



The Linn County, Iowa Small Employers Health Insurance Survey Results

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INTRODUCTION

In the summer of 2007, The Access Project conducted an online survey of small employers in the Cedar Rapids/Linn County area. The survey asked questions about whether the companies offered health insurance to their employees and about employers' experiences purchasing and using insurance products. It also asked about recent changes in premiums and covered benefits. Finally, the survey asked for people's opinions about the causes of rising healthcare costs and their support for a variety of policy approaches to make insurance more affordable. To be eligible to participate in the survey, small employers had to have 25 or fewer employees.

The survey was conducted in collaboration with Linda Langston, Linn County Supervisor, and the Cedar Rapids Area Chamber of Commerce. The purpose of the survey was to gather information about Linn County small employers' experiences and attitudes regarding health insurance that could help County officials identify issues important to the local small business community and design responsive solutions.

The survey was publicized through an article published in the Cedar Rapids Gazette two weeks prior to the start of the survey. The Cedar Rapids Area Chamber of Commerce then included an announcement about the survey in a printed newsletter it sends each month to its members, which encouraged them to participate. In the following weeks, the Chamber included reminders about the survey in its weekly online newsletters, with a link to the web site where participants could complete the survey. In addition, emails were sent to Chamber members in firms with 25 or fewer employees by Linda Langston and by a local business woman, urging them to participate in the survey. Participants were entered in a raffle for a hundred dollar gift certificate that could be used at local stores.

The survey was conducted between June and August of 2007. One hundred fifty employers completed the survey.

The next section presents key findings from the report. The following section presents data collected through the survey.

KEY FINDINGS

Linn County small employers who currently offer insurance are strongly committed to continuing to offer it.

Almost three-quarters (72%) of respondents offered insurance to their employees. Of these, over 60 percent felt strongly that it was "the right thing to do" and 62 percent said they needed insurance for themselves and their families. Only two percent said they were considering dropping the benefit in the next two years.

Consistent with national data, respondents have seen their insurance premiums rise much faster than inflation.

Nearly three-quarters saw their premiums rise in the past five years. Of these, during that period more than one-quarter said their premiums rose by 50 percent or more, while more than half (61%) said they increased by more than 25 percent.

Small employers are concerned about the cost of insurance premiums, but most had other concerns as well.

Most also wanted comprehensive benefits, access to a wide network of providers, and good customer service from their insurers. Most did not want to exclude benefits to keep prices down or increase cost sharing to motivate people to use fewer health services.

While small employers did not express strong support for increasing cost-sharing, and most thought it was very important or important to limit out-of-pocket spending when choosing a policy, many were forced by market pressures to take these steps.

Almost half of those who offered insurance had raised the deductible in the past two years, and almost four in ten had increased out-of-pocket costs.

Few small employers eliminated benefits or limited provider networks in the last two years.

This was consistent with what they said was important when choosing insurance.

People expressed some doubts about whether insurance policies were reasonably priced or provided good value for their premium dollar.

Although a majority of respondents said they “always” or “usually strongly agreed” that they were offered insurance options that met these criteria, nearly one-quarter (23%) said it was “never” or “usually not” the case that they were presented with reasonably priced policies, and 16 percent said the same about whether they were presented with health plans that were worth the cost.

While small employers generally reported good experiences with their insurance companies, significant minorities reported serious problems with customer service.

Twenty percent of respondents said their insurer “never” responded or “usually did not” respond promptly to problems and 14 percent said their insurers “never” provided or “usually did not” provide accurate information. This high complaint rate is especially striking as more than half of respondents (57%) said good customer service was important to them when choosing an insurance policy.

Respondents did not support some of the most frequently suggested policy proposals for reducing the cost of insurance for small businesses.

These included eliminating state mandated benefits such as emergency services or supplies for diabetics, selling insurance with limited benefits, increasing people’s out-of-pocket costs to make them “more prudent” shoppers, and limiting provider networks.

While respondents were generally leery of government-based solutions for making insurance more affordable, a surprisingly large minority were willing to consider them.

Few small employers supported using public funds to subsidize their employees’ insurance premiums, and expanding or allowing small employers to buy into public programs also were less popular policy options. Still, about one-third (37%) said they would “strongly” or “somewhat” support expanding Medicare to cover everyone. More than half (54%) said they would “strongly” or “somewhat” support allowing businesses to buy into public programs such as Medicare and Medicaid.

Many small employers felt that health insurance industry practices significantly contributed to unaffordable health insurance costs, and many would support policy options to restrain these costs.

Respondents identified excessive spending by insurance companies on administration and bureaucracy as one of the leading healthcare cost drivers. Some of the most strongly supported policy options included monitoring insurance rate hikes to see if they were justified and setting a minimum percentage of insurance premiums that had to be spent on actually paying claims.

The range of responses to most of the proposed policy solutions suggests there is an opportunity for a much broader discussion within the small business community about ways to make health insurance more affordable.

The responses indicated that opinion within the small business community is not monolithic. Few policy options were clearly rejected and some options that haven’t received much consideration, such as setting minimum percentages of revenue insurers must use to pay claims and monitoring premium rate hikes, seem to potentially have support.

DATA RESULTS

Descriptive Data

- Of those who responded, slightly under half had five employees or fewer (46%).
- Almost three-quarters (72%) offered health insurance either to full time employees only, or to both full and part time employees.
- Three-quarters (76%) of those who offered insurance were themselves covered by the company’s health plans.

Reasons for Offering Insurance

- The most important reasons people offered insurance were that it made it easier to hire good employees, improved employee satisfaction, owners needed it for themselves or their families, and it was “the right thing to do.”
- Only two percent of those currently offering insurance said they were considering dropping coverage in the next two years.

Experiences Purchasing Insurance

- Most people “usually” got reasonably good information when purchasing insurance, although less than half said they “always” did.
- People were less satisfied with the cost and value of the plans they were offered. Only one-quarter (26%) said they were “always” offered reasonably priced plans and about the same percentage (27%) said they were “always” offered plans that were worth the cost.

Reasons for Choosing Their Insurance Product

- The most important reasons for choosing a policy were keeping down the cost of the premium (54% said it was “very important”), providing comprehensive benefits (51%), providing access to a wide provider network (57%), and getting good customer service (57%).
- The least important reasons were excluding unnecessary benefits (14% said this was “very important”), increasing cost sharing to limit utilization of services (14%), and limiting the provider network to contain costs (7%).

Recent Changes in Health Plans

In the previous two years:

- Almost half (49%) of respondents increased the deductible and nearly four in ten (39%) said they raised out-of-pocket costs. Slightly more than one-quarter (28%) increased the employee’s share of the premium.
- Nineteen percent said they offered a Health Savings Account.
- Few respondents said they eliminated benefits from their policies (7%) or limited their provider network (4%).

Changes in Premiums

- Almost three-quarters (70%) of employers offering insurance said their premiums had increased in the last five years. Of those, more than one-quarter (27%) said their premiums increased by 50 percent or more during that period. More than half (61%) said their premiums had increased by more than 25 percent. About one in five (22%) said their premiums had increased by 15 percent or less.

- More than three-quarters of respondents renewed coverage with their insurer in the previous year. Of those, more than two-thirds (68%) saw their premiums increase. Of those whose premiums increased, nearly half (43%) experienced increases of more than ten percent, while one-third (35%) experienced increases between six and ten percent.
- Nearly half of employers who offered insurance (46%) said they had employees with high health claims in the previous year. Of those whose premiums increased, more than half (57%) said they were told that premiums increased because they had employees with high health claims.

Experiences Using Health Plans

- Most respondents said they “usually” but not “always” got what they wanted from their health plans. For example, 35 percent of respondents said their health plan “always” covered claims as expected, 32 percent said they “always” provided accurate information, 31 percent said they “always” required about the expected level of out-of-pocket costs, and 33 percent said they were “always” easy to administer.
- Fourteen percent of respondents said their company “usually did not” provide or “never” provided accurate information, and 20 percent said their companies “usually did not” respond or “never” responded promptly to problems.
- Seventeen percent said their company “usually did not” provide or “never” provided good value for their premium dollar.

Reasons Why Costs Are Rising

- People most “strongly agreed” with the statements that health care costs were rising because we spend too much money on insurance administration and bureaucracies (43%) and because insurance companies and pharmaceutical companies make too much money (about one-third of respondents strongly agreed with these statements). Slightly more than one-third (37%) said it was because the population was aging.
- People were least likely to think that health care costs were rising because of too much govern-

ment regulation (14% “strongly agreed”), improvements in the quality of health care (15%), doctors make too much money (17%), and people use more health services than they really need (23%).

Policy Options for More Affordable Coverage

- Based on those who “strongly agreed”, the most supported options were:
 - monitoring insurance company rate hikes to see if they are justified (41%)
 - allowing lots of choices among health plans to increase competition (33%)
 - offering high deductible plans with tax free accounts (31%)
 - limiting choice to a set of comparable plans to make choosing easier (30%)
 - setting a minimum percentage of premium revenues that insurance companies must spend on paying claims (30%)
- The least supported options, with the lowest percentages who “strongly agreed” with them, included:
 - eliminating state benefit mandates such as emergency services or supplies for diabetics (7% “strongly agreed”)
 - limiting provider networks to keep down premiums (9%)
 - using public funds to subsidize employee premiums (9%)
 - selling plans with limited benefits to keep down premiums (13%)

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The Access Project (TAP) has served as a resource center for local communities working to improve health and healthcare access since 1998. The mission of TAP is to strengthen community action, promote social change, and improve health, especially for those who are most vulnerable. TAP conducts community action research in conjunction with local leaders to improve the quality of relevant information needed to change the health system. TAP’s fiscal sponsor is Third Sector New England, a nonprofit with more than 40 years of experience in public and community health projects.



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