

SEHBS

**SMALL
EMPLOYER
HEALTH
BENEFITS
SURVEY**

The 2000 Small Employer Health Benefits Survey

Methodology

The Small Employer Health Benefits Survey (SEHBS) was designed to examine the reasons America's small employers (with two to 50 workers) offer or do not offer health benefits to their workers and related issues. The survey was conducted within the United States between May 16 and June 30, 2000 through 20-minute telephone interviews with 506 companies with health benefits and 449 companies without health benefits. Within each group, quotas were established to ensure sufficient representation for analysis by number of employees. The resulting sample was weighted by presence of plan and number of employees to reflect the national population of small employers with two to 50 workers.

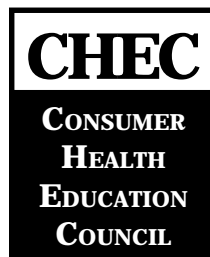
In theory, the weighted sample of 955 yields a statistical precision of plus or minus 4 percentage points (with 95 percent certainty) of what the results would be if all nongovernment businesses with two to 50 workers were surveyed with complete accuracy. There are other sources of error on all surveys, however, that may be more serious than theoretical calculations of sampling error. These include refusals to be interviewed and other forms of nonresponse, the effects of question wording and question order, and screening. While attempts are made to minimize these factors, it is difficult or impossible to quantify the errors that may result from them.

The SEHBS was co-sponsored by the Blue Cross and Blue Shield Association (BCBSA), a federation of independent, locally operated Blue Cross and Blue Shield Plans that collectively provide health care coverage to 75 million—more than one in four—Americans; the Employee Benefit Research Institute (EBRI), a private, nonprofit, nonpartisan public policy research organization; and the Consumer Health Education Council (CHEC), a health education organization formed to help the American public better understand, acquire and utilize health insurance. Mathew Greenwald & Associates, Inc. conducted the survey.

Note:

* means the percentage is less than 0.5.

- means no respondents are in that category.



**BlueCross BlueShield
Association**

An Association of Independent
Blue Cross and Blue Shield Plans

2000 Small Employer Health Benefits Survey

May 16, 2000 – June 30, 2000

(n=955)

1. Respondent role in making decisions about health insurance for business.

	<u>Total</u> (n=955)	<u>With Benefits</u> (n=506)	<u>Without Benefits</u> (n=449)
You are the owner or sole decision-maker in your business	43%	33%	58%
You make decisions with some input from others	21	25	15
You are part of a group that works together to make decisions	36	42	27
Don't know / Refused		[TERMINATE INTERVIEW]	

2. Firm size: workers at all locations and sites, employed full- or part-time.

	<u>Total</u>	<u>With Benefits</u>	<u>Without Benefits</u>
2-9	73%	66%	83%
10-24	20	24	14
25-50	7	10	3
Don't know/ Refused		[TERMINATE INTERVIEW]	

3. Length of time since the business was started.

	<u>Total</u>	<u>With Benefits</u>	<u>Without Benefits</u>
Less than 5 years	15%	14%	18%
5 to 9 years	20	17	25
10 to 14 years	14	12	17
15 to 19 years	12	12	12
20 to 29 years	16	18	13
30 years or more	21	26	13
Don't know	1	1	2
Refused	*	-	*

4. Benefits the business offers to employees.

	<u>Yes</u>	<u>No</u>	<u>DK</u>	<u>REF</u>
a. Health insurance coverage				
Total	61%	39%	-	-
With Benefits	100	-	-	-
Without Benefits	-	100%	-	-
b. Disability insurance				
Total	31	68	1%	-
With Benefits	45	54	1	-
Without Benefits	10	89	1	-
c. Any type of pension or retirement plan, such as a 401(k) or profit-sharing plan				
Total	31	68	*	-
With Benefits	47	52	1	-
Without Benefits	6	93	*	-
d. Long-term care insurance				
Total	15	82	3	-
With Benefits	23	72	4	-
Without Benefits	2	98	*	-
e. Flexible spending accounts for health care				
Total	9	88	3	-
With Benefits	13	82	5	-
Without Benefits	2	98	*	-
f. [IF YES TO A] Medical Savings Accounts				
With Benefits	5	95	*	-

[IF DON'T KNOW/REFUSED FOR Q4A, TERMINATE INTERVIEW.]

Businesses With Health Benefits

5. Reasons employers offer a health plan.

	<u>Major Reason</u>	<u>Minor Reason</u>	<u>Not a Reason</u>	<u>DK</u>	<u>REF</u>
a. It helps with employee recruitment.	58%	22%	20%	*	-
b. Competitors offer it.	35	30	32	3%	-
c. It increases loyalty and decreases turnover.	53	27	19	1	-
d. It reduces absenteeism by keeping employees healthy.	31	37	31	1	-
e. It increases productivity by keeping employees healthy.	37	33	30	1	-
f. Employees demand or expect it.	38	31	30	1	-
g. One or more of your employees have medical problems.	11	23	66	1	-
h. Tax treatment for employees.	11	35	45	9	-
i. Tax deductible for the employer.	23	38	37	2	-
j. It is the right thing to do.	71	17	11	1	-

6. Impact of offering a health plan.

	<u>Major Impact</u>	<u>Minor Impact</u>	<u>No Impact At All</u>	<u>DK</u>	<u>REF</u>
a. Employee recruitment	46%	32	20	2	1
b. Employee retention	39%	37	24	1	*
c. Employee attitude and performance	32%	43	23	1	*
d. The health of your employees	32%	35	30	2	*
e. Absenteeism	17%	41	40	1	*

7. Years since business last switched to a new health insurance plan.

	<u>With Benefits</u>
Less than a year ago	23%
About a year ago	11
2 to 3 years ago	16
4 to 5 years ago	13
6 to 9 years ago	6
10 or more years ago	7
Always had the same plan	21
Don't know	3
Refused	-

8. Reasons why businesses decide to switch to new health insurance plans (if switched within the past five years).

	<u>Major Reason</u>	<u>Minor Reason</u>	<u>Not a Reason</u>	<u>DK</u>	<u>REF</u>
(With Benefits, n=316)					
a. Price or cost	79%	11%	10%	1%	-
b. Complaints from employees	17	34	48	1	-
c. Wanted different benefits	34	38	27	1	-
d. Greater selection of doctors	34	30	34	2	-
e. Other (net)	9				
Provider discontinued plan/pulled out of area	5				
Poor customer service	2				

9. If the cost of health insurance in general were to increase by [**percent in table below**], would your business continue to offer its current coverage, change coverage, or drop health insurance coverage?

(With Benefits, n=506)	Continue to Offer Current Coverage	Change Coverage	Drop Coverage	DK	REF
a. One percent	84%	10	3	3	-
b. Five percent	57%	33	5	5	-
c. 10 percent	34%	46	14	6	*
d. 25 percent	16%	51	28	6	-

10. Health plans your business currently offers to employees (not including separate plans for dental, vision or prescription drug coverage.)

11. If offer more than one type of plan, plan that covers the most workers.

(With Benefits, n=506)	Q10				Q11
	Yes	No	DK	REF	Primary
a. Traditional Insurance, where your employees can pick any doctor they want and typically pay the same, fixed percentage for each service	31%	66	2	1	18%
b. <u>A PPO or Preferred Provider Organization</u> , which is like traditional insurance, but your employees pay less if they use doctors on the plan's approved list	55%	42	2	1	45
c. <u>An HMO or Health Maintenance Organization</u> , in which your employees must obtain medical care from a specific doctor or group of doctors or else none of their costs are covered.	34%	64	2	1	26
d. <u>A POS or Point of Service Plan</u> , which is like an HMO, but allows employees to seek care from any doctor without a referral from their primary care doctor at additional cost	12%	84	3	1	5
e. Other	1%	99	*	*	1
Don't know					3
Refused					2

The next few questions concern the primary plan.

12. Percentage business pays toward the cost of employee-only coverage.

	With Benefits
100 percent (business pays full amount)	58%
90 to 99 percent	3
80 to 89 percent	4
70 to 79 percent	7
50 to 69 percent	19
25 to 49 percent	3
1 to 24 percent	2
0 percent (employee pays full amount)	3
Part of coverage (percent unspecified)	1
Don't know	1
Refused	1

13. Percentage business pays toward the cost of family coverage.

	<u>With Benefits</u>
100 percent (business pays full amount)	26%
90 to 99 percent	2
80 to 89 percent	2
70 to 79 percent	4
50 to 69 percent	13
25 to 49 percent	3
1 to 24 percent	1
0 percent (employee pays full amount)	35
Part of coverage (% unspecified)	*
Family coverage not offered	13
Don't know	1
Refused	1

14. Percentage of employees eligible to participate in the health plan.

	<u>With Benefits</u>
Less than 50%	7%
50% to 59%	5
60% to 69%	7
70% to 79%	7
80% to 89%	8
90% to 99%	3
100%	61
Don't know	*
Refused	1

15. Part-time employees eligible to participate?

	<u>With Benefits</u>
Yes	18%
No	62
No part-time employees	18
Don't know	1
Refused	*

16. Eligible employees who do not wish to participate in the health plan are required by business to demonstrate that they have health insurance coverage elsewhere.

	<u>With Benefits</u>
Yes	26%
No	69
Don't know	3
Refused	1

17. Percentage of eligible employees participating in the health plan offered.

	<u>With Benefits</u>
Less than 50%	7%
50% to 59%	5
60% to 69%	6
70% to 79%	6
80% to 89%	8
90% to 99%	3
100%	61
Don't know	2
Refused	1

18. Percentage of eligible employees with coverage for their dependents through the health plan offered by your business.

	<u>With Benefits</u>
0%	16%
1% to 9%	2
10% to 19%	9
20% to 29%	12
30% to 39%	6
40% to 49%	6
50% to 59%	7
60% to 99%	12
100%	14
Family coverage not offered	13
Don't know	3
Refused	1

19. Reasons why employees might not participate in a health plan offered by their employer (if not all eligible employees participate and employees NOT required to demonstrate coverage).

(With Benefits, n=168)	<u>Major Reason</u>	<u>Minor Reason</u>	<u>Not a Reason</u>	<u>DK</u>	<u>REF</u>
a. They have coverage elsewhere.	72%	10%	15%	3%	-
b. They are healthy and feel they do not need coverage.	7	23	68	3	-
c. They can get the health care they need without coverage.	10	24	62	4	-
d. They can not afford it.	25	21	52	3	-
e. They qualify for state subsidized coverage.	5	20	72	4	-
f. Other	4	1	96	-	-

20. Reasons why eligible employees might choose not to obtain coverage for their dependents through the health plan offered by business.

(n=457)	<u>With Benefits</u>
Have coverage elsewhere	48%
Cost/ can't afford	27
Employees have no dependents	6
Qualify for state subsidized coverage/ Medicare/ Medicaid	2
Dependent not accepted/ not eligible	1
Other	2
Don't know	15
Refused	4

Businesses Without Health Benefits

21. Reasons employers give for not offering health plans to their employees.

	<u>Major Reason</u>	<u>Minor Reason</u>	<u>Not a Reason</u>	<u>DK</u>	<u>REF</u>
a. Setting up a plan is too complicated and time consuming.	11%	20%	68%	1%	-
b. Revenue is too uncertain to commit to a plan.	40	16	43	1	-
c. The business cannot afford it.	53	16	30	1	*
d. Employees cannot afford it.	37	17	43	3	-
e. Employees are healthy and do not need it.	10	17	71	2	*
f. Employees have coverage elsewhere.	43	18	35	3	-
g. Employees prefer wages and/or other benefits.	30	20	47	3	-
h. You do not need to offer a plan to recruit and retain good workers.	18	17	63	2	-
i. A large portion of your workers are seasonal, part-time, or high turnover.	34	15	49	1	-
j. The owner has coverage elsewhere.	40	13	45	2	-
k. You do not know where to go for information on starting a plan.	8	21	71	*	-
l. Other (net)	6				
Company too small/ not enough employees	3				

22. Impact of not offering a health plan.

	<u>Major Impact</u>	<u>Minor Impact</u>	<u>No Impact At All</u>	<u>DK</u>	<u>REF</u>
a. Employee recruitment	9%	18%	72%	1%	*
b. Employee retention	6	15	78	1	*
c. Employee attitude and performance	5	16	78	*	*
d. The health of your employees	5	16	78	1	*
e. Absenteeism	2	12	85	1	*

23. Business offered employees some type of health insurance plan at any time in the past five years.

	<u>Without Benefits</u>
Yes	12%
No	86
Don't know	2
Refused	-

24. Business contacted someone for information on health insurance in past two years.

	<u>Without Benefits</u>
Yes	31%
No	68
Don't know	2
Refused	-

25. Who did you contact for information (if contacted someone in past two years)?

	<u>Without Benefits</u>
(n=159)	
Agent or brokers	56%
Health plans directly	31
Trade groups/ business associations	8
Purchasing alliances	3
Other	1
Don't know	15
Refused	-

26. Likelihood that business will start a health plan for employees in the next two years.

	<u>Without Benefits</u>
Extremely likely	7%
Very likely	5
Somewhat likely	17
Not too likely	21
Not at all likely	49
Don't know	1
Refused	-

27. Factors that would make business more likely to seriously consider offering a health plan for employees.

	<u>Much More Likely</u>	<u>Somewhat More Likely</u>	<u>No More Likely</u>	<u>DK</u>	<u>REF</u>
a. If your employees asked for it	13%	37%	47%	2%	*
b. If it could be demonstrated that it would improve recruitment and retention	12	24	63	1	-
c. If it could be demonstrated that absenteeism would decrease	5	15	79	1	*
d. If there was an increase in the business' profits	22	35	41	1	-
e. If insurance costs fell 10 percent	13	30	54	3	-
f. Other (net)	15				
If found an affordable plan	5				
If costs were free or fell a lot	2				
If situation changed/ expanded/ business grew	2				

28. About how much do you think it would cost to cover one employee with employee-only health insurance coverage for one month?

	<u>Without Benefits</u>
\$1000 or more	1%
\$750 to \$999	2
\$500 to \$749	3
\$400 to \$499	9
\$300 to \$399	8
\$200 to \$299	11
\$100 to \$199	23
\$50 to \$99	10
Less than \$50	3
Don't know	29
Refused	1

29. How much would you be willing to pay per worker on a monthly basis on behalf of your employees for health insurance coverage?

	<u>Without Benefits</u>
\$400 or more	1%
\$300 to \$399	1
\$200 to \$299	5
\$100 to \$199	8
\$50 to \$99	10
\$25 to \$49	1
Less than \$25	5
Or nothing at all	23
Don't know	43
Refused	2

30. Suppose the government provided assistance with health insurance premiums, likelihood of seriously offering a health plan.

	<u>Without Benefits</u>
Much more likely	28%
Somewhat more likely	36
No more likely	31
Don't know	4
Refused	*

31. If the government provided assistance with premium costs for your business, what percentage of the premium would the government need to pay for you to provide health insurance coverage?

	<u>Without Benefits</u>
One to 24% of the cost	6%
25 to 49%	20
50 to 74%	22
75 to 99%	9
All of the cost	11
Or would you not provide coverage even if the government paid 100% of the cost	7
None of the premium	6
Don't know	17
Refused	2

32. If business were able to get cash from the government for 50% of the premium costs on a quarterly basis, and you would not have to repay this money, likelihood of seriously offering a health plan for your employees (if government would have to pay 50% or more of premium or not willing at any subsidy).

(n=216)	<u>Without Benefits</u>
Much more likely	38%
Somewhat more likely	38
No more likely	22
Don't know	2
Refused	-

All Respondents

33. True or false statements related to health insurance coverage.

	<u>True</u>	<u>False</u>	<u>DK</u>	<u>REF</u>
a. Health insurance premiums are 100% tax-deductible to the employer.				
Total	43%	37%	20%	*
With Benefits	43	39	19	*
Without Benefits	43	34	23	1
b. Employees who purchase health insurance on their own generally can deduct 100% of their health insurance premiums.				
Total	23	52	25	*
With Benefits	22	53	25	*
Without Benefits	25	50	24	*
c. Insurers may deny health insurance coverage to employers with 2 to 50 employees due to health status.				
Total	41	39	20	*
With Benefits	37	43	19	*
Without Benefits	46	33	21	*
d. There are limits on what insurers can charge employers with sick workers.				
Total	35	38	27	*
With Benefits	30	44	26	*
Without Benefits	42	29	29	1
e. Employees do not pay tax on the share of their premiums that are paid by their employer.				
Total	63	20	17	*
With Benefits	69	19	12	*
Without Benefits	53	23	23	*
f. Health insurance premiums are treated less favorably than general business expenses with regard to taxes.				
Total	45	35	20	*
With Benefits	40	41	19	*
Without Benefits	52	26	21	*
g. Small employers cannot spread the cost of sick employees across a large pool of workers.				
Total	63	20	17	1
With Benefits	64	22	13	*
Without Benefits	62	16	21	1

34. Some members of Congress have proposed tax breaks that small employers could use to reduce health insurance costs for their low-wage workers. Would you favor or oppose such a proposal?

	<u>Total</u>	<u>With Benefits</u>	<u>Without Benefits</u>
Strongly favor	56%	59%	53%
Somewhat favor	30	30	29
Somewhat oppose	4	3	5
Strongly oppose	3	2	3
Depends	4	3	6
Don't know	3	3	3
Refused	1	*	1

35. Business is family-owned.

	<u>Total</u>	<u>With Benefits</u>	<u>Without Benefits</u>
Yes	65%	57%	77%
No	35	43	22
Don't know	*	*	*
Refused	1	*	1

36. Respondent is the owner or one of the owners of the business.

	<u>Total</u>	<u>With Benefits</u>	<u>Without Benefits</u>
Yes	63%	54%	77%
No	36	45	23
Don't know	*	*	-
Refused	1	*	1

37. Owner is covered by a health plan (if business does not have a health plan).

	<u>Without Benefits</u>
Yes	79%
Some are	1
No	16
Don't know	3
Refused	1

38. Description of employee turnover in the business.

	<u>Total</u>	<u>With Benefits</u>	<u>Without Benefits</u>
High turnover, where most employees stay only a few months	5%	3%	9%
High turnover with a stable core, where many leave quickly but a core stay with the business	10	11	9
Moderate turnover, where most employees stay a few years	24	25	23
Little turnover, where employees rarely change	59	60	58
Don't know	1	*	1
Refused	1	1	*

39. Percentage of employees employed full-time or 35 hours or more per week by your business.

	<u>Total</u>	<u>With Benefits</u>	<u>Without Benefits</u>
Less than 25%	7%	2%	13%
25% to 49%	7	5	10
50% to 59%	7	5	10
60% to 69%	7	5	11
70% to 79%	5	5	5
80% to 89%	12	16	5
90% to 99%	4	5	1
100%	51	56	43
Don't know	*	*	*
Refused	*	*	*

40. Percentage of employees belonging to a union.

	<u>Total</u>	<u>With Benefits</u>	<u>Without Benefits</u>
0%	96%	95%	98%
1% to 49%	1	1	*
50% or more	1	1	1
Don't know	1	2	*
Refused	1	1	1

41. Percentage of employees who are female.

	<u>Total</u>	<u>With Benefits</u>	<u>Without Benefits</u>
0%	10%	8%	14%
1% to 9%	3	4	1
10% to 19%	12	15	6
20% to 29%	13	14	10
30% to 39%	11	11	10
40% to 49%	5	6	4
50% to 59%	16	14	20
60% to 79%	13	14	12
80% to 99%	6	7	4
100%	10	6	16
Don't know	*	*	*
Refused	1	*	1

42. Percentage of employees who are under age 30.

	<u>Total</u> <u>(n=887)</u>	<u>With Benefits</u> <u>(n=473)</u>	<u>Without Benefits</u> <u>(n=414)</u>
0%	30%	26%	38%
1% to 9%	3	4	1
10% to 19%	11	15	5
20% to 29%	16	18	13
30% to 39%	12	14	9
40% to 49%	5	5	5
50% or more	22	17	30

43. Percentage of employees paid less than \$15,000 a year by business.

	<u>Total</u> <u>(n=796)</u>	<u>With Benefits</u> <u>(n=422)</u>	<u>Without Benefits</u> <u>(n=374)</u>
0%	43%	53%	29%
1% to 9%	2	3	1
10% to 19%	9	12	3
20% to 29%	6	7	5
30% to 39%	8	8	9
40% to 49%	6	6	6
50% or more	26	12	48

44. Employees have had a serious illness, chronic condition, injury or disability that has required extensive medical care in the last 12 months.

	<u>Total</u>	<u>With Benefits</u>	<u>Without Benefits</u>
Yes	13%	16%	10%
No	85	84	88
Don't know	1	*	2
Refused	1	*	1

45. Percentage of employees who are African American or Black, American Indian, Asian, Hispanic, Latino, or Pacific Islander.

	<u>Total</u>	<u>With Benefits</u>	<u>Without Benefits</u>
0%	57%	58%	56%
1% to 9%	4	5	2
10% to 19%	8	10	4
20% to 29%	7	7	7
30% to 39%	4	4	3
40% to 49%	2	2	1
50% to 59%	4	3	6
60% to 99%	6	5	8
100%	5	3	8
Don't know	2	2	2
Refused	2	1	2

46. Owner is African American or Black, American Indian, Asian, Hispanic, Latino, or Pacific Islander.

	<u>Total</u>	<u>With Benefits</u>	<u>Without Benefits</u>
Yes	12%	10%	16%
Some	5	7	3
No	80	82	78
Don't know	1	1	1
Refused	2	1	2

47. Business's primary industry.

	<u>Total</u>	<u>With Benefits</u>	<u>Without Benefits</u>
Professional services	23%	23%	22%
Retail trade	21	16	28
Business services	14	13	15
Manufacturing	10	12	6
Construction	10	11	7
Finance, insurance and real estate	7	9	5
Wholesale trade	6	6	6
Agriculture, forestry, fishing or mining	4	4	5
Transportation, communications or utilities	3	4	2
Public administration	2	3	2
Or something else	1	1	1

48. Approximate gross revenue of the business for last completed fiscal year.

	<u>Total</u>	<u>With Benefits</u>	<u>Without Benefits</u>
Less than \$500,000	40%	27%	60%
\$500,000 to less than \$1 million	20	24	13
\$1 million to less than \$2 million	12	16	6
\$2 million to less than \$3 million	4	6	1
\$3 million to less than \$5 million	3	4	*
\$5 million to less than \$10 million	2	3	*
\$10 million or more	1	1	*
Don't know	8	9	7
Refused	11	11	13