

## Employer Survey: Behaviors & Opinions About Health Insurance for Employees

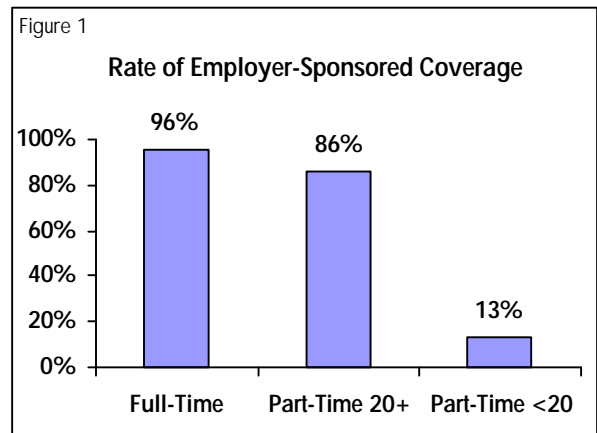
Commissioned by The Hawai'i Uninsured Project, this survey is made possible by the State of Hawaii Department of Health, recipient of a grant from the U.S. Department of Health and Human Services – Health Resources and Services Administration. This telephone survey was conducted by Ward Research in September 2003. This section discusses the results of a statewide survey of n=451 Hawaii employers conducted August 8 – September 2, 2003. The Employer sample includes interviews of n=278 small businesses (1-19 employees), n=108 medium businesses (20-99 employees), and n=65 large businesses (100+ employees). The maximum error for the total sample is  $\pm 4.6\%$  at the 95% confidence level.

Data is weighted to reflect actual distribution of businesses by size in Hawaii.

### Insuring Employees

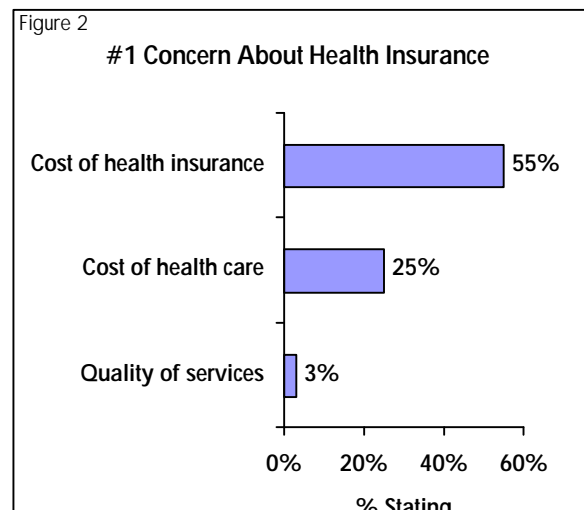
The majority of Hawaii businesses (96%) offer health insurance to full-time employees, and slightly fewer employers (86%) insure part-time employees, who work 20 or more hours per week (*Figure 1*).

Nine percent (9%) of all employers do not insure their full-time or part-time employees working 20 or more hours per week. Reasons may vary. These employees may fall outside of mandatory employer-provided coverage such as commission-based workers (e.g. insurance agents, retailers, etc.). This may also mean that some employers are not in compliance with the law, and indicates a weakness in the Prepaid Health Care Act's enforcement.



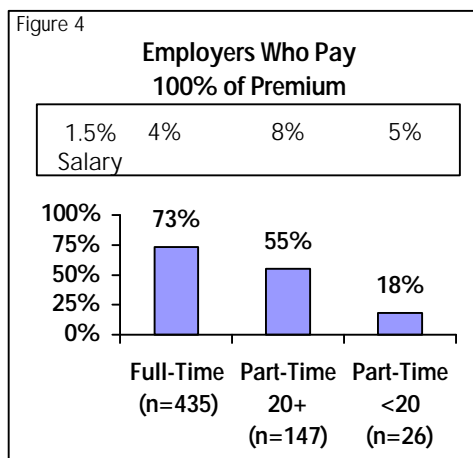
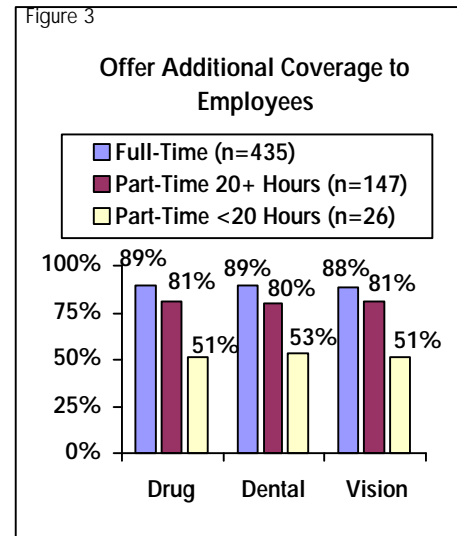
Interestingly, while not required to do so by law, 13% of employers provide health insurance to employees working less than 20 hours per week. The leading concerns on health coverage for employees were as follows: (*Figure 2*)

- cost of health insurance
- cost of health care



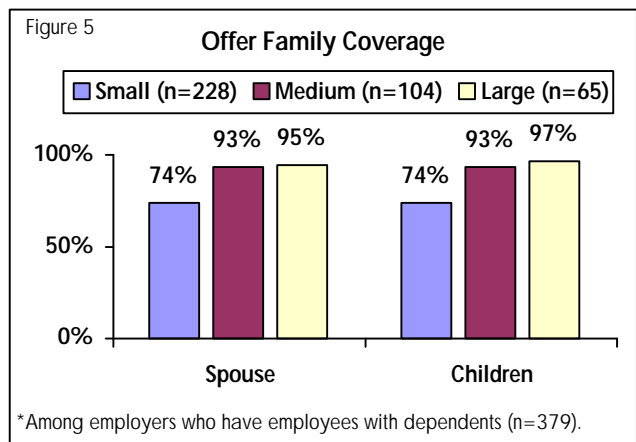
- quality of service from care providers, health plans

Majority of employers (82%) believe that health insurance attracts and retains employees (57% completely agree/25% somewhat agree). Despite concerns about rising costs, a large majority of employers that offer health insurance to their full-time employees also offer additional benefits not required by law including prescription drug, dental, and vision coverage – 89%, 89%, and 88%, respectively (Figure 3). A smaller (yet sizeable) portion of employers also offer their part-time employees working 20 or more hours per week and those working less than 20 hours per week the same additional coverage (81, 80, 81% and 51, 53, 51%, respectively).



About three-quarters (73%) of surveyed employers pay 100% of full-time employees' insurance premiums, while only 55% of employers do the same for employees working 20 or more hours per week and 18% for those working less than 20 hours per week (Figure 4). A small percentage of employers require employees to pay the 1.5% premium cost-share of their salary (4% Full-Time; 8% Part-Time 20+ hrs; 5% Part-Time <20 hrs).

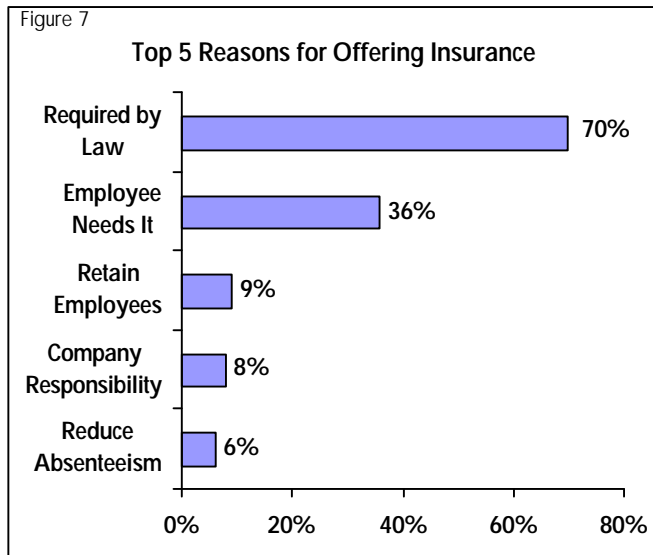
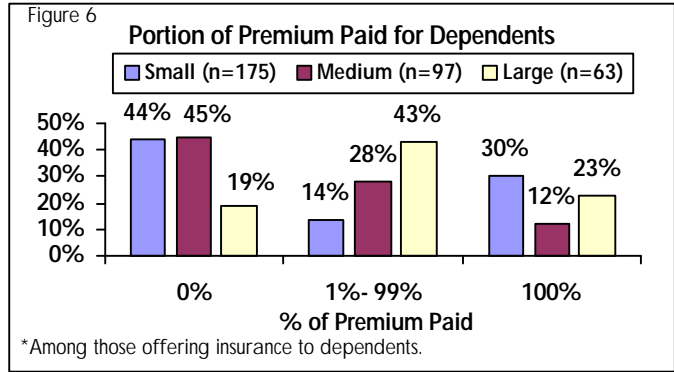
Most (87%) employers surveyed have employees with dependents. Seventy-seven percent (77%) offer the option to insure family members (Figure 5). Large and medium businesses are more likely than small businesses to offer insurance to employees' dependents. Family coverage is more likely to be offered to full-time employees than to part-time employees.



- Offered To:
- ☛ 99% - Full-Time Employees
  - ☛ 80% - Part-Time 20+ Hours
  - ☛ 35% - Part-Time <20 Hours

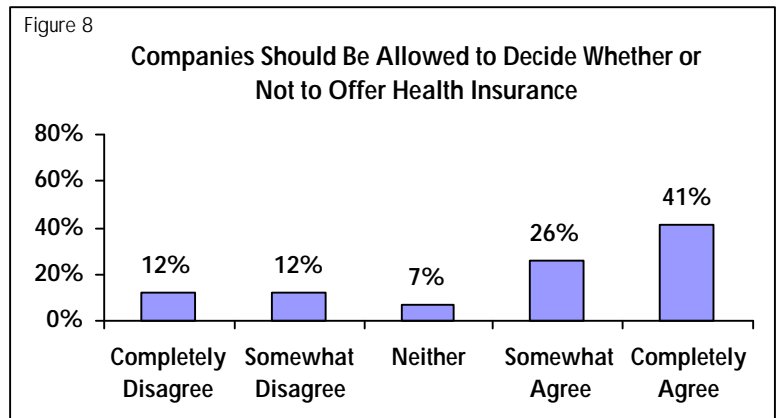
Interestingly, small businesses (1-19 employees) are more likely than medium businesses (20-99 employees) to pay 100% of the dependents' premium – 30% vs. 12%, respectively (Figure 6).

Large businesses (100+ employees), on the other hand, are more likely than small and medium businesses to pay for *some* percentage of dependents' premium rather than nothing at all (43% vs. 14% and 28%, respectively).

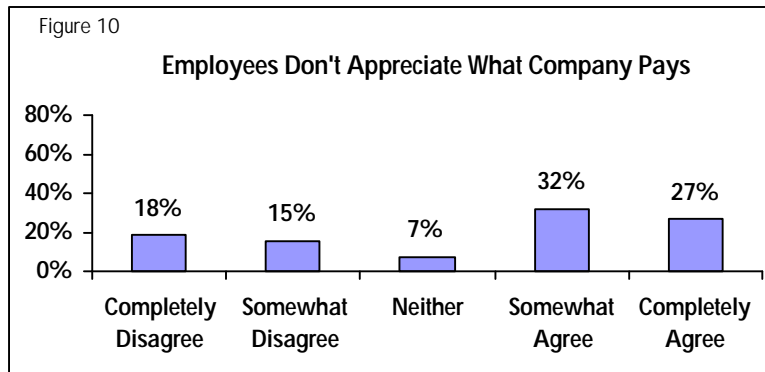
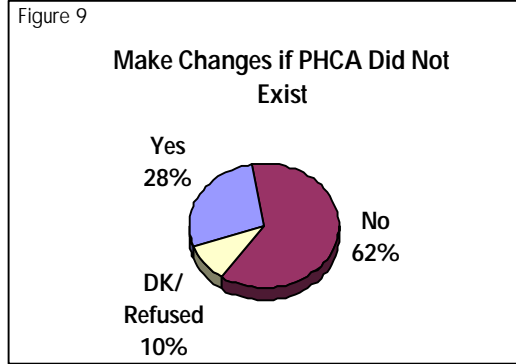


While slightly over one-third (36%) of employers offer health insurance because they believe that employees need health insurance, the main reason employers offer health insurance is because Hawaii State law requires it, with 70% of the businesses indicating this (Figure 7).

Additionally, 67% of employers "completely" or "somewhat" agreed that it should be their choice to offer health insurance (Figure 8).



If the Prepaid Health Care Act did not mandate that employers provide health care coverage, 62% of Hawaii employers claimed that they would continue to offer their employees the same benefits (Figure 9).



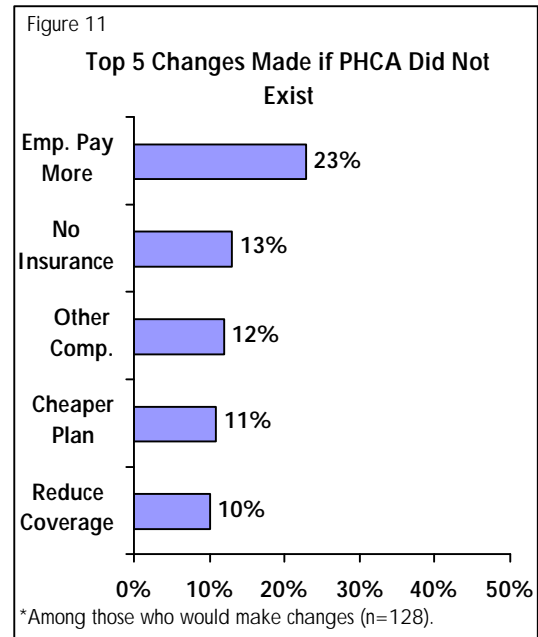
If given the freedom to create their own health insurance policies, the majority would likely offer the same level of coverage even though 59% of the employers “completely” or “somewhat” agreed that employees don’t really appreciate what the company pays toward the premium (Figure 10).

While most employers would continue to offer the same level of coverage if the employer mandate did not exist, slightly over one-quarter (28%) of employers stated they would alter employee benefits.

Almost a quarter (23%) of these employers would make employees pay a larger share of premium costs (Figure 11). Another 13% of employers would discontinue health insurance benefits. Twelve percent would prefer to compensate employees in other ways (e.g. pay directly for medical costs).

**“We wouldn’t pay as much for employee coverage. We would probably pay 50 to 75 percent of the premium.”**

**- Large Business**



## Insuring Part-Time Employees Who Work Less than 20 Hours

Among the 87% of employers who do not offer insurance to those working less than 20 hours per week, 44% stated that they do not offer them insurance because of cost (Figure 12). Approximately one-quarter (27%) stated that employees access health coverage elsewhere and 24% stated that the law does not require it of them.

Twelve percent (12%) of employers felt that the cost to insure workers under 20 hours a week outweighed the benefits – stating:

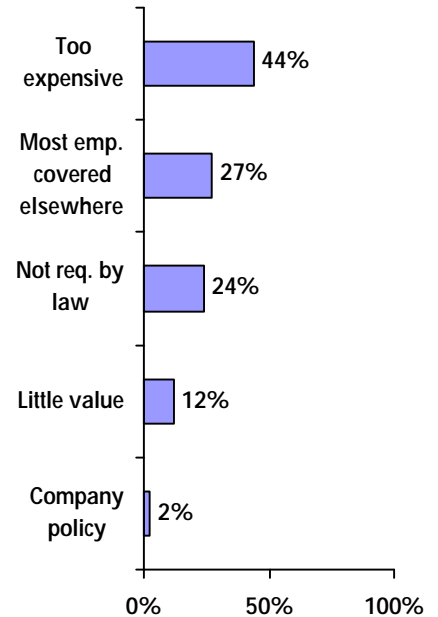
- little value of insuring them
- employees not working/contributing enough to justify the costs or
- high employee turnover.

However, half of employers who do not offer health insurance would consider doing so only if the costs were minimal (Figure 13). Over one-third (37%) of these employers were willing to pay \$51-\$100 per employee per month, and slightly less (32%) were willing to pay \$26-\$50 per employee per month (Figure 14).

Over one-quarter (29%) of employers stated that they would consider offering part-time employees (<20 hours) health insurance only if there were *no* additional costs, and 15% stated they would not consider it at all.

Figure 12

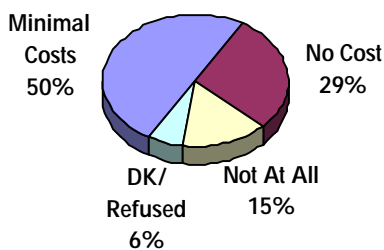
### Top 5 Reasons for Not Offering Insurance to Part-time (<20 Hrs)



\*Among those who don't offer insurance to their part-time employees working < 20 hrs (n=172).

Figure 13

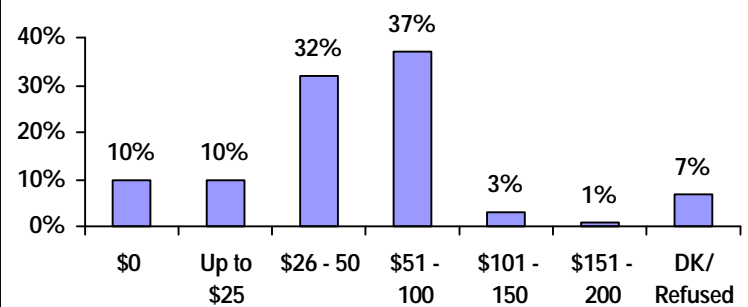
### Likelihood of Offering Insurance to Part-Timers (<20) If...



\*Among those who don't offer insurance to their part-time employees working < 20 hrs (n=174).

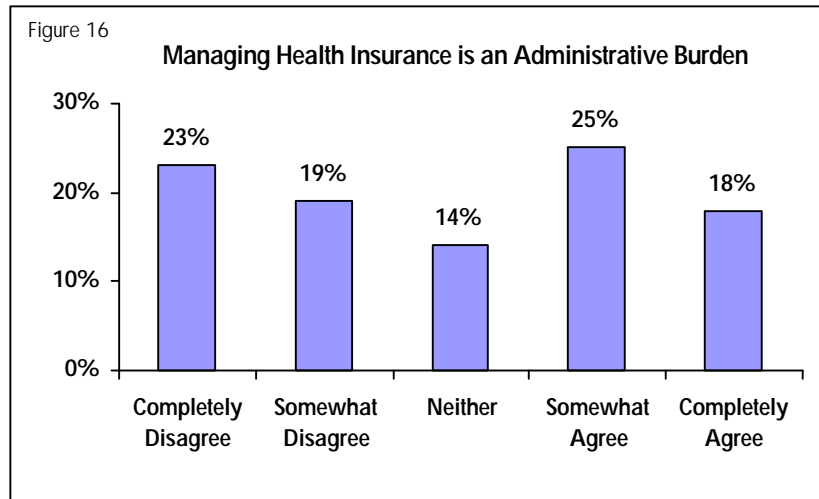
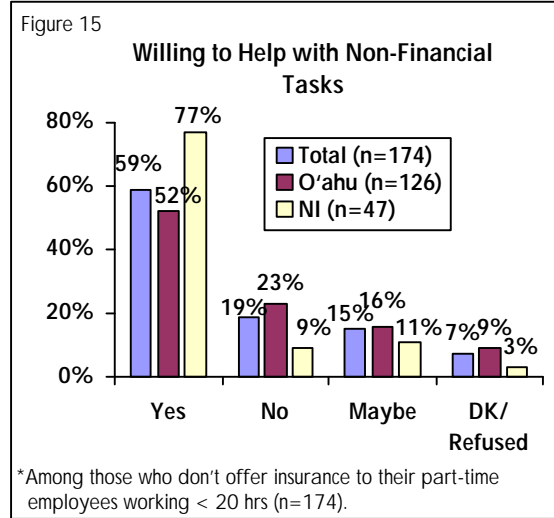
Figure 14

### Amount Willing to Pay to Insure Part-Timers (<20)



\*Among those willing to pay (n=87).

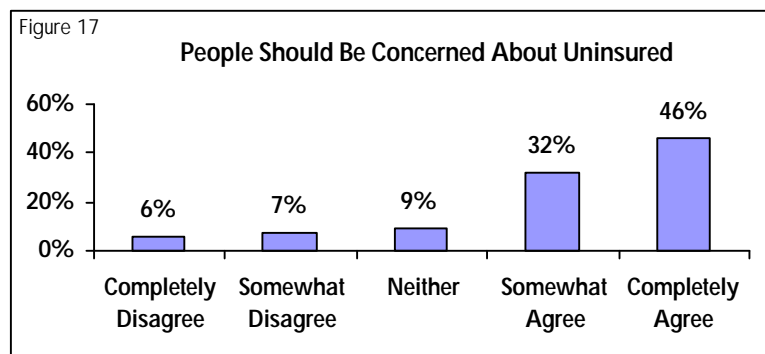
Slightly more employers (59%) were willing to help with non-financial tasks (i.e. administration) of insuring workers under 20 hours a week and 15% stated they *might* help with non-financial tasks (Figure 15).



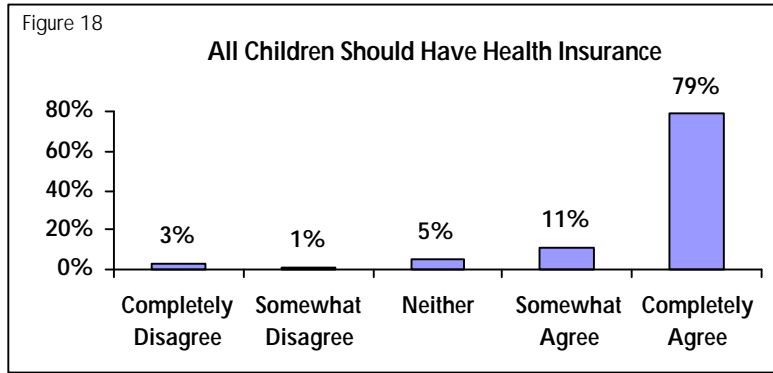
This was despite the fact that 43% felt that administering health insurance is a burden and a task that they would rather not deal with (25% completely agree/18% somewhat agree) (Figure 16). Employers on the neighbor islands were more willing than O'ahu organizations to help with non-financial tasks. Only a small percentage of employers (5%) were not willing to do anything (financially or non-financially) to help part-time workers access coverage.

## Attitudes about the Uninsured

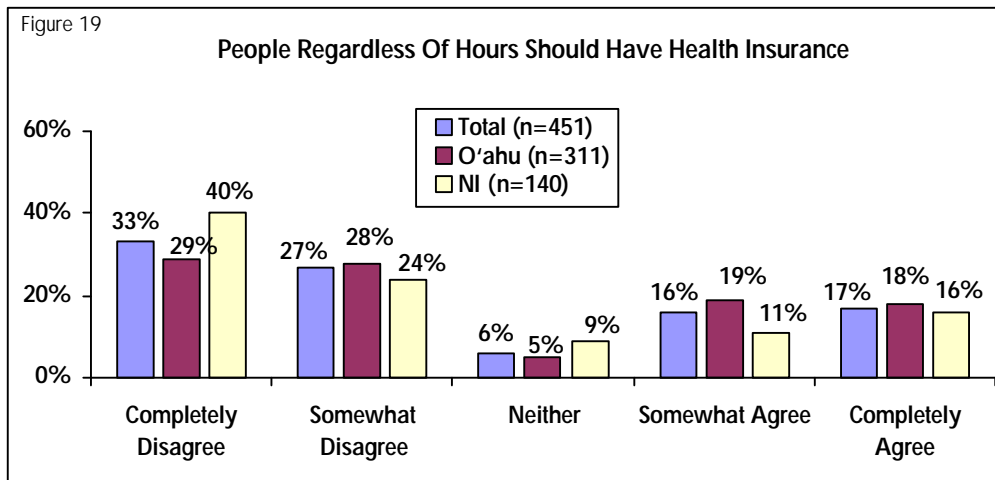
The majority of employers (78%) "completely" or "somewhat" agreed that Hawaii's people *should be concerned about those who do not have health insurance in this state* (Figure 17), and 90% "completely" or "somewhat" agreed that *all children should have health insurance* (Figure 18).



Only a fraction believe that they should play a role in a solution, despite the fact that the majority felt that people should be concerned about the uninsured.

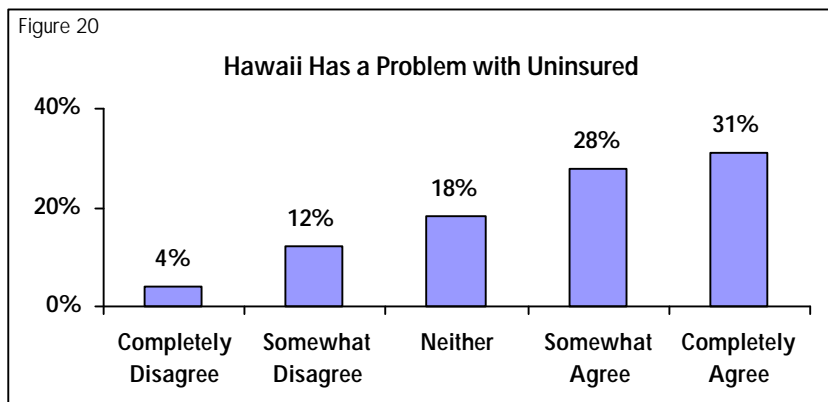


One-third (33%) of the employers "completely" or "somewhat" agreed that *all people who have a job, regardless of the number of hours they work, should have employer-provided health insurance*, while 60% of the employers "completely" or "somewhat" disagreed (Figure 19).



Neighbor Island employers felt even stronger about this than did those on Oahu, with 64% vs. 57% "completely" or "somewhat" disagreeing with the statement.

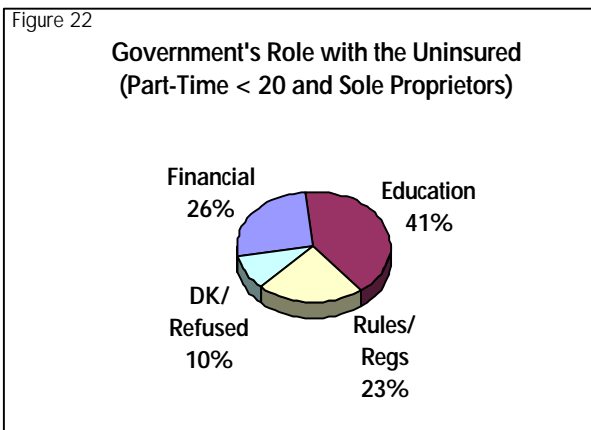
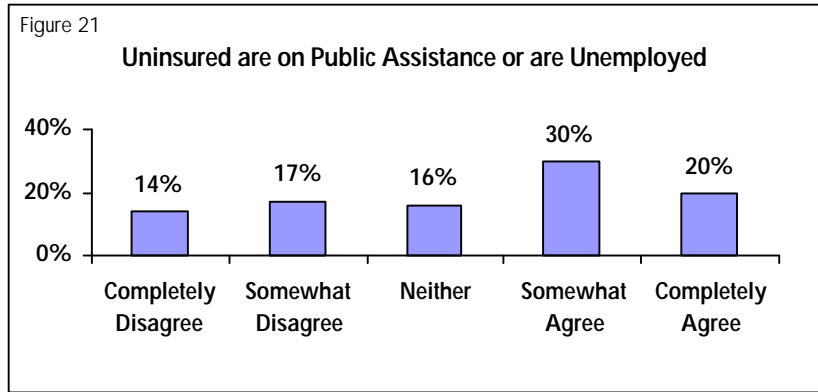
Only six of ten employers (59%) interviewed "completely" or "somewhat" agreed that *Hawaii has a problem with the number of people who do not have health insurance* (Figure 20).





Additionally, half of employers agreed (completely or somewhat) that *people who don't have health insurance are mostly those on public assistance, unemployed or homeless* (Figure 21).

These findings underscore the need to educate businesses about Hawaii's uninsured.



When asked what kinds of assistance are most important for government to offer to the uninsured who work less than 20 hours per week or sole proprietors, four out of ten (41%) stated that *education about where to find health insurance and where to get health care* was the most important.

About 25 percent believe that *financial assistance to pay for health insurance* (26%) and *creating rules and regulations to make insurance more accessible* (23%) were most important (Figure 22).

When asked what they needed most from the government, *employers* cited financial assistance (53%), followed by education or information about health insurance options (37%) (Figure 23).

