



NEWS RELEASE

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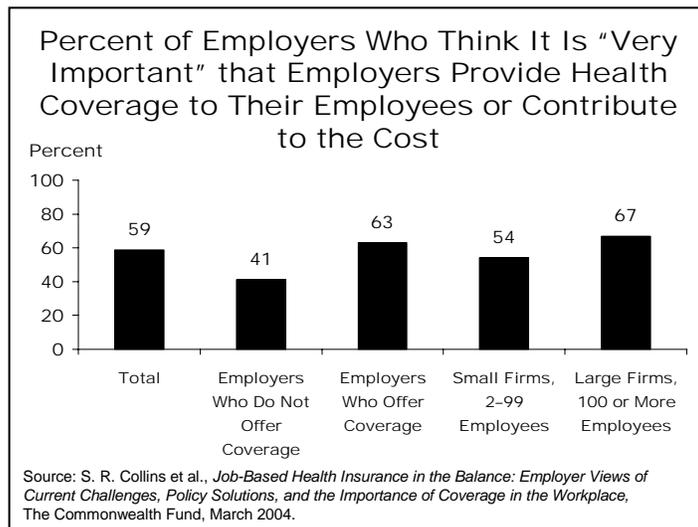
EMPLOYERS STRONGLY SUPPORT JOB-BASED HEALTH COVERAGE, BUT RISING PREMIUMS FORCING THEM TO SHIFT MORE COSTS TO EMPLOYEES

Majority of Employers Support Policies to Expand Employer Coverage

New York City, March 9, 2004—Employers strongly support providing health coverage for their workers, with a majority even backing a mandate that companies either provide such benefits or pay into a fund to cover the uninsured, a new Commonwealth Fund survey finds.

Yet despite their belief that it is “very important” to provide or help workers pay for coverage, employers say rising premiums are forcing them to shift more costs to employees or cut back on benefits, the survey found.

“The message from employers is that they want to do the right thing for their employees, but are struggling to manage the rising costs of providing health coverage,” said Commonwealth Fund President Karen Davis. “Employers show support for a range of policy solutions including buying into federal or state employee benefit programs, COBRA subsidies, and helping eligible employees enroll in public programs.”



The report, [*Job-Based Health Insurance in the Balance: Employer Views of Coverage in the Workplace*](#), by Sara R. Collins and colleagues at The Commonwealth Fund, is based on a nationwide sample of 453 establishments with more than one employee.

Employers and Their Employees Feel Pressure of Rising Health Care Costs

Employees report using a variety of strategies to cope with rising health care costs, most of them having the effect of increasing cost burdens on employees or cutting back benefits. One-third (33%) of employers who offer health insurance report they increased employee copayments or coinsurance, and nearly one-third (31%) increased employee shares of premiums in 2002. A quarter of employers raised deductibles, and one-fifth (18%)

eliminated benefits or reduced benefits such hospital days, physician visits, or prescription drug coverage. Fifteen percent of employers said they offset premium increases with smaller raises for employees.

Employers Support Job-based Health Insurance

While employers are struggling to deal with rising costs, they express strong support for the system of employer-based coverage. Three of five employers (59%) say it is very important to provide health insurance to their employees or contribute to the cost. Of employers who offer coverage, two-thirds (67%) say it improves employee health, and three-fifths (61%) say it improves employee morale. A large majority of employers who offer coverage feel it is important to employee recruitment.

A majority (56%) of all employers support policy measures to require employers to offer benefits or contribute to the cost. Employers who don't themselves offer coverage preferred options to expand public coverage (50%), although two-fifths supported employer mandates (40%).

Employers also support a variety of other policy measures to help provide coverage to workers.

Three-fifths (61%) of employers were interested in insuring workers through a plan that covers state or federal employees with employers paying part of the cost. Half (53%) of employers support legislation providing federal premium assistance for COBRA coverage. Nine of ten (93%) would provide information to employees to help them apply to public insurance programs, and three-fourths would be willing to make payroll deductions for public programs.

Employers who offer health insurance are also more likely to offer other benefits such as pensions, paid sick leave, or paid vacations. While 93% of employers offering health insurance also offered paid vacations, half (55%) of employers who didn't offer health insurance offered paid vacations to their employees. Just one-third (33%) of employers not offering health insurance had paid sick leave for their employees.

“Policy options to expand coverage would go a long way towards correcting the inequities in benefits that currently plague the labor market,” said Collins, senior program officer at The Commonwealth Fund and lead author of the report.

