

Statewide Survey Results

Employers reject the Health Insurance Exchange – Worry about more admin cost

February , 2008-St. Paul, MN

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Between December 1, 2007 and January 29, 2008 the authors surveyed Minnesota employers about their opinion concerning health care reform. 529 employers completed a 40 question online survey. The authors contracted with TRL Consulting LLC**, a St. Paul actuarial firm, to review and verify conclusions.

Of the total number of responses, 337 employed 2-50 workers, meeting the state's definition of small group. This report focuses on these 337 employers, and yet, confidently states that results across all employers were nearly exactly the same.

SMALL GROUPS SUPPORT EMPLOYER-BASED HEALTH INSURANCE

This report focuses on the 337 responses from small group employers. They represent 6,500 employees, for an average group size of 19.3. Seventy-six percent of respondents have been in business longer than 10 years. Fourteen percent have been in business between five and 10 years. Their views are those of stable Minnesota-based employers.

EMPLOYERS PREFER GROUP PLANS

Ninety-four percent of these employers offer a health benefit to full time employees. Eighty-nine percent offer a group plan, while only five percent offer a defined contribution plan.

The increase in the uninsured rate has nothing to do with employers dropping group insurance. Of these 337 employers, only nine have quit offering a health benefit during the past five years. This computes to about .5 percent per year that drop group insurance and does not constitute a crisis in group insurance.

COST OF HEALTH INSURANCE IS THE MAIN ISSUE

Eight-one percent of employers state their greatest need is reducing the cost of health insurance. Agents have found that installing consumer-directed health plans has resulted in a consistent reduction in premium cost, and in health care spending.

STRONGLY OPPOSE MANDATORY HEALTH INSURANCE

More than 70 percent of employers oppose state mandated health insurance. When queried about details that accompany mandated plans, their opposition rises dramatically.

1. 87 percent oppose a single, standard health plan.
2. 94 percent want to choose from a variety of plans.

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The survey represented 131,750 employees

Employer Size	No. of Employers	Total Employees	Av. Employee Size
2-50	337	6,511	19.3
51-100	92	6,497	70.6
101-500	69	14,839	215.1
500+	31	103,903	3,351.7
Total	529	131,750	249.1

3. If Minnesota did mandate health plans, 76 percent of employers oppose letting the state set the premium.
4. 93% percent want to retain the right to choose the health plans they offer to employees.

EMPLOYERS OPPOSE ADDED ADMINISTRATIVE BURDEN

Eighty percent oppose making employers responsible to account for and forward mandatory universal health insurance premiums to a state insurance agency.

EMPLOYERS STRONGLY OPPOSE BUYING HEALTH INSURANCE THROUGH AN AGENCY SUCH AS THE HEALTH INSURANCE EXCHANGE.

When asked whether they would want to purchase health insurance through a state agency, 93 percent said "no." This is a key finding. Currently, the legislature is working on plans to combine group and individual insurance, and offer it through an Exchange. Employers oppose this concept.

MINNESOTA SMALL GROUP EMPLOYERS HAVE SPOKEN

- ◆ 93% oppose purchasing insurance through the Exchange.
- ◆ 94% offer group insurance to full time employees.
- ◆ About .5% have dropped their health benefit (per year).
- ◆ 83% see reduction in premiums as most important.
- ◆ 71% oppose state-mandated health insurance.
- ◆ 87% oppose a state-designed health plan.
- ◆ 94% want the right to choose from among many plans.
- ◆ 80+% oppose acting as the state's H.R. Department.

EMPLOYERS WANT COST SHIFTING STOPPED

Ninety-three percent of employers oppose the state's practice of shifting the cost of public plans to private insurance health plans.

ACHIEVING GOALS THAT ARE IMPORTANT TO EMPLOYERS DOES NOT REQUIRE GOVERNMENT TAKEOVER OF GROUP INSURANCE.

Employers oppose the added burdens of accounting for employees who would enroll through the Health Insurance Exchange. They want many choices, and prefer working with a professional health insurance agent rather than a government employee. They do not want to be forced to garnish employee wages to pay their portion of health benefits (as some legislators prefer).

In contrast to the preference of small group employers, the state may try to force them to purchase insurance through the Exchange, and reduce their health plan choices to three. Unlike small employers, companies that are self-insured and who seem to prefer the Exchange concept, are exempt from its provisions.

** TRL Consulting, LLC, provides actuarial, financial and Human Resources Consulting. Its Principal is Timothy R. Leier, a member of the American Academy of Actuaries and a Fellow of the Society of Actuaries. He certifies the application of standard statistical principles in the analysis of the data presented herein, and his conclusions are consistent with the questions asked and responses received.