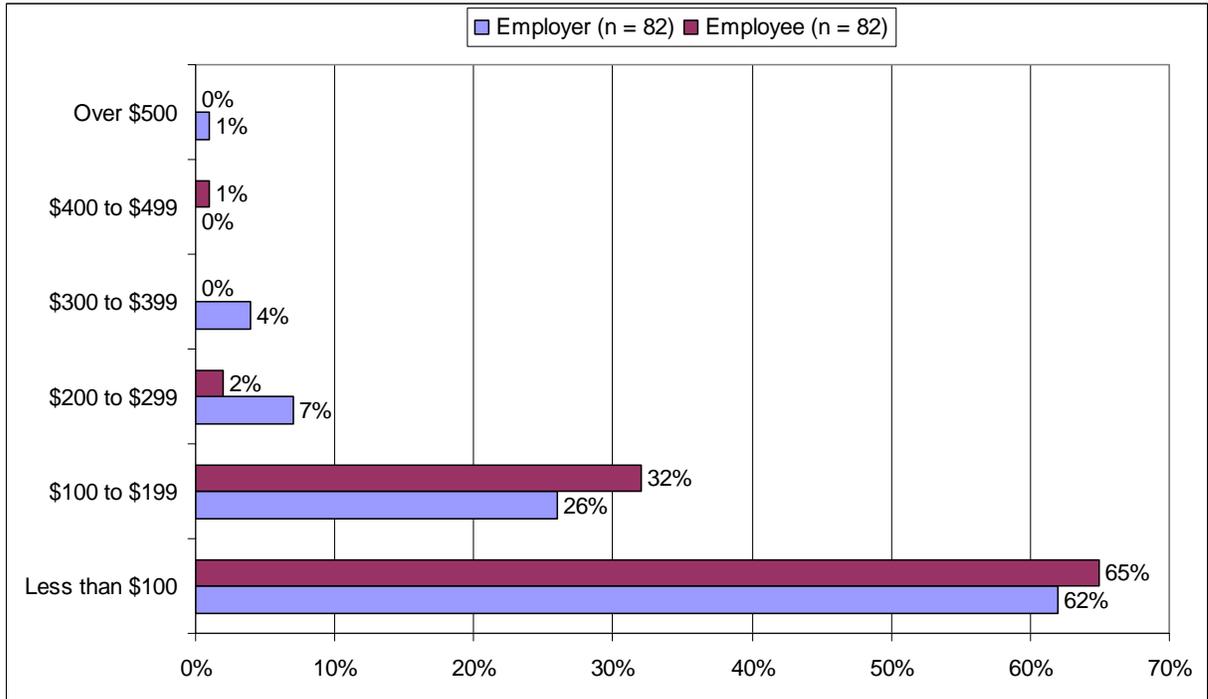


Figure 49 (same as Figure 21, pg. 24): Current Contribution for Employee-Only Coverage—Employer and Employee

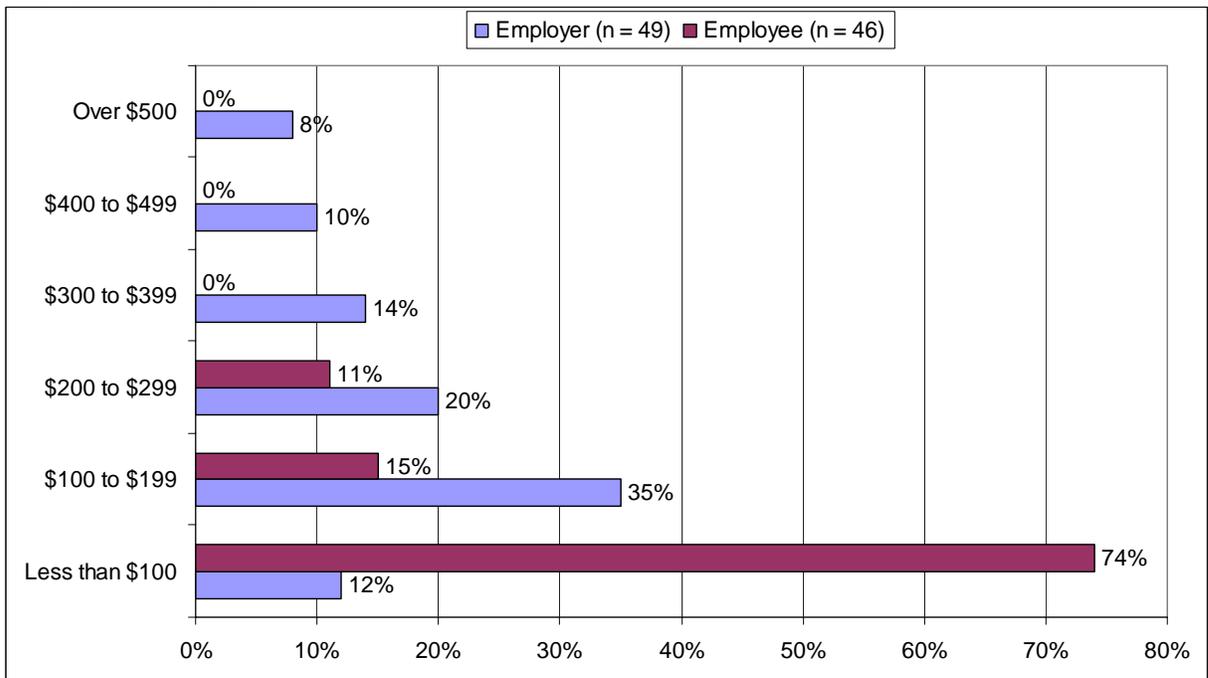
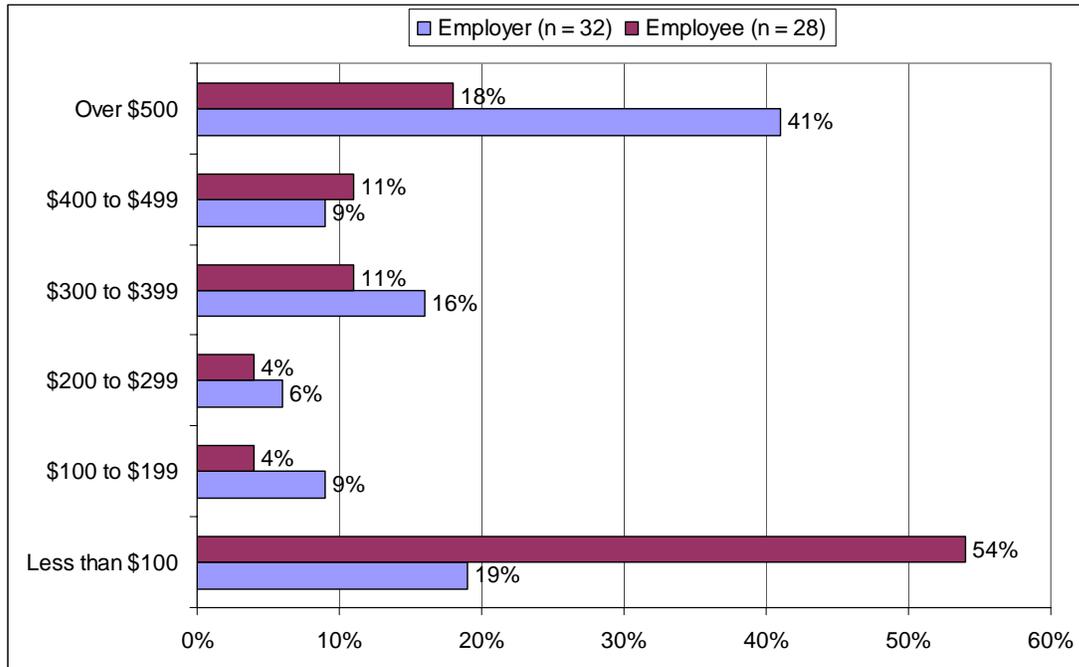


Figure 50 (same as Figure 22, pg. 24): Current Contribution for Family Coverage—Employer and Employee



Since about two-thirds of the non-offering small employers reported a premium affordability threshold of less than \$100 per month for their businesses as well as their employees, further research should measure the possibility of developing a health insurance product with a total monthly premium of \$200 for small business employees. Based on input from the panel of insurance company representatives, the minimum monthly premium price for a health insurance product with a reasonable benefit design is somewhere between \$200 and \$300, and more likely to be above \$250.<sup>13</sup> If this estimate is accurate, then the magnitude of the premium affordability gap for small employers and their employees would range from at least \$50 to \$100 or more per month, depending on the type of coverage (e.g., employer-only, employer + spouse, employer + children, family).

To better understand what a health insurance policy with a total monthly premium price between \$200 and \$300 consists of, we considered three health insurance product options for employees of a hypothetical small business that employs five males (two aged 38 and three aged 43) and five females (two aged 38 and three aged 43).<sup>14</sup> (Table 6)

<sup>13</sup> Expert advisory panel meeting. Omaha, NE. September 30, 2006.

<sup>14</sup> Silverstone Group. (2006) Omaha, NE. <http://www.silverstonegroup.com/index.htm>.

Table 6: Potential Product Option 1 for Small Employers and Their Employees\*

	<b>Option 1</b>	
	<b>PPO</b>	<b>Non-PPO</b>
<b>Calendar year deductible</b>		
Individual	\$500	\$1,000
Family	\$1,000	\$2,000
PPO & non-PPO accumulation	combined	
<b>Coinsurance</b> (after the deductible is satisfied)		
	80%	60%
<b>Out-of-pocket maximum</b> (includes deductible)		
Individual	\$2,000	\$5,500
Family	\$4,000	\$11,000
PPO & non-PPO accumulation	combined	
<b>Lifetime maximum</b>		
	\$10,000,000	
<b>Physician office services</b>		
Primary care physician	\$25 copay	60%
Specialist	\$40 copay	60%
Routine physical exams	\$25 copay	60%
Routine eye exam	\$40 copay	not covered
Annual routine maximum	unlimited	
<b>Hospital services</b>		
Physician charges	80%	60%
Facility charges	80%	60%
<b>Maternity care</b>	80%	60%
<b>Prescription drugs</b> (Prescription deductible, if applicable, does not apply to medical deductible or out-of-pocket maximum.)	\$10 generic \$25 formulary \$40 non formulary	\$10 + 25% generic \$25 + 25% formulary \$40 + 25% non formulary
<b>Mail order available</b>	3 month supply for 3 copays	
<b>Mental/nervous &amp; alcohol/drug</b>		
Inpatient	70%	50%
	30 days per calendar year	
Outpatient	\$40 copay	50%
	60 units per calendar year	
<b>Emergency facility</b>	\$100 copay	\$100 copay
<b>Urgent care center</b>	\$40 copay	60%

\*Source: Silverstone Group. (2006) Omaha, NE. <http://www.silverstonegroup.com/index.htm>.

The total monthly premium price for employee-only coverage in Option 1 (above) is \$250. If this specific product and coverage type is of interest, then the gap between ability to pay and current product price for most small businesses and their employees would be \$50 and up, depending on the extent to which the employers' and/or employees' premium threshold is less than \$100. However, if the family coverage of Option 1 is of interest (i.e., with a total monthly premium of \$700), the magnitude of the gap for most small businesses and their employees would be \$500 and up. Not surprisingly, the gap that must be filled is much greater for family coverage than for employee-only coverage.

One alternative to reduce the size of the gap would be to get a less expensive insurance product with a different benefit design and cost-sharing structure. Lower-premium products usually have a higher cost-sharing responsibility (e.g., higher deductible and co-payment) for the insured employees, which may make these products attractive to certain subgroups of small businesses (e.g., those who employ healthier and younger workers).

Options 2 and 3, shown in Tables 7 and 8 below demonstrate two alternative product options with lower premium prices for the employees of the same hypothetical small business mentioned above. The total monthly premium price in Option 2 is \$231 for employee-only coverage and \$646.80 for family coverage, while the total monthly premium price for Option 3 is \$206 for employee-only coverage and \$576.80 for family coverage. Although the premium gap between self-reported affordability and product prices is reduced from Option 1 to Option 3, the associated coverage benefits are significantly decreased (i.e., cost-sharing for employees is increased) as a result of the lower premium.

Table 7: Potential Product Option 2 for Small Employers and Their Employees\*

	<b>Option 2</b>	
	<b>PPO</b>	<b>Non-PPO</b>
<b>Calendar year deductible</b>		
Individual	\$1,000	\$2,000
Family	\$2,000	\$4,000
PPO & non-PPO accumulation	combined	
<b>Coinsurance</b> (after the deductible is satisfied)		
	80%	60%
<b>Out-of-pocket maximum</b> (includes deductible)		
Individual	\$2,000	\$5,000
Family	\$4,000	\$10,000
PPO & non-PPO accumulation	combined	
<b>Lifetime maximum</b>		
	\$10,000,000	
<b>Physician office services</b>		
Primary care physician	\$30 copay	60%
Specialist	\$45 copay	60%
Routine physical exams	\$30 copay	60%
Routine eye exam	\$45 copay	not covered
Annual routine maximum	unlimited	
<b>Hospital services</b>		
Physician charges	80%	60%
Facility charges	80%	60%
<b>Maternity care</b>		
	80%	60%
<b>Prescription drugs</b> (Prescription deductible, if applicable, does not apply to medical deductible or out of pocket maximum.)		
	\$10 generic \$30 formulary \$50 non formulary	\$10 + 25% generic \$30 + 25% formulary \$50 + 25% non formulary
<b>Mail order available</b>		
	3 month supply for 3 copays	
<b>Mental/nervous &amp; alcohol/drug</b>		
Inpatient	70%	50%
	30 days per calendar year	
Outpatient	\$45 copay	50%
	60 units per calendar year	
<b>Emergency facility</b>		
	\$100 copay	\$100 copay
<b>Urgent care center</b>		
	\$45 copay	60%

\*Source: Silverstone Group. (2006) Omaha, NE. <http://www.silverstonegroup.com/index.htm>.

Table 8: Potential Product Option 3 for Small Employers and Their Employees\*

	<b>Option 3</b>	
	<b>PPO</b>	<b>Non-PPO</b>
<b>Calendar year deductible</b>		
Individual	\$2,500	\$5,000
Family	\$5,000	\$10,000
PPO & non-PPO accumulation	combined	
<b>Coinsurance</b> (after the deductible is satisfied)		
	80%	60%
<b>Out-of-pocket maximum</b> (includes deductible)		
Individual	\$7,000	\$14,000
Family	\$14,000	\$28,000
PPO & non-PPO accumulation	combined	
<b>Lifetime maximum</b>		
	\$10,000,000	
<b>Physician office services</b>		
Primary care physician	\$25 copay	60%
Specialist	\$30 copay	60%
Routine physical exams	\$25 or \$30 copay	60%
Routine eye exam	\$30 copay	not covered
Annual routine maximum	unlimited	
<b>Hospital services</b>		
Physician charges	80%	60%
Facility charges	80%	60%
<b>Maternity care</b>	80%	60%
<b>Prescription drugs</b> (Prescription deductible, if applicable, does not apply to medical deductible or out of pocket maximum.)	\$0 generic \$30 formulary brand \$50 non-formulary brand	\$0 + 25% generic \$30 + 25% formulary \$50 + 25% non formulary
<b>Mail order available</b>	3 month supply for 3 copays	
<b>Mental/nervous &amp; alcohol/drug</b>		
Inpatient	70%	50%
	30 days per calendar year	
Outpatient	\$50 copay	50%
	60 units per calendar year	
<b>Emergency facility</b>	\$125 copay	\$125 copay
<b>Urgent care center</b>	\$75 copay	60%

\*Source: Silverstone Group. (2006) Omaha, NE. <http://www.silverstonegroup.com/index.htm>.

## CONCLUSIONS

The majority of responding small employers do not offer health insurance benefits to their employees. The employers who do not offer health insurance are more likely to have fewer employees, have a lower percentage of full-time employees, have younger and lower income employees, and have a higher employee turnover rate, as compared to offering businesses. Non-offering employers reported “employees having coverage elsewhere” and “premiums are too high” as major reasons for not offering health benefits to employees. The majority of non-offering employers reported that they and their employees could only afford less than \$100 each for health insurance each month. In contrast, the majority of offering employers reported that they and their employees could afford up to \$300 each for health insurance each month.

A gap exists between the monthly premium small employers and their employees report they can afford and the estimated monthly cost of insurance packages currently available. This affordability gap is at least \$50 for employee-only coverage and at least \$500 for family coverage. This gap could be closed as part of a strategy to increase the rate of employer-sponsored insurance. Small employers (especially non-offering employers) are expected to respond to a reduced premium when considering whether to offer health insurance to their employees.

## NEXT STEPS

The findings from this study suggest a need to develop strategies that would close the gap between self-reported affordability and the cost of current health insurance coverage options available to small businesses and their employees. Possible strategies include:

***Create public-private partnerships between small employers and Medicaid.***

This option would apply in those employment situations involving low paying jobs. A premium assistance program using Medicaid resources (based on the presumption that uninsured members of households would at some time be Medicaid clients) would reduce and perhaps eliminate the affordability gap. In these public-private partnership programs the state, the employer, and the employee share the cost of the premium.

***Expand the State Children’s Health Insurance Program (SCHIP) to provide assistance to parents employed by small businesses.***

Expanding the SCHIP program through increased eligibility or a waiver program could reduce the total number of uninsured in Nebraska. Expanding the SCHIP program to cover children who are currently not eligible could reduce financial pressure placed on parents working for small business. The premium gap is greatest between self-reported affordability and the cost of family plans. If the children of employees of offering small businesses received health insurance coverage through the state, the premium gap would be lessened because the employees would have the option of purchasing single coverage rather than family coverage.

***Conduct a study to determine the feasibility of implementing a publicly funded reinsurance program.***

A reinsurance program would use public funds to subsidize the purchase of a reinsurance policy that would cover claims above a certain threshold for small employers. A reinsurance plan can lower the cost of the monthly premium for basic coverage while retaining coverage for high cost acute care. A variation to be studied is pooling publicly insured households with small employer-covered households for the purpose of purchasing reinsurance.

***Provide tax subsidies to encourage small employers to offer health insurance coverage and/or low-wage workers to purchase insurance policies.***

Tax subsidies (designed as credits or deductions) would offset the cost of the monthly premium. They would be designed to close the affordability gap for basic insurance plans. The recent proposal made by President Bush is an example.

***Organize health insurance pools for small employers and self-employed individuals.***

Creating pools of small employers and self-employed individuals has been possible since the Nebraska Legislature passed the Small Employer Health Insurance Availability Act in 1994. Purchasing pools can be used to reduce administrative cost as well premiums by spreading the cost and risk across a larger group. The creation of these pools has been shown to be challenging due to employer/individual placement, churning, and limited plan options, however offering assistance and/or education when organizing these pools could alleviate some of these challenges and make insurance pools a more viable options.

***Offer Limited benefit plans that provide comprehensive primary and preventive services.***

Traditional limited benefit packages often known as “bare bone” packages are often found to be unappealing to the consumer due to limited coverage for physician and hospital services, some medications, and emergency care. Although these plans are relatively inexpensive a weak demand for these products reflects a low perceived value from the products. A possible variation to the traditional limited benefit plan could include comprehensive preventive and primary care services. Some coverage would also be available for behavioral health, basic dental care, and some medication. Some limited hospitalization coverage is provided.

***Create an insurance connector to assist small employers and self-employed individuals in finding an appropriate plan.***

Forty-three percent of the non-offering employers reported having little or no knowledge about health insurance terminology and costs and about current plans available for small businesses to offer their employees. One way to address this issue could be to establish an insurance connector program in the Department of Insurance. The role of this connector would be to inform and educate small employers about the range of insurance options that are available and where they can find more information about the small group market including approximate premium costs, benefits, and cost-sharing provisions.

**Appendix A:  
Sample of Employer Surveys**

# Small Business Survey of Employee Health Benefits



Nebraska Center for Rural Health Research  
Department of Preventive and Societal Medicine  
University of Nebraska Medical Center

Complete this packet if your business  
DOES OFFER health benefits  
to your employees

## INSTRUCTIONS

Please answer the following questions about your business. If your business is a franchise business or a division of a larger corporation, answer the following questions as they pertain to the location/sites under your direct ownership or management.

- Complete this form using a pen or pencil (not felt-tip marker).
- Print only one character/number per box.



## BUSINESS DEMOGRAPHICS

1. How many years has your business been operating?

   years

2. Including workers at all locations and sites, how many people are currently employed full- or part-time by your business?

  employees

2a. How many of your employees are employed full-time, 30 hours or more per week, by your business?

  full-time employees

3. How many of your employees are female?

  female employees

4. Approximately what percentage of your full-time employees are within the following age ranges:

Less than 19 years old   %

41 to 50 years old   %

19 to 30 years old   %

50 to 65 years old   %

31 to 40 years old   %

More than 65 years old   %

Don't know

## Small Business Survey of Employee Health Benefits

5. Approximately what percentage of your full-time employees have the following levels of education:

Did not complete high school   %

Some college, no degree   %

High school diploma/GED   %

College graduate   %

Don't know

6. Approximately what percentage of your full-time employees receive the following annual salary/wage:

Less than \$15,000   %

\$50,000 to less than \$75,000   %

\$15,000 to less than \$30,000   %

More than \$75,000   %

\$30,000 to less than \$50,000   %

Don't know

7. Which of the following best describes full-time employee turnover in your business?

- High turnover - most employees only stay a few months
- High turnover with a stable core - many leave quickly but a core stay with the business
- Moderate turnover - most employees stay a few years
- Low turnover - employees rarely leave
- Don't know

8. Is your business a franchise or division of a larger corporation that has more than 50 full-time employees?

- Yes     No     Don't know

8a. If YES, which of the following statements applies to your business? Please check only ONE answer.

- This business offers an employee health benefits plan that is negotiated and managed through the parent corporation.
- This business offers an employee health benefits plan that is negotiated and managed through this local office and independent from the parent corporation.
- This business offers both plan types indicated above (through the corporate office, and through this local office).
- Don't know.

# Small Business Survey of Employee Health Benefits

## HEALTH BENEFITS

9. Does your business also offer a health insurance program as a benefit to your part-time (work less than 30 hours per week) employees?

- Yes     No     Don't know

10. How many of the last five years has your business offered some type of employee health insurance coverage?

- 1 year  
 2 years  
 3 years  
 4 years  
 5 years  
 Don't know

11. Which of the following types of health insurance coverage does your business currently offer? Check all that apply.

- Employee only coverage  
 Single + spouse coverage  
 Single + children coverage  
 Family coverage

11a. For each type of coverage, what is the amount your business contributes PER MONTH for ONE of your full-time employees?

Employee only coverage	\$	<input type="text"/>	<input type="text"/>	<input type="text"/>
Single + spouse coverage	\$	<input type="text"/>	<input type="text"/>	<input type="text"/>
Single + children coverage	\$	<input type="text"/>	<input type="text"/>	<input type="text"/>
Family coverage	\$	<input type="text"/>	<input type="text"/>	<input type="text"/>

11b. For each type of coverage, what is the amount your typical full-time employee pays PER MONTH?

Employee only coverage	\$	<input type="text"/>	<input type="text"/>	<input type="text"/>
Single + spouse coverage	\$	<input type="text"/>	<input type="text"/>	<input type="text"/>
Single + children coverage	\$	<input type="text"/>	<input type="text"/>	<input type="text"/>
Family coverage	\$	<input type="text"/>	<input type="text"/>	<input type="text"/>

## Small Business Survey of Employee Health Benefits

12. Indicate which of the following types of health plans are offered by your business to your full-time employees:

	<u>Yes</u>	<u>No</u>	<u>Don't know</u>
Traditional indemnity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Health Maintenance Organization (HMO)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Preferred Provider Organization (PPO) / Point-of-Service (POS)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Health Savings Account (HSA) with a high deductible plan	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Health Reimbursement Account (HRA) with a high deductible plan	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other (specify): _____	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

12a. How many of your full-time employees are eligible for any of the health plans indicated in question #12?   eligible employees

12b. How many eligible full-time employees participate in the health plan/s offered by your business?   participating employees

12c. How many of your eligible full-time employees do not participate in the health plans offered by your business, but have health insurance coverage through other sources?   employees

13. In which type of health plan are the majority of your full-time employees enrolled? Select only ONE.

- Traditional indemnity
- Health Maintenance Organization (HMO)
- Preferred Provider Organization (PPO) / Point-of-Service (POS)
- Health Savings Account (HSA) with a high deductible medical plan
- Health Reimbursement Account (HRA) with a high deductible medical plan
- Other (please specify) \_\_\_\_\_

13a. What is the annual deductible for full-time employees with single or family coverage with the plan indicated in question #13?

Single: \$     Family: \$

13b. What is the maximum out-of-pocket liability, including the deductible, in one year for full-time employees with single or family coverage with the plan indicated in question #13?

Single: \$     Family: \$

13c. Are your full-time employees who participate in the plan indicated in question #13 required to see a primary care practitioner before seeing a specialist?

- Yes     No     Don't know

## Small Business Survey of Employee Health Benefits

13d. Answer the following questions for the health plan offered by your business with the greatest full-time employee enrollment as indicated in question #13. (Note: If the plan is a PPO, please answer the following cost-sharing questions with respect to the use of preferred providers).

<b>Physician Office Visit</b> <input type="radio"/> Yes → <input type="radio"/> No	Co-payment* Primary Care <input type="radio"/> Yes → <input type="radio"/> No	\$ <input type="text"/> <input type="text"/> <input type="text"/> per visit
	Co-payment* Specialty Care <input type="radio"/> Yes → <input type="radio"/> No	\$ <input type="text"/> <input type="text"/> <input type="text"/> per visit
	Coinsurance** Primary Care <input type="radio"/> Yes → <input type="radio"/> No	<input type="text"/> <input type="text"/> % for the insured employee
	Coinsurance** Specialty Care <input type="radio"/> Yes → <input type="radio"/> No	<input type="text"/> <input type="text"/> % for the insured employee
<b>Emergency Room Visit</b> <input type="radio"/> Yes → <input type="radio"/> No	Co-payment* <input type="radio"/> Yes → <input type="radio"/> No	\$ <input type="text"/> <input type="text"/> <input type="text"/> per visit
	Coinsurance** <input type="radio"/> Yes → <input type="radio"/> No	<input type="text"/> <input type="text"/> % for the insured employee
<b>Hospital Stay</b> <input type="radio"/> Yes → <input type="radio"/> No	Deductible <input type="radio"/> Yes → <input type="radio"/> No	\$ <input type="text"/> <input type="text"/> <input type="text"/>
	Co-payment* <input type="radio"/> Yes → <input type="radio"/> No	\$ <input type="text"/> <input type="text"/> <input type="text"/> per stay
	Coinsurance** <input type="radio"/> Yes → <input type="radio"/> No	<input type="text"/> <input type="text"/> % for the insured employee
<b>Prescription Drug</b> <input type="radio"/> Yes → <input type="radio"/> No	Deductible <input type="radio"/> Yes → <input type="radio"/> No	\$ <input type="text"/> <input type="text"/> <input type="text"/>
	Co-payment* Generic <input type="radio"/> Yes → <input type="radio"/> No	\$ <input type="text"/> <input type="text"/> <input type="text"/>
	Co-payment* Brand on Formulary <input type="radio"/> Yes → <input type="radio"/> No	\$ <input type="text"/> <input type="text"/> <input type="text"/>
	Co-payment, Brand NOT on Formulary <input type="radio"/> Yes → <input type="radio"/> No	\$ <input type="text"/> <input type="text"/> <input type="text"/>
	Coinsurance** <input type="radio"/> Yes → <input type="radio"/> No	<input type="text"/> <input type="text"/> % for the insured employee

\* A co-payment is a fixed dollar amount.

\*\* Coinsurance refers to a fixed percentage of the total charge.

## Small Business Survey of Employee Health Benefits

14. If the premium of the health insurance coverage that your business currently offers were increased, what is the maximum premium amount your business would be willing to contribute PER MONTH toward health insurance coverage for ONE of your full-time employees? \$
- 14a. What do you think is the maximum premium amount your typical full-time employee would be willing to pay PER MONTH for health insurance coverage? \$

Questions 15-18 contain four scenarios each presenting different health insurance plan options. Please read each scenario carefully and answer the questions as they pertain to that scenario only.

15. Your business is offered an employee health insurance plan for individuals. The total monthly premium will be shared between your business and the individual employee. The insurance package includes:
- Physician, hospital, emergency room, and prescription medication coverage
  - A maximum individual annual out-of-pocket liability
  - A \$20 per-visit copayment for routine office visits
  - A \$1500 annual individual deductible
  - A co-insurance level of 30% for the insured member
  - A total monthly premium of \$500
- 15a. How likely are you to add this health insurance plan to your business's employee benefits package?
- Very likely     Somewhat likely     Not very likely     Not at all likely
- 15b. Which of the following would be the most desirable split of the total monthly premium between your business and your employees?
- 75% business / 25% employee  
 50% business / 50% employee  
 25% business / 75% employee
16. Your business is offered an employee health insurance plan for individuals. The total monthly premium will be shared between your business and the individual employee. The insurance package includes:
- Physician, hospital, emergency room, and prescription medication coverage
  - A maximum individual annual out-of-pocket liability
  - A \$40 per-visit copayment for routine office visits
  - A \$500 annual individual deductible
  - A co-insurance level of 10% for the insured member
  - A total monthly premium of \$300
- 16a. How likely are you to add this health insurance plan to your business's employee benefits package?
- Very likely     Somewhat likely     Not very likely     Not at all likely
- 16b. Which of the following would be the most desirable split of the total monthly premium between your business and your employees?
- 75% business / 25% employee  
 50% business / 50% employee  
 25% business / 75% employee

## Small Business Survey of Employee Health Benefits

17. Your business is offered an employee health insurance plan for individuals. The total monthly premium will be shared between your business and the individual employee. The insurance package includes:

- Physician, hospital, emergency room, and prescription medication coverage
- A maximum individual annual out-of-pocket liability
- A \$40 per-visit copayment for routine office visits
- A \$1500 annual individual deductible
- A co-insurance level of 10% for the insured member
- A total monthly premium of \$500

17a. How likely are you to add this health insurance plan to your business's employee benefits package?

- Very likely   
  Somewhat likely   
  Not very likely   
  Not at all likely

17b. Which of the following would be the most desirable split of the total monthly premium between your business and your employees?

- 75% business / 25% employee  
 50% business / 50% employee  
 25% business / 75% employee

18. Your business is offered an employee health insurance plan for individuals. The total monthly premium will be shared between your business and the individual employee. The insurance package includes:

- Physician, hospital, emergency room, and prescription medication coverage
- A maximum individual annual out-of-pocket liability
- A \$20 per-visit copayment for routine office visits
- A \$1500 annual individual deductible
- A co-insurance level of 30% for the insured member
- A total monthly premium of \$300

18a. How likely are you to add this health insurance plan to your business's employee benefits package?

- Very likely   
  Somewhat likely   
  Not very likely   
  Not at all likely

18b. Which of the following would be the most desirable split of the total monthly premium between your business and your employees?

- 75% business / 25% employee  
 50% business / 50% employee  
 25% business / 75% employee

19. Do you think offering a health plan to your employees has had a major positive impact, minor positive impact, no impact, or a negative impact on the following:

	Major positive impact	Minor positive impact	No impact	Negative impact
Employee recruitment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Employee attitude and performance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The health of your employees	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Absenteeism	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Employee retention	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The overall success of your business	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## Small Business Survey of Employee Health Benefits

20. Within the past 5 years, has your business made any of the following changes to any of your health plans?

	<u>Yes</u>	<u>No</u>	<u>Don't know</u>
Decreased business's premium payment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Increased business's premium payment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Decreased employee eligibility for coverage	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Increased employee eligibility for coverage	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Decreased benefits coverage	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Increased benefits coverage	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Decreased employee's premium payment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Increased employee's premium payment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

21. In the next year, how likely is it that your business will make any of the following changes to any of your health plans?

	<u>Yes</u>	<u>No</u>	<u>Don't know</u>
Decreased business's premium payment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Increased business's premium payment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Decreased employee eligibility for coverage	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Increased employee eligibility for coverage	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Decreased benefits coverage	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Increased benefits coverage	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Decreased employee's premium payment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Increased employee's premium payment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

22. In the next year, how likely is it that your business will discontinue offering any health insurance to your full-time employees

- Very likely     Somewhat likely     Not very likely     Not at all likely

### ADDITIONAL COMMENTS

23. Please provide any additional comments regarding health insurance coverage issues that have or have not been included in this survey.

Thank you for your participation.

Please return your completed survey to: The Nebraska Center for Rural Health Research  
984350 Nebraska Medical Center  
Omaha, NE 68198-4350

# Small Business Survey of Employee Health Benefits



Nebraska Center for Rural Health Research  
Department of Preventive and Societal Medicine  
University of Nebraska Medical Center

Complete this packet if your business  
DOES NOT OFFER health benefits to  
your employees

## **INSTRUCTIONS**

Please answer the following questions about your business. If your business is a franchise business or a division of a larger corporation, answer the following questions as they pertain to the location/sites under your direct ownership or management.

- Complete this form using a pen or pencil (not felt-tip marker).
- Print only one character/number per box.

Correct  
Marking



Incorrect  
Marking



## **BUSINESS DEMOGRAPHICS**

1. How many years has your business been operating?

 years

2. Including workers at all locations and sites, how many people are currently employed full- or part-time by your business?

 employees

2a. How many of your employees are employed full-time, 30 hours or more per week, by your business?

 full-time employees

3. How many of your employees are female?

 female employees

## Small Business Survey of Employee Health Benefits

4. Approximately what percentage of your full-time employees are within the following age ranges:

Less than 19 years old   %

19 to 30 years old   %

31 to 40 years old   %

41 to 50 years old   %

50 to 65 years old   %

More than 65 years old   %

Don't know

Total: 100%

5. Approximately what percentage of your full-time employees have the following levels of education:

Did not complete high school   %

High school diploma/GED   %

Some college, no degree   %

College graduate   %

Don't know

Total: 100%

6. Approximately what percentage of your full-time employees receive the following annual salary/wage:

Less than \$15,000   %

\$15,000 to less than \$30,000   %

\$30,000 to less than \$50,000   %

\$50,000 to less than \$75,000   %

More than \$75,000   %

Don't know

Total: 100%

## Small Business Survey of Employee Health Benefits

7. Which of the following best describes full-time employee turnover in your business?

- High turnover - most employees only stay a few months
- High turnover with a stable core - many leave quickly but a core stay with the business
- Moderate turnover - most employees stay a few years
- Low turnover - employees rarely leave
- Don't know

8. Is your business a franchise or division of a larger corporation that has more than 50 full-time employees?

- Yes
- No
- Don't know

8a. If YES, does your business have the option of employee health benefit plans available through the corporate office?

- Yes
- No
- Don't know

### HEALTH BENEFITS

9. Rank your knowledge regarding health insurance terminology, costs, and current plans available for small businesses to offer their employees.

- Very knowledgeable
- Somewhat knowledgeable
- Less than somewhat knowledgeable
- Not knowledgeable at all

10. Indicate which of the following are reasons why your business does NOT offer employee health benefits. Check all that apply.

- |   |  |
|---|--|
| <input type="radio"/> Employees prefer wages              | <input type="radio"/> Apprehension about increases in cost |
| <input type="radio"/> Employees cannot afford their share | <input type="radio"/> Too complicated and time consuming   |
| <input type="radio"/> Employees have coverage elsewhere   | <input type="radio"/> Business is too small                |
| <input type="radio"/> Employee turnover is too high       | <input type="radio"/> Business is too new                  |
| <input type="radio"/> Large number of part-time employees | <input type="radio"/> Not needed to retain good employees  |
| <input type="radio"/> Premiums are too high               | <input type="radio"/> Presence of seriously ill employee   |
| <input type="radio"/> Revenue is too uncertain to commit  | <input type="radio"/> Other                                |
| <input type="radio"/> Business cannot afford it           | (please specify): _____                                    |

11. Have any of your full-time employees had a serious illness, chronic condition, injury, or disability that has required extensive medical care in the last 12 months?

- Yes
- No
- Don't know

## Small Business Survey of Employee Health Benefits

12. If your business were to offer health insurance, what do you think is the maximum premium amount your business could afford to contribute PER MONTH toward health insurance coverage for EACH of your full-time employees?

- Less than \$100
- \$100 to \$199
- \$200 to \$299
- \$300 to \$399
- \$400 to \$499
- \$500 to \$599
- \$600 to \$699
- \$700 or more

13. If your business were to offer health insurance, what is the maximum premium amount you think your typical full-time employee could afford to pay PER MONTH?

- Less than \$100
- \$100 to \$199
- \$200 to \$299
- \$300 to \$399
- \$400 to \$499
- \$500 or more

14. Based on your business's preference and your full-time employees' needs, if your business were to offer employee health insurance, how likely is your business to choose to offer each of the following types of health plans?

	<u>Very likely</u>	<u>Somewhat likely</u>	<u>Not very likely</u>	<u>Not at all likely</u>
Traditional indemnity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Health Maintenance Organization (HMO)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Preferred Provider Organization (PPO) / Point-of-Service (POS)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Health Savings Account (HSA) with a high deductible plan	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Health Reimbursement Account (HRA) with a high deductible plan	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other (specify): _____	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

15. What type(s) of coverage would your business be likely to offer your employees?

	<u>Yes</u>	<u>No</u>	<u>Don't know</u>
Employee only coverage	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Single + spouse coverage	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Single + children coverage	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Family coverage	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## Small Business Survey of Employee Health Benefits

16. Which cost-sharing option(s) would your business be likely to offer your employees. Please select one.

- Copayment
- Deductible + co-insurance
- Both
- Don't know

17. If your business or your employees were unable to afford the premium costs of your desired coverage, what ways would your business consider limiting your employees' benefit options? Check all that apply.

- Limited number of office visits
- Limited hospital stay
- Ceiling on prescription medication
- Higher deductible overall
- Higher copayments and/or co-insurance

Questions 18-21 contain four scenarios each presenting different health insurance plan options. Please read each scenario carefully and answer the questions as they pertain to that scenario only.

18. Your business is offered an employee health insurance plan for individuals. The total monthly premium will be shared between your business and the individual employee. The insurance package includes:

- Physician, hospital, emergency room, and prescription medication coverage
- A maximum individual annual out-of-pocket liability
- A \$20 per-visit copayment for routine office visits
- A \$1500 annual individual deductible
- A co-insurance level of 30% for the insured member
- A total monthly premium of \$500

18a. How likely are you to add this health insurance plan to your business's employee benefits package?

- Very likely
- Somewhat likely
- Not very likely
- Not at all likely

18b. Which of the following would be the most desirable split of the total monthly premium between your business and your employees?

- 75% business / 25% employee
- 50% business / 50% employee
- 25% business / 75% employee

## Small Business Survey of Employee Health Benefits

19. Your business is offered an employee health insurance plan for individuals. The total monthly premium will be shared between your business and the individual employee. The insurance package includes:

- Physician, hospital, emergency room, and prescription medication coverage
- A maximum individual annual out-of-pocket liability
- A \$40 per-visit copayment for routine office visits
- A \$500 annual individual deductible
- A co-insurance level of 10% for the insured member
- A total monthly premium of \$300

19a. How likely are you to add this health insurance plan to your business's employee benefits package?

- Very likely     Somewhat likely     Not very likely     Not at all likely

19b. Which of the following would be the most desirable split of the total monthly premium between your business and your employees?

- 75% business / 25% employee  
 50% business / 50% employee  
 25% business / 75% employee

20. Your business is offered an employee health insurance plan for individuals. The total monthly premium will be shared between your business and the individual employee. The insurance package includes:

- Physician, hospital, emergency room, and prescription medication coverage
- A maximum individual annual out-of-pocket liability
- A \$40 per-visit copayment for routine office visits
- A \$1500 annual individual deductible
- A co-insurance level of 10% for the insured member
- A total monthly premium of \$500

20a. How likely are you to add this health insurance plan to your business's employee benefits package?

- Very likely     Somewhat likely     Not very likely     Not at all likely

20b. Which of the following would be the most desirable split of the total monthly premium between your business and your employees?

- 75% business / 25% employee  
 50% business / 50% employee  
 25% business / 75% employee

## Small Business Survey of Employee Health Benefits

21. Your business is offered an employee health insurance plan for individuals. The total monthly premium will be shared between your business and the individual employee. The insurance package includes:

- Physician, hospital, emergency room, and prescription medication coverage
- A maximum individual annual out-of-pocket liability
- A \$20 per-visit copayment for routine office visits
- A \$1500 annual individual deductible
- A co-insurance level of 30% for the insured member
- A total monthly premium of \$300

21a. How likely are you to add this health insurance plan to your business's employee benefits package?

- Very likely   
  Somewhat likely   
  Not very likely   
  Not at all likely

21b. Which of the following would be the most desirable split of the total monthly premium between your business and your employees?

- 75% business / 25% employee  
 50% business / 50% employee  
 25% business / 75% employee

22. Do you think NOT offering a health plan to your employees has had a major positive impact, minor positive impact, no impact, or a negative impact on the following:

	<u>Major positive impact</u>	<u>Minor positive impact</u>	<u>No impact</u>	<u>Negative impact</u>
Employee recruitment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Employee attitude and performance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The health of your employees	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Absenteeism	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Increased employee turnover	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The overall success of your business	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

23. How likely is it that your business will start a health plan for full-time employees in the next two years?

- Extremely likely  
 Very likely  
 Somewhat likely  
 Not very likely  
 Not at all likely  
 Don't know

## Small Business Survey of Employee Health Benefits

### ADDITIONAL COMMENTS

24. Please provide any additional comments regarding health insurance coverage issues that have or have not been included in this survey.

Thank you for your participation.

Please return your completed survey to: The Nebraska Center for Rural Health Research  
984350 Nebraska Medical Center  
Omaha, NE 68198-4350

**Appendix B:  
Sample of Employee Interview  
Protocol**

## Health Benefits – Employee Telephone Protocol, 2006

### Screening Questions

1. Are you between the ages of 19 and 65?

\* Not eligible to participate if less than 19 or 65 and over → end call

*IF 1<sup>st</sup> respondent is under 19. Ask if there is there is an adult over 19 present who would be willing to participate in the interview.*

2. Are you currently employed FOR PAY by **somebody else**?

Yes → continue to next question

No → end call

2a.. Do you work FOR PAY at more than one job or business?

Yes → prompt from question #3.

No → continue to question #3.

*IF YES, PROMPT: For the following questions, please think about the employer or business that you consider your **MAIN** source of income.*

3. Are you currently employed at a business that has 3 or more employees?

Yes → continue to question 3b.

No → end call

3a. What is the total number of persons who work for this business?

Less than 10,

10 to 25,

26 to 49,

50 to 100,

101 to 500,

501 or more → end call

### **End of screening questions**

3b. What is the name of your employer? \_\_\_\_\_

3c. Is your employer a franchise or division of a larger corporation?

Yes

No

Don't know

### Health Benefits Questions

3. Does your employer currently offer health insurance benefits for employees?

Yes → continue to question #4

No → skip to question #18...(section on DOES NOT OFFER)

**For those who are employed by businesses that DO OFFER....**

4. Are you eligible for the health benefits offered by your employer?

Yes → continue to question #5

No → continue to question #4a.

Don't know → continue to question #5

4a. Could you provide a reason why you are not eligible for these benefits?\*

1. Part-time employee (don't work enough hours)

2. Haven't been with the company long enough

3. Temporary/Seasonal employee

4. Pre-existing health conditions

5. Other: \_\_\_\_\_

*\*Skip to question #11a then to scenario questions (#12-15) finally to demographics (#28)*

5. Are you currently enrolled in any of the health insurance plans offered by your employer?

Yes → continue to question #6

No → continue to question #5a

5a. Could you provide a reason why you do not participate in the plan/s offered by your employer?\*

1. have coverage elsewhere

2. premium is too high

3. cost-sharing (i.e., co-payment or coinsurance) is too high

4. rather have wages

5. The covered benefits do not meet your and/or your family's health needs

6. limited ability to choose provider

7. limited options

*\*\*Skip to question #11b then to scenario questions (#12-15) finally to demographics (#28)*

6. Are there other members of your family or household that are dependent on you for financial support?

Yes → continue to question #6a

No → continue to question # 7

6a. Does your company offer a health insurance plan that covers your dependents?

Yes → continue to question #6b.

No → continue to question #7

6b. Are you/your dependents current enrolled in this plan?

Yes

No

7. Which types of health insurance plans are currently offered by your employer?\*\*\* (use definitions below to develop descriptions of plans)

Preferred Provider Organization (PPO)

Health Maintenance Organization (HMO)

Point-of-Service (POS)

Health Savings Account (HSA)  
Traditional indemnity  
Other: \_\_\_\_\_  
Don't know

*\*\*\*IF respondent has choice between plans continue to question #7a*

7a. Of these plans, (indicated in #7) in which are you currently enrolled?  
Preferred Provider Organization (PPO)  
Health Maintenance Organization (HMO)  
Point-of-Service (POS)  
Health Savings Account (HSA)  
Traditional indemnity  
Other: \_\_\_\_\_  
Don't know

8. What is the current premium you pay per month for the plan and coverage option indicated in question 7a?  
\$ \_\_\_\_\_  
Don't know

9. What is your annual deductible for your current plan and coverage option? (indicated in question #7a)  
\$ \_\_\_\_\_  
Don't know

10. What is your maximum out-of-pocket liability, including the deductible, in one year? (for the plan and coverage option indicated in question #7a)  
\$ \_\_\_\_\_  
Don't know

11. If the premium of the health insurance coverage that your employer **currently offers** were increased, what is the **maximum** premium amount you would be willing to contribute PER MONTH toward health insurance coverage?  
\$ \_\_\_\_\_ (skip to question #12)

11a. If you were eligible to participate in your employers health insurance plan, what is the **maximum** premium amount you would be willing to contribute PER MONTH toward health insurance coverage?  
\$ \_\_\_\_\_ (skip to question #12)

11b. If you did decide to participate in the health insurance plan offered by your employer, what is the **maximum** premium amount you would be willing to contribute PER MONTH toward health insurance coverage?  
\$ \_\_\_\_\_ (skip to question #12)

### Scenarios Questions 12-15

12. Imagine the cost for health insurance increases and your employer is forced to change your current coverage plan to keep the cost down, which of the following plans would you be willing to accept? The total monthly premium will be shared between you and your employer. The insurance package includes:

- Physician, hospital, emergency room, and prescription medication coverage
- A maximum individual annual out-of-pocket liability
- A **\$40** per-visit co-payment for routine office visits
- A **\$1500** annual individual deductible
- A coinsurance level of **10%** for the insured member
- A total monthly premium of **\$300**

12a. How likely are you to enroll in this health insurance?

Very likely

Somewhat likely

Not very likely

Not at all likely

12b. Which of the following would be the most desirable split of the total monthly premium between you and your employer?

75% business / 25% employee

50% business / 50% employee

25% business / 75% employee

13. Imagine the cost for health insurance increases and your employer is forced to change your current coverage plan to keep the cost down, which of the following plans would you be willing to accept? The total monthly premium will be shared between you and your employer. The insurance package includes:

- Physician, hospital, emergency room, and prescription medication coverage
- A maximum individual annual out-of-pocket liability
- A **\$40** per-visit co-payment for routine office visits
- A **\$500** annual individual deductible
- A coinsurance level of **30%** for the insured member
- A total monthly premium of **\$300**

13a. How likely are you to enroll in this health insurance?

Very likely

Somewhat likely

Not very likely

Not at all likely

13b. Which of the following would be the most desirable split of the total monthly premium between you and your employer?

75% business / 25% employee

50% business / 50% employee

25% business / 75% employee

14. Imagine the cost for health insurance increases and your employer is forced to change your current coverage plan to keep the cost down, which of the following plans would you be willing to accept? The total monthly premium will be shared between you and your employer. The insurance package includes:

- Physician, hospital, emergency room, and prescription medication coverage
- A maximum individual annual out-of-pocket liability
- A **\$20** per-visit co-payment for routine office visits
- A **\$1500** annual individual deductible
- A coinsurance level of **30%** for the insured member
- A total monthly premium of **\$300**

14a. How likely are you to enroll in this health insurance?

Very likely

Somewhat likely

Not very likely

Not at all likely

14b. Which of the following would be the most desirable split of the total monthly premium between you and your employer?

75% business / 25% employee

50% business / 50% employee

25% business / 75% employee

15. Imagine the cost for health insurance increases and your employer is forced to change your current coverage plan to keep the cost down, which of the following plans would you be willing to accept? The total monthly premium will be shared between you and your employer. The insurance package includes:

- Physician, hospital, emergency room, and prescription medication coverage
- A maximum individual annual out-of-pocket liability
- A **\$20** per-visit co-payment for routine office visits
- A **\$1500** annual individual deductible
- A coinsurance level of **30%** for the insured member
- A total monthly premium of **\$500**

15a. How likely are you to enroll in this health insurance?

Very likely

Somewhat likely

Not very likely

Not at all likely

15b. Which of the following would be the most desirable split of the total monthly premium between you and your employer?

75% business / 25% employee

50% business / 50% employee

25% business / 75% employee

16. If your employer needed to keep cost for health insurance down, which of the following options would you accept?

- Limited number of office visits
- Limited hospital stay
- Limited choice of providers
- Set monthly maximum on prescription payments
- Higher deductible overall
- Higher co-payments and/or coinsurance
- Increased premium

17. How confident are you that the employer providing your health plan will continue to offer health insurance for the next 2 years? Would you say you are very, somewhat, not too, or not at all confident?

- Very confident
- Somewhat confident
- Not too confident
- Not at all confident
- Don't know/refused

**Skip to demographics (#28)**

---

**For those who are employed by businesses that DO NOT OFFER....**

18. Do you currently have health insurance coverage?

- Yes → continue to question #18a
- No → skip to question #19

18a. Through what source is your current health insurance coverage?

- Medicaid
- Medicare
- Spouse's employer
- Parents
- Other: \_\_\_\_\_

19. If your employer were to offer health insurance, what is the **maximum** premium amount you think **you** could afford to pay PER MONTH?

\$ \_\_\_\_\_

20. Are there other members of your family or household that are dependent on you for financial support? (*dependent members include: spouse, children, partners...*)

- Yes → continue to question #20a
- No → continue to question # 21

20a. If your company were to offer health insurance coverage for your dependents would you enroll in that option?

- Yes →
- No →

### Scenario Questions 21-24

21. Imagine the cost for health insurance increases and your employer is forced to change your current coverage plan to keep the cost down, which of the following plans would you be willing to accept? The total monthly premium will be shared between you and your employer. The insurance package includes:

- Physician, hospital, emergency room, and prescription medication coverage
- A maximum individual annual out-of-pocket liability
- A **\$40** per-visit co-payment for routine office visits
- A **\$1500** annual individual deductible
- A coinsurance level of **10%** for the insured member
- A total monthly premium of **\$300**

21a. How likely are you to enroll in this health insurance?

Very likely

Somewhat likely

Not very likely

Not at all likely

21b. Which of the following would be the most desirable split of the total monthly premium between you and your employer?

75% business / 25% employee

50% business / 50% employee

25% business / 75% employee

22. Imagine the cost for health insurance increases and your employer is forced to change your current coverage plan to keep the cost down, which of the following plans would you be willing to accept? The total monthly premium will be shared between you and your employer. The insurance package includes:

- Physician, hospital, emergency room, and prescription medication coverage
- A maximum individual annual out-of-pocket liability
- A **\$40** per-visit co-payment for routine office visits
- A **\$500** annual individual deductible
- A coinsurance level of **30%** for the insured member
- A total monthly premium of **\$300**

22a. How likely are you to enroll in this health insurance?

Very likely

Somewhat likely

Not very likely

Not at all likely

22b. Which of the following would be the most desirable split of the total monthly premium between you and your employer?

75% business / 25% employee

50% business / 50% employee

25% business / 75% employee

23. Imagine the cost for health insurance increases and your employer is forced to change your current coverage plan to keep the cost down, which of the following plans would you be willing to accept? The total monthly premium will be shared between you and your employer. The insurance package includes:

- Physician, hospital, emergency room, and prescription medication coverage
- A maximum individual annual out-of-pocket liability
- A **\$20** per-visit co-payment for routine office visits
- A **\$1500** annual individual deductible
- A coinsurance level of **30%** for the insured member
- A total monthly premium of **\$300**

23a. How likely are you to enroll in this health insurance?

Very likely

Somewhat likely

Not very likely

Not at all likely

23b. Which of the following would be the most desirable split of the total monthly premium between you and your employer?

75% business / 25% employee

50% business / 50% employee

25% business / 75% employee

24. Imagine the cost for health insurance increases and your employer is forced to change your current coverage plan to keep the cost down, which of the following plans would you be willing to accept? The total monthly premium will be shared between you and your employer. The insurance package includes:

- Physician, hospital, emergency room, and prescription medication coverage
- A maximum individual annual out-of-pocket liability
- A **\$20** per-visit co-payment for routine office visits
- A **\$1500** annual individual deductible
- A coinsurance level of **30%** for the insured member
- A total monthly premium of **\$500**

24a. How likely are you to enroll in this health insurance?

Very likely

Somewhat likely

Not very likely

Not at all likely

24b. Which of the following would be the most desirable split of the total monthly premium between you and your employer?

75% business / 25% employee

50% business / 50% employee

25% business / 75% employee

25. If your employer were to offer a health insurance plan but needed to keep cost down, which of the following options would you accept?

- Limited number of office visits
- Limited hospital stay
- Limited choice of providers
- Set monthly maximum on prescription payments
- Higher deductible overall
- Higher co-payments and/or coinsurance
- Increased premium

27. If your employer were to offer health benefits to full-time employees within the next 2 years, how likely would you be to participate?

- Yes
- No
- Don't know

**Demographics (all respondents)**

28. What county do you live in? \_\_\_\_\_

29. What is your zip code? 68\_\_\_\_\_

30. What is the highest level of education you have completed?

- No formal education
- Grade school (1 to 8 years)
- Some high school (9 to 11 years)
- High school graduate or GED (received a high school equivalency diploma)
- Some college/technical or vocational school/training after high school
- College graduate
- Postgraduate degree/study

*Now I am going to ask some questions about your or your family's income. This income information is important because it helps the state understand how to make health care more affordable.*

31. Which of the following categories best describes your annual household income from all sources?

- 1=Less than \$10,000
- 2=\$10,000 to less than \$15,000
- 3=\$15,000 to less than \$20,000
- 4=\$20,000 to less than \$25,000
- 5=\$25,000 to less than \$35,000
- 6=\$35,000 to less than \$50,000
- 7=\$50,000 to \$75,000
- 8=Over \$75,000
- 77=DK/NS
- 99=Refused

32. Are you Hispanic or Latino?

Variable Name: HISPANC2

1=Yes

2=No

7=DK/NS

9=Refused

33. Which one of these groups would you say best represents your race?

1=White

2=Black or African American

3=Asian

4=Native Hawaiian or Other Pacific Islander

5=American Indian, Alaska Native

6=Other: (specify)\_\_\_\_\_

7=DK/NS

9=Refused

Thank you for your participation... End call