



In the Literature

EMPLOYERS' VIEWS ON INCREMENTAL MEASURES TO EXPAND HEALTH COVERAGE

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Health Affairs
Nov./Dec. 2006
25(6):1668-78

Full text is available at:
<http://content.healthaffairs.org/cgi/content/abstract/25/6/1668?ikey=rwFsaONDvAM.E&keytype=ref&siteid=healthaff>

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Commonwealth Fund Pub. #968
November 2006

In the Literature presents brief summaries of Commonwealth Fund-supported research recently published in professional journals.

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Despite fast-rising health care costs, employers that offer health benefits to their workers say they are committed to the current employer-based health insurance system. According to new survey findings, two-thirds of employers—including those who provide health benefits and those who do not—strongly or somewhat agree that all employers should share in the cost of health insurance for employees, either by covering their own workers or by contributing to a fund to cover the uninsured.

That is important to know, say the authors of “[Employers’ Views on Incremental Measures to Expand Health Coverage](#)” (*Health Affairs*, Nov./Dec. 2006). Future efforts to expand health insurance coverage, they believe, will likely build on the current employer-based coverage system. The researchers, based at the Center for Studying Health System Change and The Commonwealth Fund, report that majorities of employers—both large and small, and both offering health benefits and not—support policies that would require additional administrative action on their part to extend coverage to uninsured workers. However, employers are less resolute when it comes to coverage expansion policies that require a greater financial contribution.

What Do Employers Think?

In the face of a soaring budget deficit, the federal government would be challenged to pass landmark legislation moving the nation toward universal health insurance coverage, the authors contend. Instead, incremental reforms that build on existing forms of group coverage are likely to characterize policy initiatives in the coming years. With

that in mind, the researchers surveyed employers for their views on health benefits and strategies aimed at expanding coverage, improving the quality of care, and reducing administrative costs. A total of 2,995 randomly selected public and private nonfederal employers were surveyed.

Employers eager to play greater role.

Most employers are willing to take on administrative changes intended to expand health insurance coverage. Such changes include providing workers with information about state public insurance programs, making payroll deductions for employee premiums in state programs, and reducing an employee’s withholding tax by the amount of a government-provided tax credit. Small firms are significantly more eager to undertake such activities.

One much-talked about incremental approach, for example, entails giving a tax credit to low-income workers to either buy their own insurance or pay for their premium obligation for their employer’s offered coverage. Four-fifths of all firms reported they are very or somewhat willing to reduce a worker’s withholding tax by the amount of any available tax credit. Seventy percent of firms are very or somewhat willing to collect the tax credit and apply it to the employee’s premium share. Small firms were significantly more likely than larger firms to report being very willing to do both.

Employers not as willing to pay more. Meanwhile, employers are less enthusiastic about taking on a greater financial commitment to expand insurance coverage.

About half of firms, for example, were very or somewhat interested in employers being able to cover workers and their dependents—and picking up at least part of the monthly premium—through the same insurance program that covers their state’s public employees or the federal insurance program that covers members of Congress. Notably, small employers were significantly more likely than large firms, 62 percent versus 41 percent, to express interest in such an option. Firms not currently offering health coverage were more likely than offering firms to support the concept.

But with regard to improving health care quality, large employers expressed more interest than smaller firms. “[S]mall employers were more focused on immediate relief from costs and somewhat less concerned about improving quality of care than large employers were,” noted the study’s authors.

Conclusions

Even in the face of rapid premium growth, employers overall maintain a positive view of health benefits—as a way to attract and retain highly qualified workers and a means of improving the health and performance of their workforces. Employers of all sizes, the study shows, expressed the strongest support for coverage expansion policy options that

would require minor administrative adjustments on their part. Still, a slim majority of employers were interested in policy options that would require them to make a greater financial commitment.

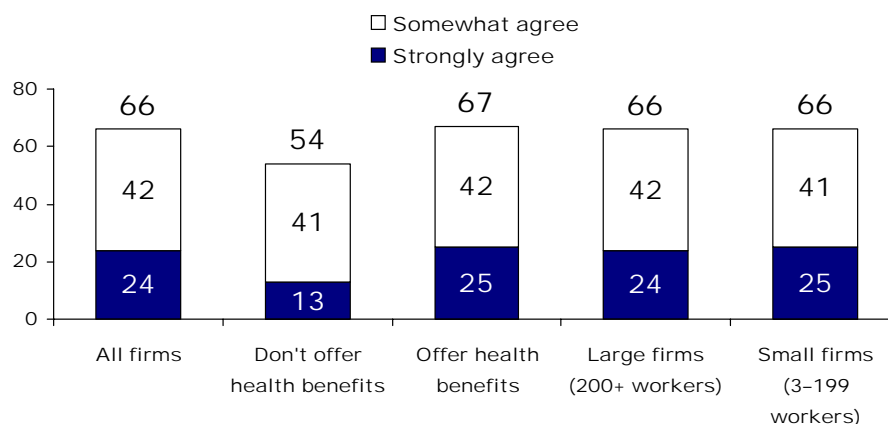
“Rather than getting out of the game,” say the authors, “employers appear willing to at least consider small changes that might make it easier to stay in.”

Facts and Figures

- The share of U.S. firms offering health benefits fell from 69% in 2000 to 60% in 2005. Among businesses with three to nine workers, the share fell from 58% to 47%.
- Nine of 10 employers said they are very or somewhat willing to provide eligible low-income employees with information about how to apply for government-administered health programs.
- Small firms are more interested than large employers (62% vs. 41%) in allowing their workers to participate in a public employee coverage program and contributing to the monthly premiums.

Two-Thirds of Firms Agree That All Employers Should Share in the Cost of Employee Health Coverage

Percent of firms agreeing that all employers should share in cost of employee health coverage by either providing health benefits or contributing to a fund to cover the uninsured



Source: H. Whitmore, S. R. Collins, J. R. Gabel, and J. D. Pickreign, “Employers’ Views on Incremental Measures to Expand Health Coverage,” *Health Affairs*, Nov./Dec. 2006 25(6):1668–78.