
In a survey of 453 employers across the country with two or more employees, a large majority of employers (81%) reported that they offer health insurance to their employees. The study found, however, that these employers are shifting more of the costs for health insurance to their employees in order to cope with rising health care costs, through increased employee cost-sharing, larger deductibles, or reduced benefits. Overall, firms surveyed expressed broad support for employer-based health benefits and a willingness to consider various policy proposals to expand health care. The study revealed support for approaches that involved both financial and administrative contributions.

Shifting Costs to Employees in Response to Rising Costs in 2002

Of insuring employers:
- 33% increased employees’ copayments or coinsurance
- 31% increased employees’ share of premiums
- 25% raised deductibles
- 18% eliminated or reduced benefits
- 18% offer new products (i.e. medical savings accounts) to shift burden to employee
- 15% reduced employee raises

Employers’ Views on Policy Options to Expand Health Coverage

➢ Tax credits for current employees
  - 83% of all surveyed supported reducing employees’ withholding tax by the amount of a tax credit for health insurance costs.
  - 77% supported collecting a tax credit and use it for employees’ share of premiums.

➢ Tax credits for unemployed workers
  - Majority surveyed (53%) supported unemployed workers’ use of tax credits to purchase COBRA
  - Smaller employers were somewhat more likely to express support for this proposal than larger employers (55% vs. 50%).

➢ Medicaid and SCHIP Enrollment
  - 93% of all surveyed were willing to provide information to Medicaid and SCHIP information to employees.

• 75% expressed willingness to administer payroll deductions to help employees pay premium contributions for Medicaid and CHIP in states that offer expanded eligibility.

Employer Mandates vs. Public Program Expansions

- 56% of all employers prefer an employer mandate to public program expansions.
- 59% of currently insuring employers prefer a mandate
- 50% who do not offer coverage prefer a public program expansion
- The majority of large (64%) and small firms (51%) prefer a mandate.
- Smaller firms (100 employees or less) expressed slightly more interest than larger employers (66% vs. 54%) in public program expansions.
- Nearly two-thirds (61%) expressed interest in federal or state employee benefit plans for which the employer contributes to total premium costs

Federal or State Plan Buy-In

- Employees would be able to buy into a group plan modeled after the FEHBP, with part of the premium covered by the employer.
- 61% of insuring and non-insuring employers would be interested in participating in this type of program.
- Small employers (less than 100 employees) expressed more support (66%) than larger firms (54%)

Expanded Coverage to Young Adult Dependents

- Many employers believe that expanding eligibility for coverage to older dependents will increase costs.
- A majority (59%) of insuring employers limit coverage to dependents under age 18 or 19, with the rest setting limits for coverage between ages 20 and 25.
- Just under half (46%) of all surveyed believed that requiring employers to offer coverage for dependents up to 23 years of age would have a large impact on raising premium costs.

Employer Responsibility

- A majority of insuring employers believe that companies should be responsible for sharing costs for employee health benefits.
  - This belief was stronger among larger companies (100 workers and more) and those that already offer insurance.
  - However, 41% of those who do not offer benefits and 54% of small firms (100 employees or less) agreed with this sentiment.
Most insuring employers believe that offering health benefits enhances their ability to recruit and retain employees, improves the working environment and yields overall benefits to the company.

- 67% believe it improves health
- Slightly less (60%) feel it improves morale
- 39% believe it increases productivity.

**Health Coverage and Other Employees Benefits**

- Employee wages and other employee benefits vary, depending on whether or not employers offer coverage to the employees
  - Insuring employers are significantly more likely than uninsuring employers to offer pension and retirement benefits, paid sick leave, disability insurance, and paid vacation.
  - For example, 78% of insuring employers offer employee pensions vs. 15% of non-insuring employers
  - Insuring employers are also more likely to have higher-paid employees.