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Contacts:

Mary Mahon (212) 606-3853
mm@cmwf.org

Alwyn Cassil (202) 264-3484
acassil@hschange.org

Bethanne Fox (301) 576-6359
bfox@burnesscommunications.com

Firms Covering Large Majority of Nation's Workers View Health Benefits as an Important Recruitment and Retention Tool

*Health Affairs Article Finds Employers Support Shared
Responsibility for Financing Health Coverage*

WASHINGTON, D.C.—Despite intense health care cost pressures, firms covering more than 90 percent of the nation's workforce view health benefits as an important tool to attract and retain qualified workers, according to a national study by researchers at the Center for Studying Health System Change (HSC) and The Commonwealth Fund published in the November/December edition of *Health Affairs*.

Moreover, firms employing two-thirds of all workers, including both firms that do and do not offer health benefits, agreed 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,” the study found.

“Despite concerns about rapidly rising health costs, the study indicates that many employers remain committed to playing a key role in the private insurance system many working Americans depend on for health coverage,” said HSC Health Researcher Heidi Whitmore, lead author of the study funded by the Commonwealth Fund.

The study also examined employers' attitudes about public policies aimed at expanding health coverage, reducing administrative expenses and improving the quality of care, finding they generally support such incremental steps.

“Employers are willing to step up to the plate and share responsibility for paying for health insurance coverage for workers,” said Sara Collins, an assistant vice president at the Commonwealth Fund and coauthor of the study, along with Jon Gabel and Jeremy Pickreign of HSC.

The *Health Affairs* article, titled “[Employers' Views on Incremental Measures to Expand Health Coverage](#)” is based on a special Commonwealth Fund-supported supplement to the 2005 Kaiser Family Foundation/Health Research and Educational Trust survey of employer health benefits, a nationally representative telephone survey of 2,013 public and private nonfederal employers with three or more workers. The survey response rate was 48 percent.

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Other key study findings include:

- Many employers were willing to undertake administrative changes designed to expand coverage. For example, four-fifths of firms—both offering and nonoffering—stated they were very or somewhat willing to reduce an eligible employee’s withholding tax by the amount of any available health insurance tax credit. Seventy percent of firms stated they were very or somewhat willing to collect the tax credit and apply it to the employee’s share of premium.
- Half of firms—both offering and nonoffering—were interested in a program that would allow their workers and dependents to obtain coverage through their state’s public employee insurance program, with the employer contributing part of the premium. Small firms expressed the greatest interest in such a policy option.
- With respect to quality improvement, more than 3 in 5 (63%) employers offering health benefits were very or somewhat interested in offering workers high-performance provider networks, even if it meant limiting the number of network providers.
- When asked about the most effective way to reduce administrative costs, small employers were somewhat more focused on immediate relief from costs, and large employers were more focused on achieving efficiency through standardization. For example, small employers were more likely to say that joint purchase of health insurance by employers and public insurance programs would be most beneficial in reducing administrative costs. Large firms were more likely to say that universally accepted quality performance measures for providers would be most beneficial in lowering costs.

All findings in the study are worker-weighted to better reflect the views of large firms—because they employ a significantly larger proportion of workers, their views more accurately reflect the experience of the typical employee. For example, firms with 3-24 workers constitute 83 percent of all firms but account for just 19 percent of employees, while firms with 5,000 or more workers constitute 0.1 percent of all firms but account for 34 percent of all workers.

A chart pack, titled *Expanding Health Insurance Coverage Through Incremental Reforms: Snapshots of Employer Views*, detailing additional survey findings is posted on the Commonwealth Fund Web site at www.cmwf.org.

The November/December issue of *Health Affairs*, titled “Will Employer Coverage Endure?” will be released at a Nov. 14 briefing, from 9:30 to 11:30 a.m., at the Union Station Columbus Club in Washington, D.C. For more information about this event, contact Alex Field at afield@burnesscommunications.com or 301-652-1558.

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The Commonwealth Fund is a private foundation working to promote a high performing health care system that achieves better access, improved quality, and greater efficiency, particularly for society's most vulnerable. The Fund carries out this mandate by supporting independent research on health care issues and making grants to improve health care practice and policy.

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The Center for Studying Health System Change is a nonpartisan policy research organization committed to providing objective and timely research on the nation’s changing health system to help inform policy makers and contribute to better health care policy. HSC, based in Washington, D.C., is funded principally by The Robert Wood Johnson Foundation and is affiliated with Mathematica Policy Research, Inc.