

Health Benefits Exchange Employer Research Study

Presented to

Virginia Health Reform Initiative Advisory Council

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Research Objectives

Objectives of Employer Research Study: to explore topics raised in regional Health Benefits Exchange (HBE) focus groups in June 2011, including the following:

- **Virginia employer awareness and understanding of the HBE concept**
- **Their opinions of anticipated HBE features and services**
- **Opinions on what kind of person should participate on the governing board of a HBE**
- **Preferences among alternative 'visions' for health plan eligibility and employer contribution arrangements**
- **General favorability towards the HBE concept after having heard key components of it**
- **Involvement with company-sponsored wellness programs**

This survey was directed by the George Mason University Center for Health Policy Research and Ethics on behalf of the Virginia Health Reform Initiative. Funding was provided by the HRSA State Health Access Program administered by the Virginia Department of Health.

Research Methodology

Methodology notes:

- **1,200 15-20 minute telephone interviews with benefits decision makers for businesses with under 500 employees across the Commonwealth of Virginia**
- **In order to qualify, participants either currently offer company-sponsored insurance or have considered it within past two years**
- **Extensive variety of public and private employers represented; benefits consulting, market research, and health insurance firms excluded**
- **Virginia regions:**
 - Northern Virginia (310)
 - Central Virginia/Southside (192)
 - Tidewater (173)
 - Northwest/Shenandoah (271)
 - Western Virginia (254)
- **Business Size categories:**
 - 1-9 (307)
 - 10-19 (270)
 - 20 -49 (310)
 - 50-499 (313)

Key Findings

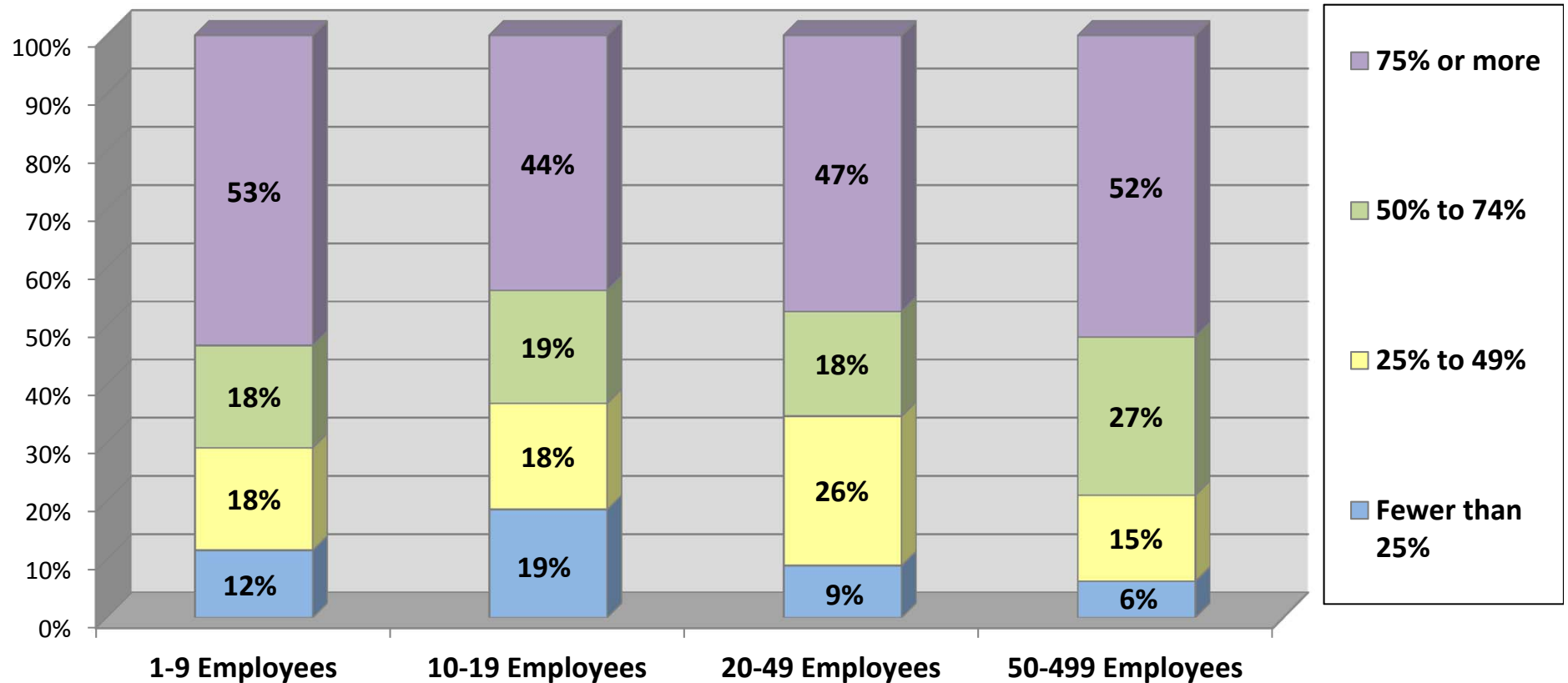
What we learned:

- Larger employers are significantly more likely to have heard the term ‘Health Benefits Exchange’ than small employers.
- In general, respondents’ attitudes towards the Health Benefits Exchange (HBE) concept (as described to them in the survey) can be characterized as *skeptical optimism*.
- Most of the individual HBE features were favorably received, with regional and company size-based segments showing little variation.
- Among those who expressed negative opinions about the HBE concept, most cited a *distrust of government involvement* in healthcare and/or *concern about the Commonwealth’s ability to implement it successfully*.
- Many of those who expressed positive opinions about the HBE concept mentioned *out-of-control costs* and the *need for new options* in the marketplace.
- Respondents in smaller businesses were more likely to express optimism about the HBE’s ability to make health insurance *more affordable, more accessible, and easier to research and purchase*.

Research Participants: Health Insurance Status

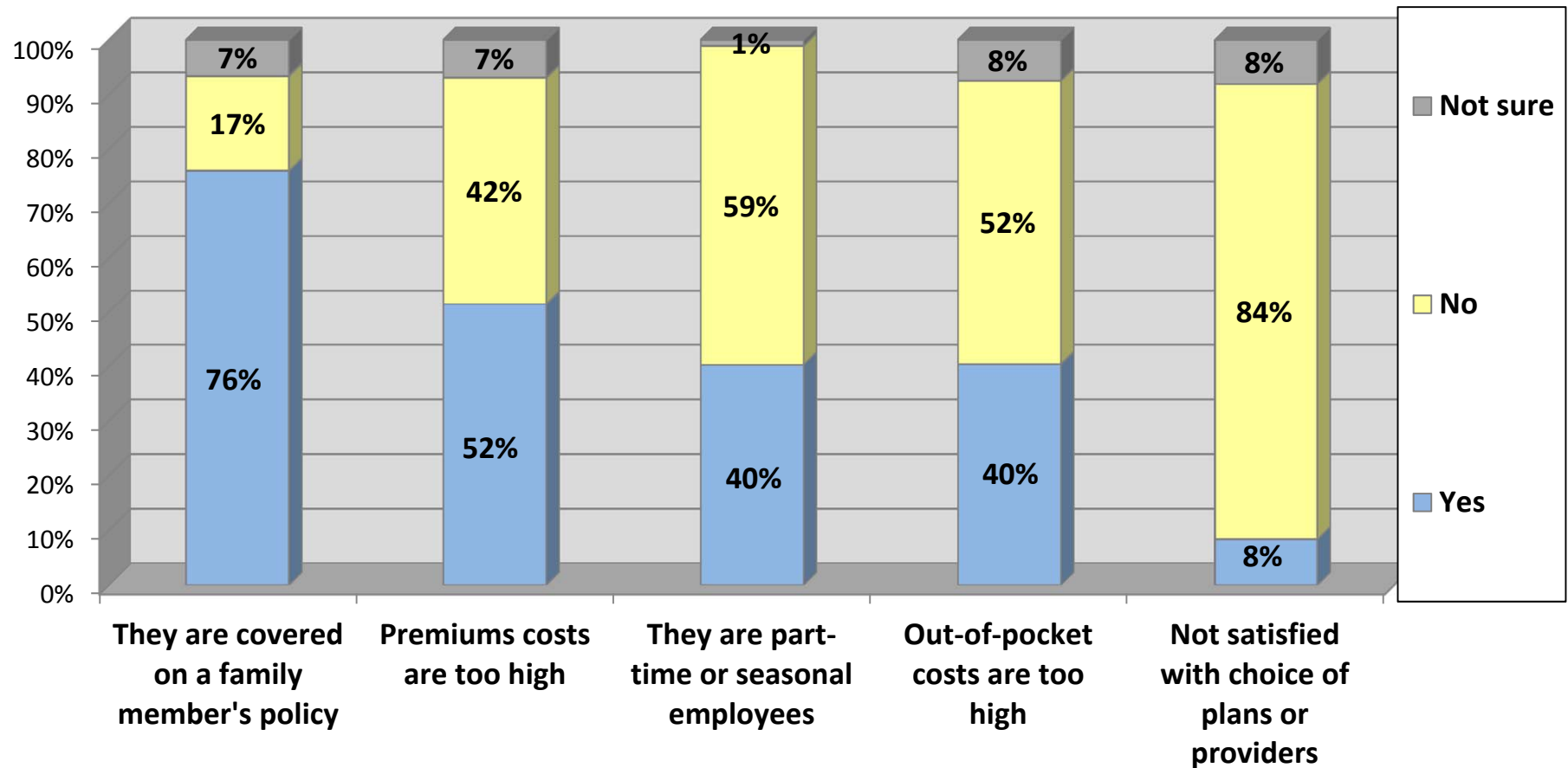


About half of the employers interviewed indicated that 75% or more of their employees were covered under the company plan.



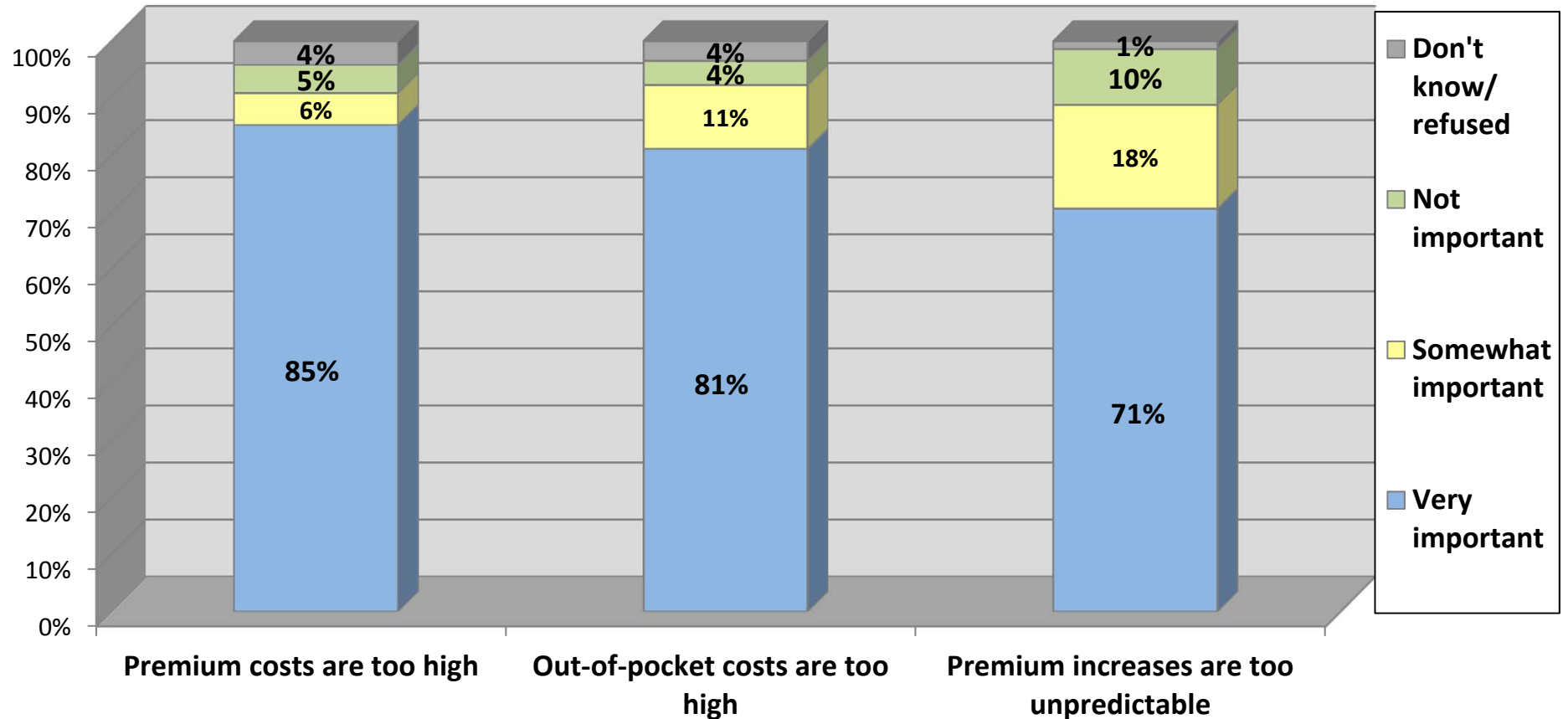
Which of the following best describes the percentage of your company's employees who are covered by a company-sponsored health insurance plan?

The most likely reason for employees declining company-sponsored insurance is availability of insurance coverage from a family member.



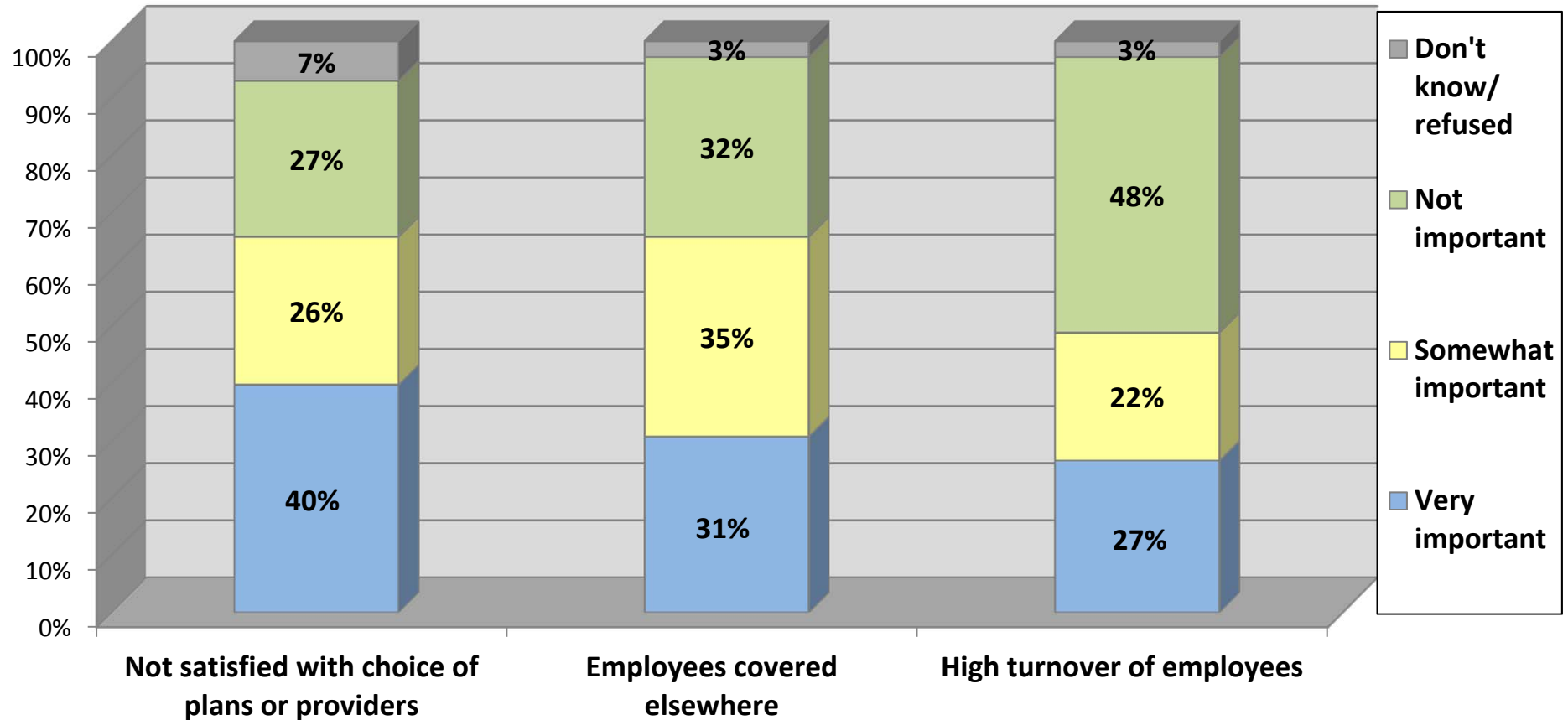
Among those employees in your company that do not have company-sponsored insurance, would you say the following is among the reasons?

Among the companies that do not currently offer employee health insurance, high premium and out-of-pocket costs are most frequently cited.



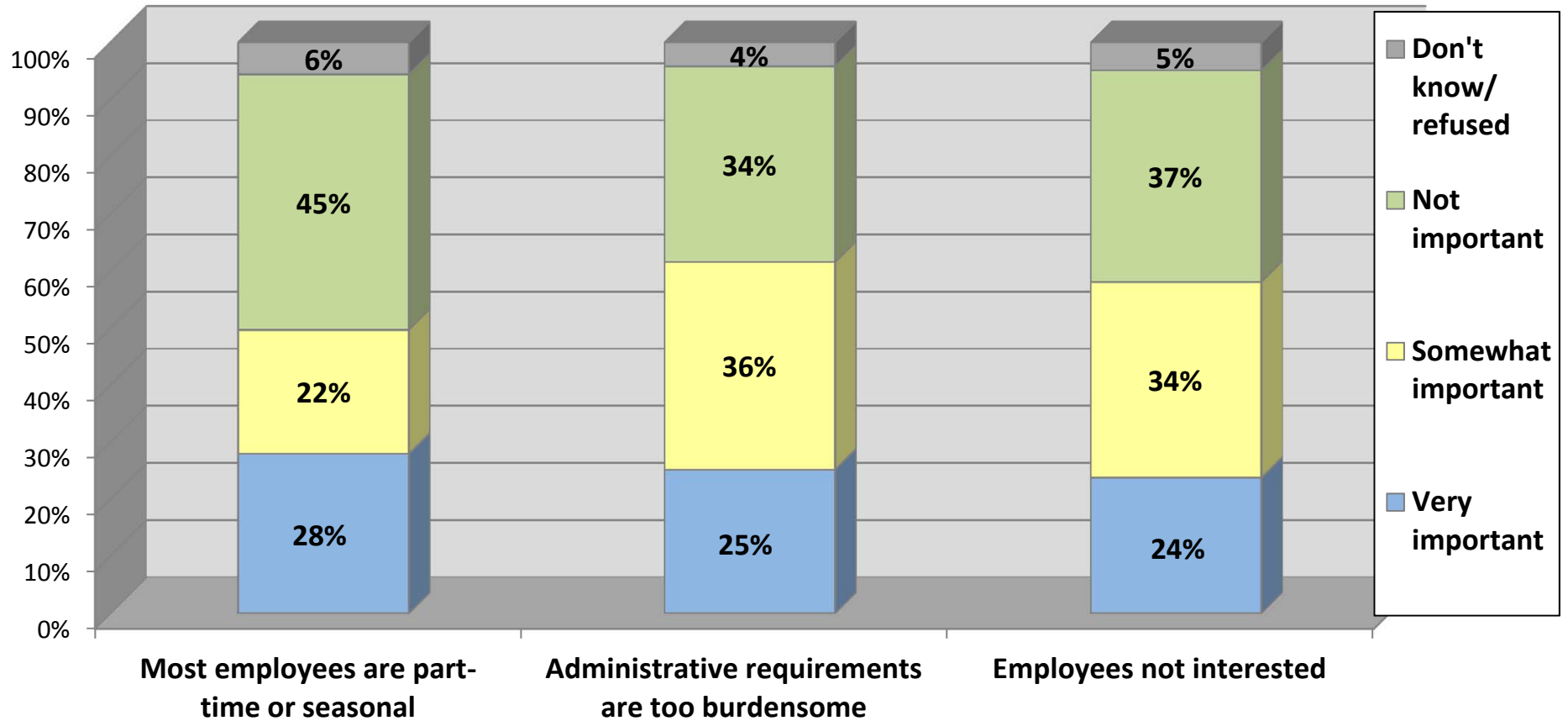
Thinking about your company not offering employee health insurance, how important are the following reasons to that decision?

Interestingly, alternative coverage does not emerge as a primary reason for opting against company coverage.



Thinking about your company not offering employee health insurance, how important are the following reasons to that decision? (continued from previous page)

Least likely to be identified as a reason for not offering company-sponsored insurance: lack of interest on the part of employees.



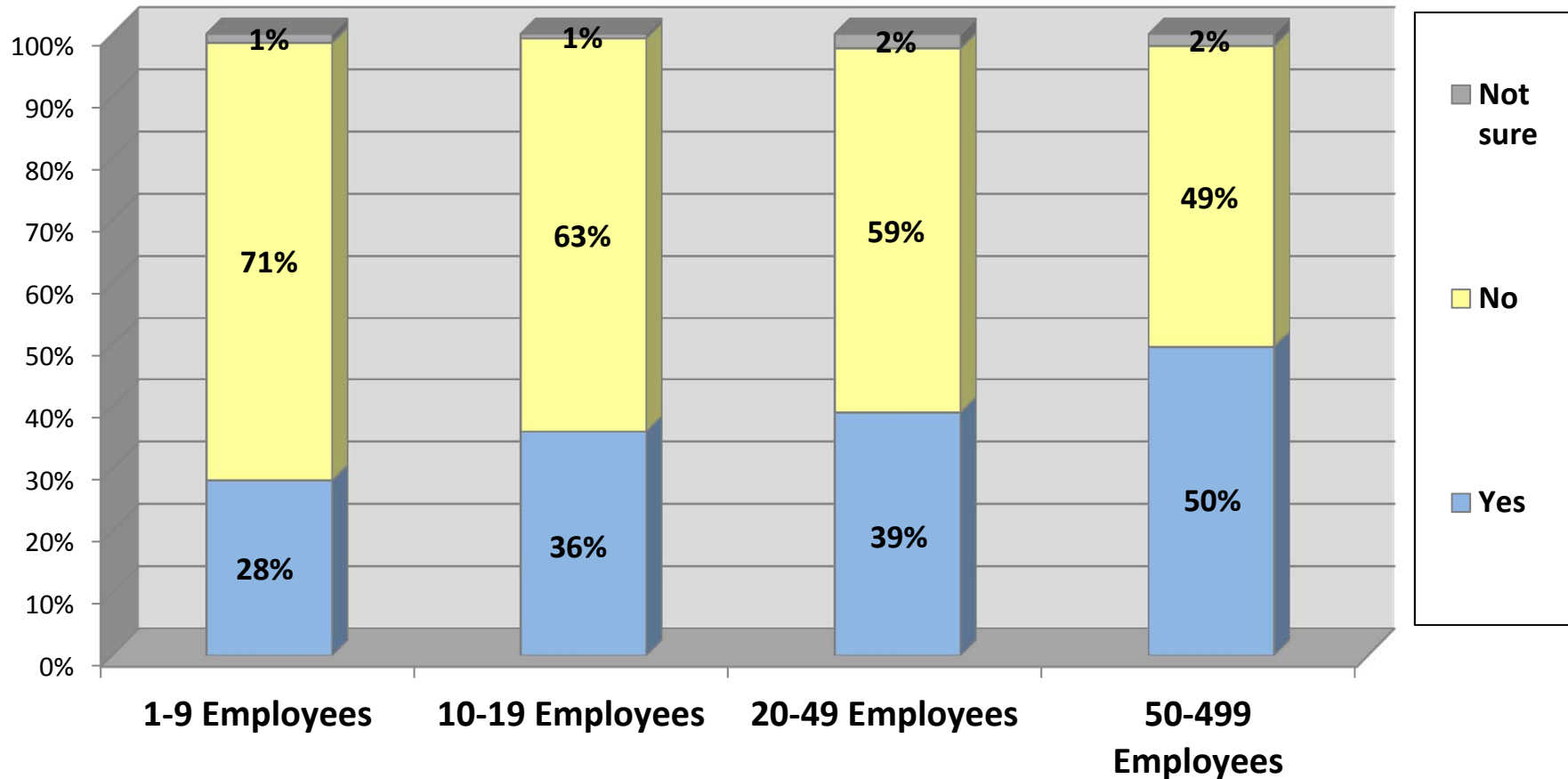
Thinking about your company not offering employee health insurance, how important are the following reasons to that decision? (continued from previous page)

Health Benefits Exchange: Awareness and Perception



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Respondents who work for larger organizations are more likely to have heard the term 'Health Benefits Exchange' than smaller employers.

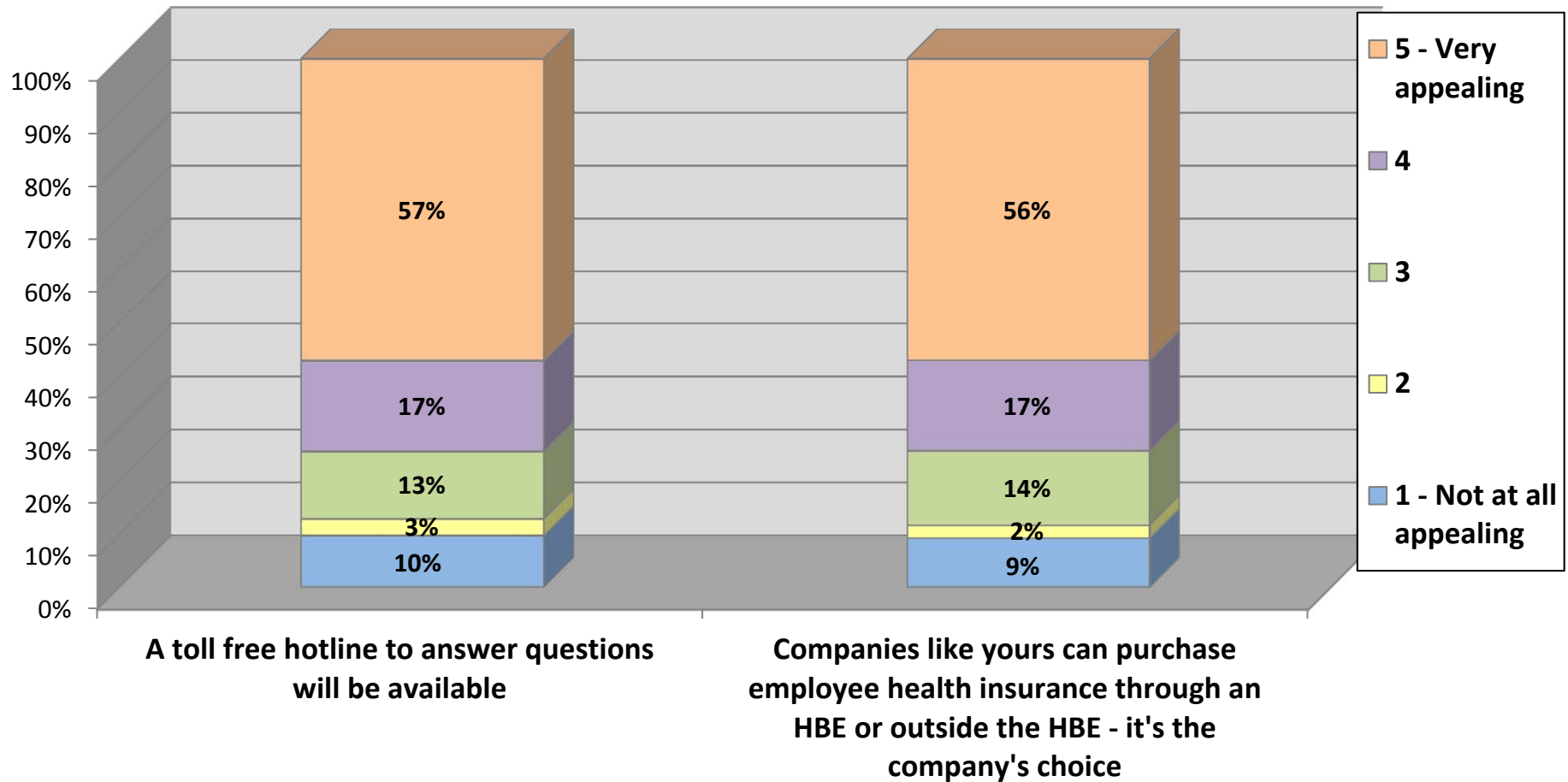


Have you ever heard the term 'Health Benefits Exchange,' which is also called a health insurance exchange?

The following description of the Health Benefits Exchange concept was read to all survey participants.

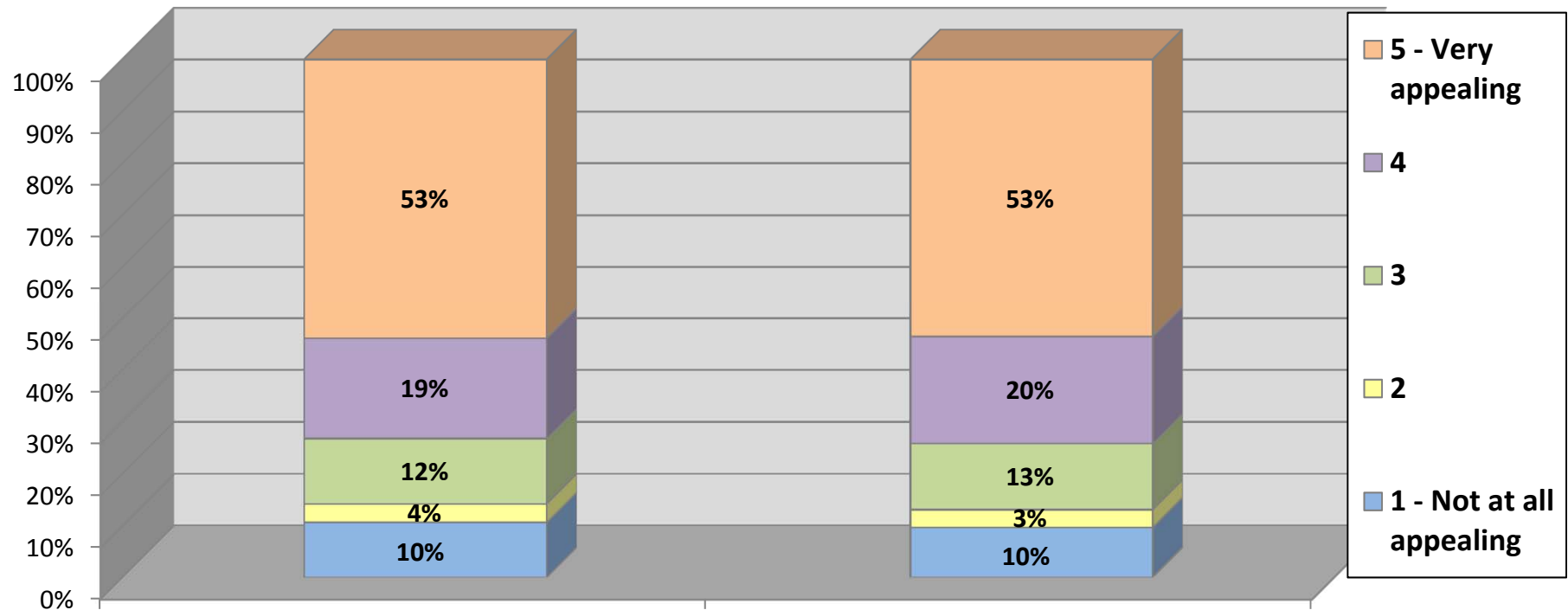
A Health Benefits Exchange, or HBE, would be developed by the Commonwealth of Virginia for individuals and small businesses to buy private health insurance. The goal of an HBE is to make the complex insurance market more transparent and to make it easier to enroll in insurance plans. The HBE would be governed by a board of experts who will determine its policies and decide which insurance plans will be offered through the exchange.

Among eight key expected structural HBE components, a toll-free hotline and freedom to purchase inside or outside the HBE were most appealing.



Using a scale of 1 to 5, where 5 means very appealing and 1 means not at all appealing, please tell me how appealing you find each of the following.

Tools to compare plans available within the HBE and help calculate their out-of-pocket costs were also perceived as highly appealing.

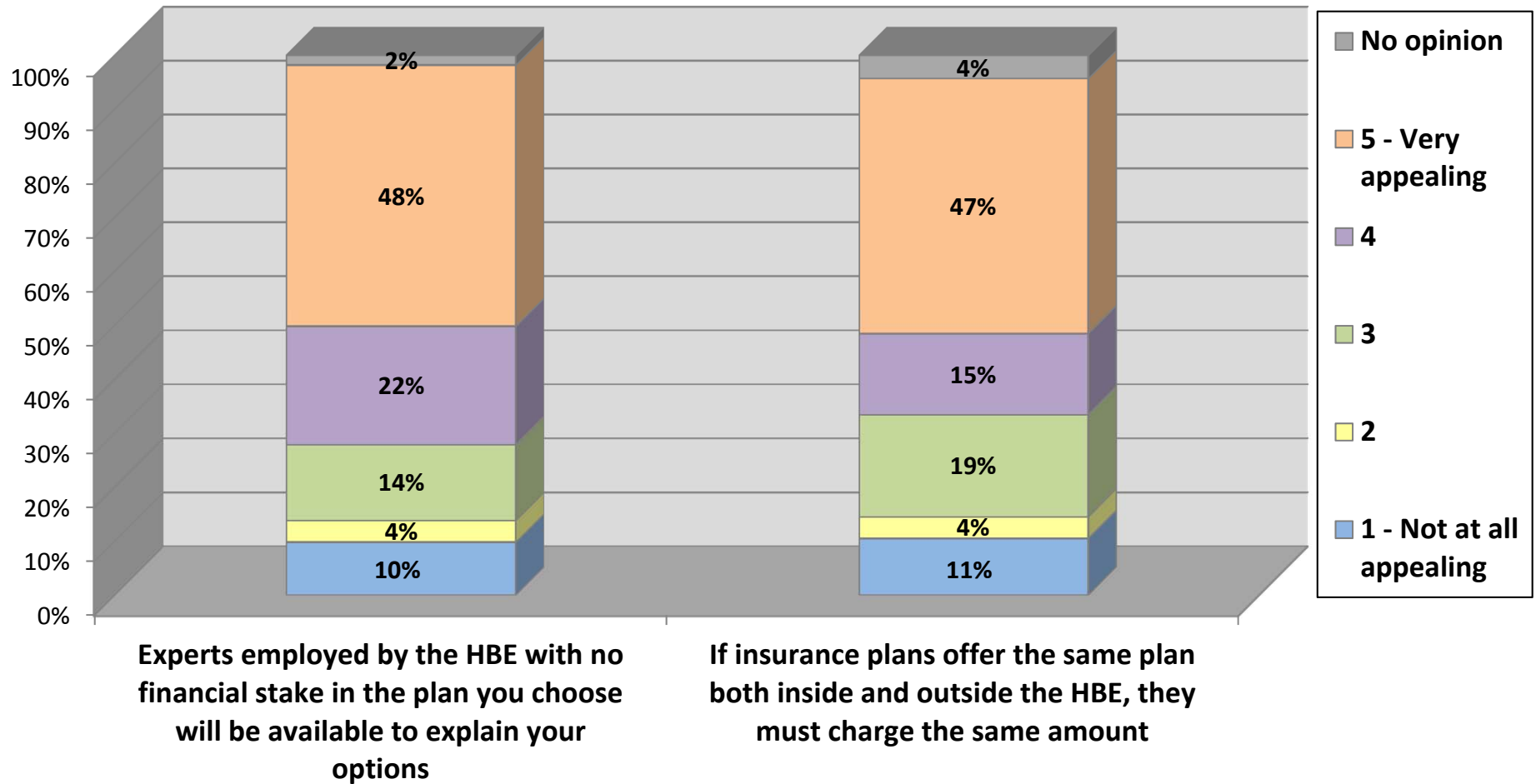


A cost calculator will be available to help employees estimate what their out-of-pocket costs would be under each plan offered by the HBE

The HBE will provide comparisons of the available plans that highlight the overall value and key features of each plan

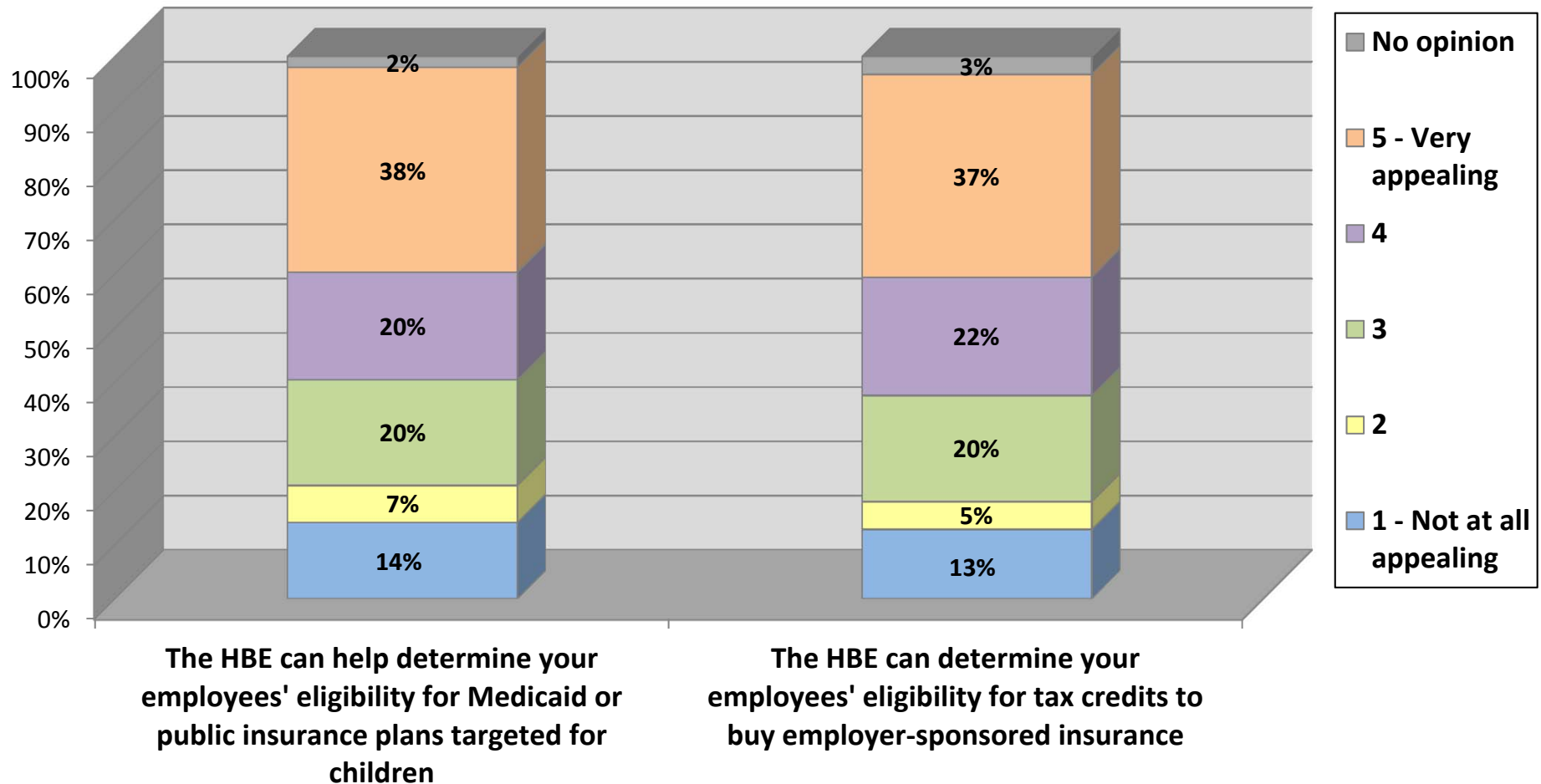
Using a scale of 1 to 5, where 5 means very appealing and 1 means not at all appealing, please tell me how appealing you find each of the following. (Continued from previous page)

Nearly half of those surveyed expressed a positive opinion towards the availability of unbiased experts and cost parity inside and outside of the HBE.



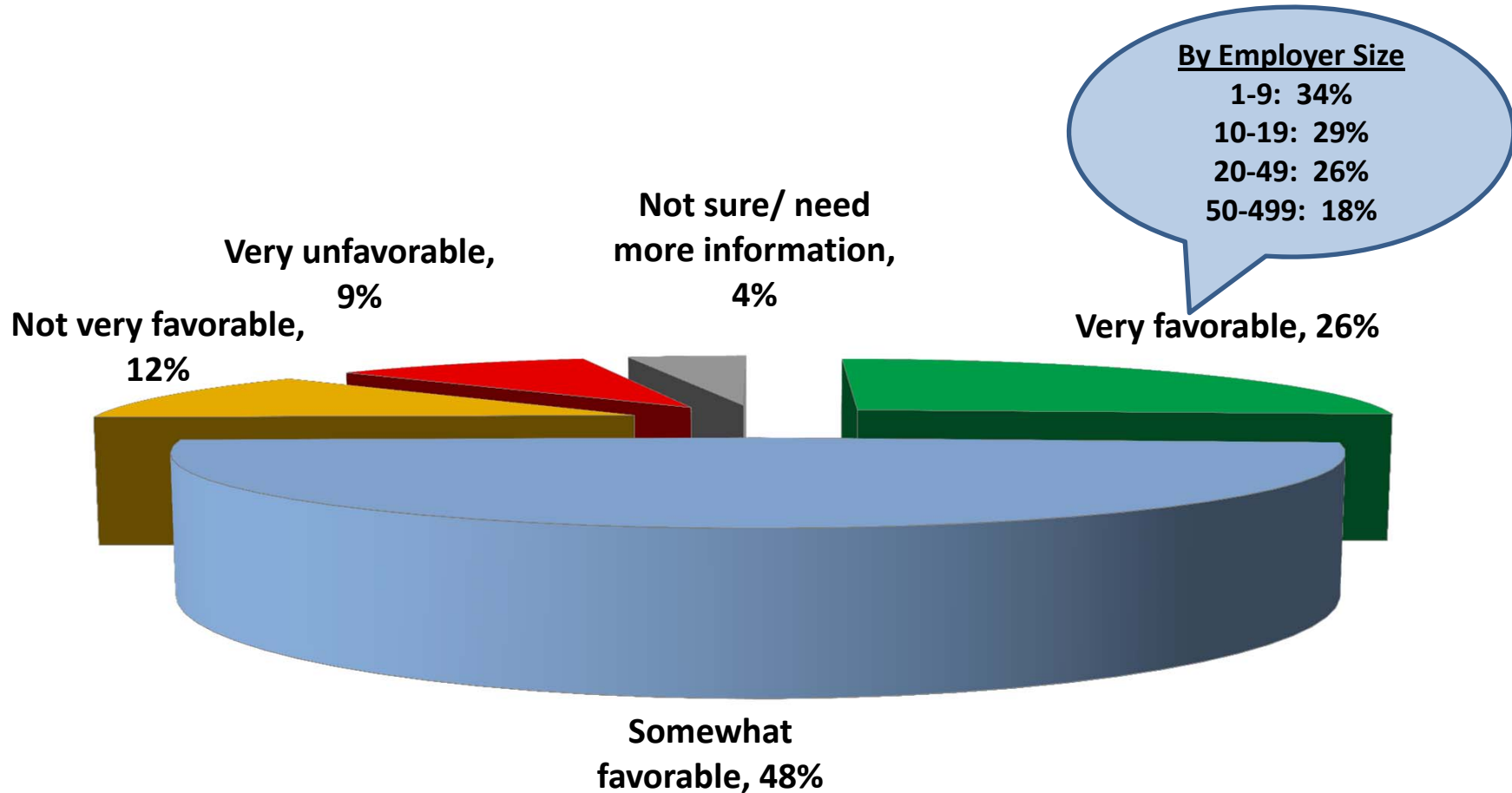
Using a scale of 1 to 5, where 5 means very appealing and 1 means not at all appealing, please tell me how appealing you find each of the following. (Continued from previous page)

Assistance in determining employee eligibility for public programs or tax credits was less positively received.



Using a scale of 1 to 5, where 5 means very appealing and 1 means not at all appealing, please tell me how appealing you find each of the following. (Continued from previous page)

Having heard these key HBE features, most respondents described their impression of the concept as 'somewhat favorable'.



Having heard this information, what is your overall impression of the Health Benefits Exchange concept?

“Somewhat Favorable”: Respondent Comments

Among the 48% who described their impression of the HBE concept as *Somewhat Favorable*, explanations can generally be categorized as follows:

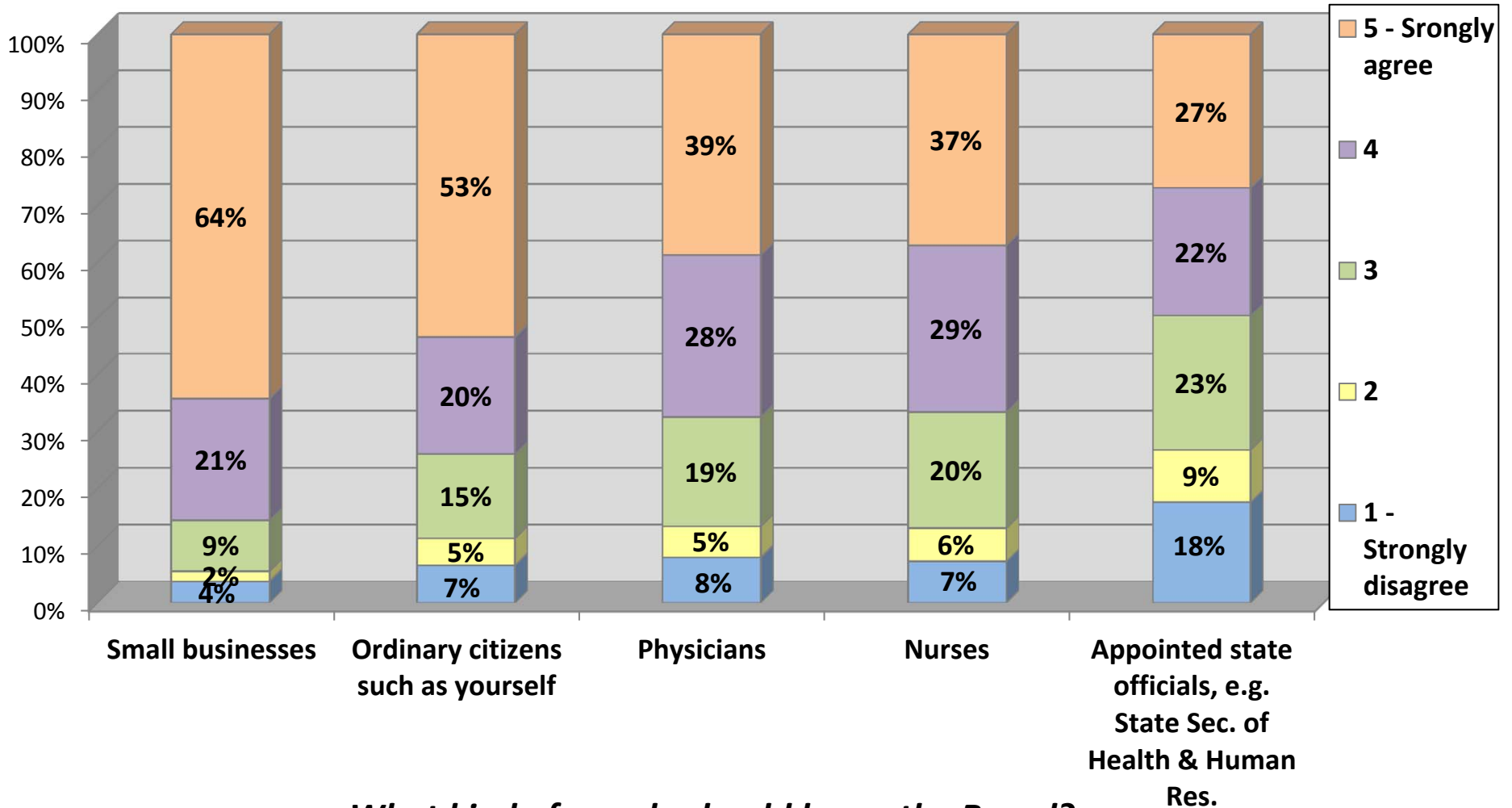
- 45% offered a positive explanation of their answer. *“It seems to provide a lot of information for both the employer and the employee as well as options.”*
- 43% indicated that they did not have enough information to form an opinion. *“I just feel like I need more information on who the experts, health care providers, and administrators are. I need to understand how the benefits are above what we already have.”*
- 18% offered a negative explanation of their answer. *“I’m skeptical about government involvement in health insurance companies.”*

These figures exceed 100% because some respondents’ comments included elements of two or even all three categories.

Health Benefits Exchange Board Composition

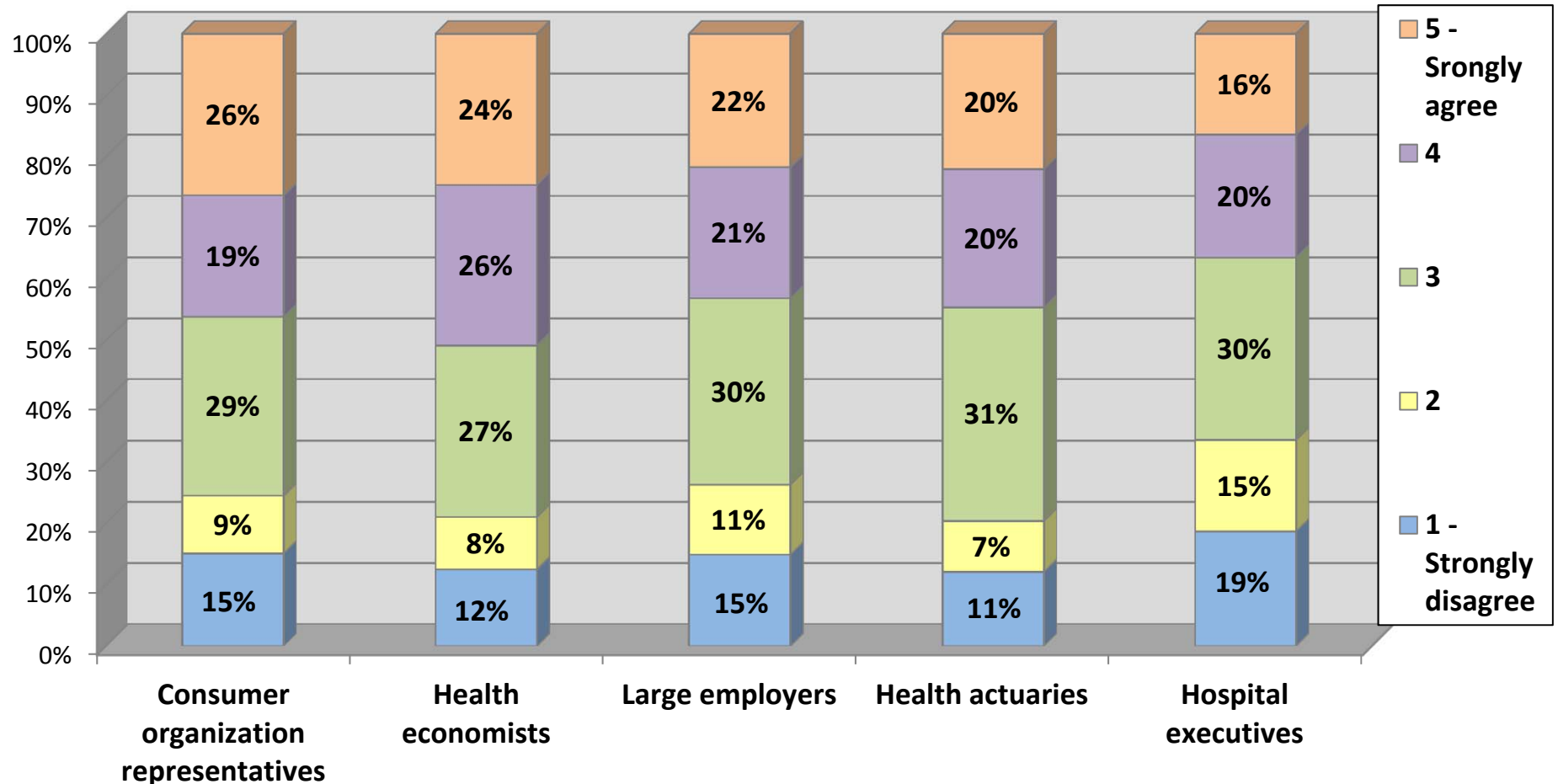
A Health Benefits Exchange would have a board that determined its policies and governed its activities. Please tell me how much you agree or disagree that each of the following kinds of people should be included on such a board.

Nearly two-thirds of respondents strongly agreed that small business representatives be included in the HBE Governing Board.



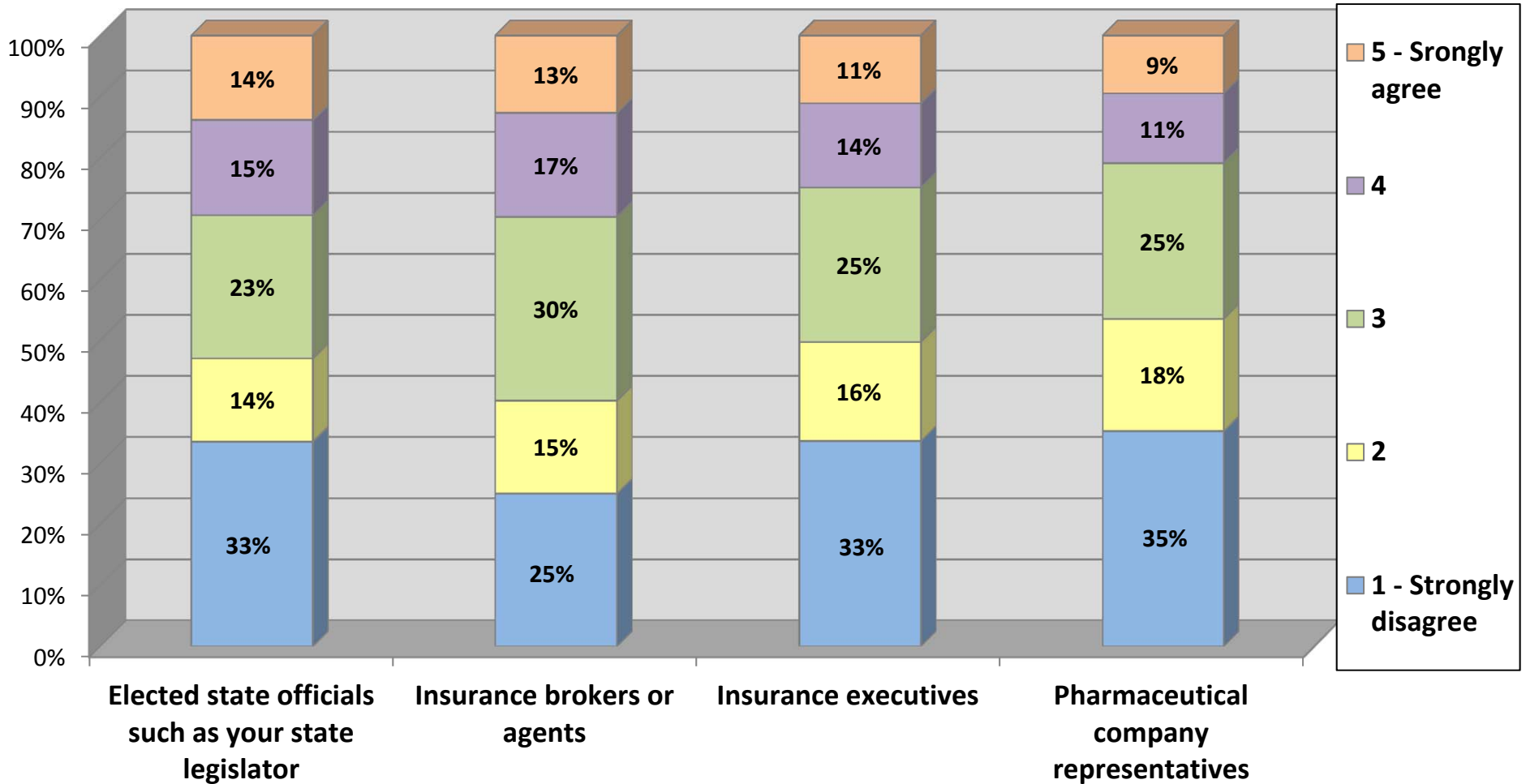
What kind of people should be on the Board?

Opinions are mixed among respondents as to the value of including these types of individuals on the HBE Board.



***What kind of people should be on the Board?
(Continued from previous page)***

Respondents were most likely to react negatively to the proposed inclusion of elected officials, insurance executives, and drug company representatives.



***What kind of people should be on the Board?
(Continued from previous page)***

Other types of people suggested for the Board

- **Human resources professionals**
- **“Everyday” employees or workers**
- **Senior citizens/retirees**
- **Independent pharmacists**
- **Disabled citizens**

Health Insurance Plan Inclusion/Employer Contribution Preferences

Health Plan Inclusion Scenarios

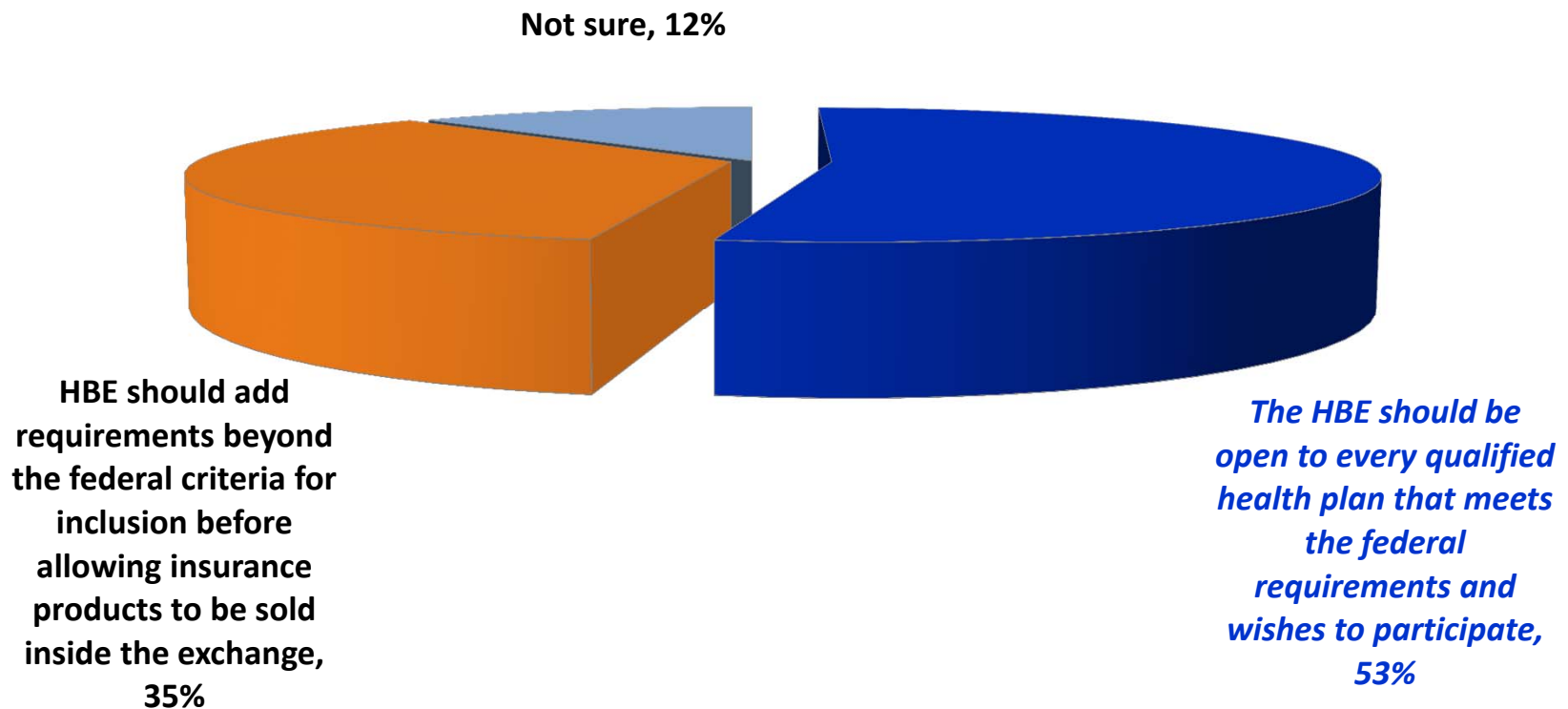
- (1) The Health Benefits Exchange should be open to every qualified health plan that meets the federal requirements and wishes to participate.**
- (2) The Health Benefits Exchange should add requirements beyond the federal criteria for inclusion, for example, particular cost or quality levels, before allowing insurance products to be sold inside the exchange.**

Employer Contribution Scenarios

- (1) The employer would select one plan and contribution amount for their employees.**
- (2) The employer would decide on contribution amounts and a limited set of plans and let employees choose among that set.**
- (3) The employer would decide on contribution amounts and let employees select among all available plans, knowing they will pay the difference between the premium cost and the employer contribution.**

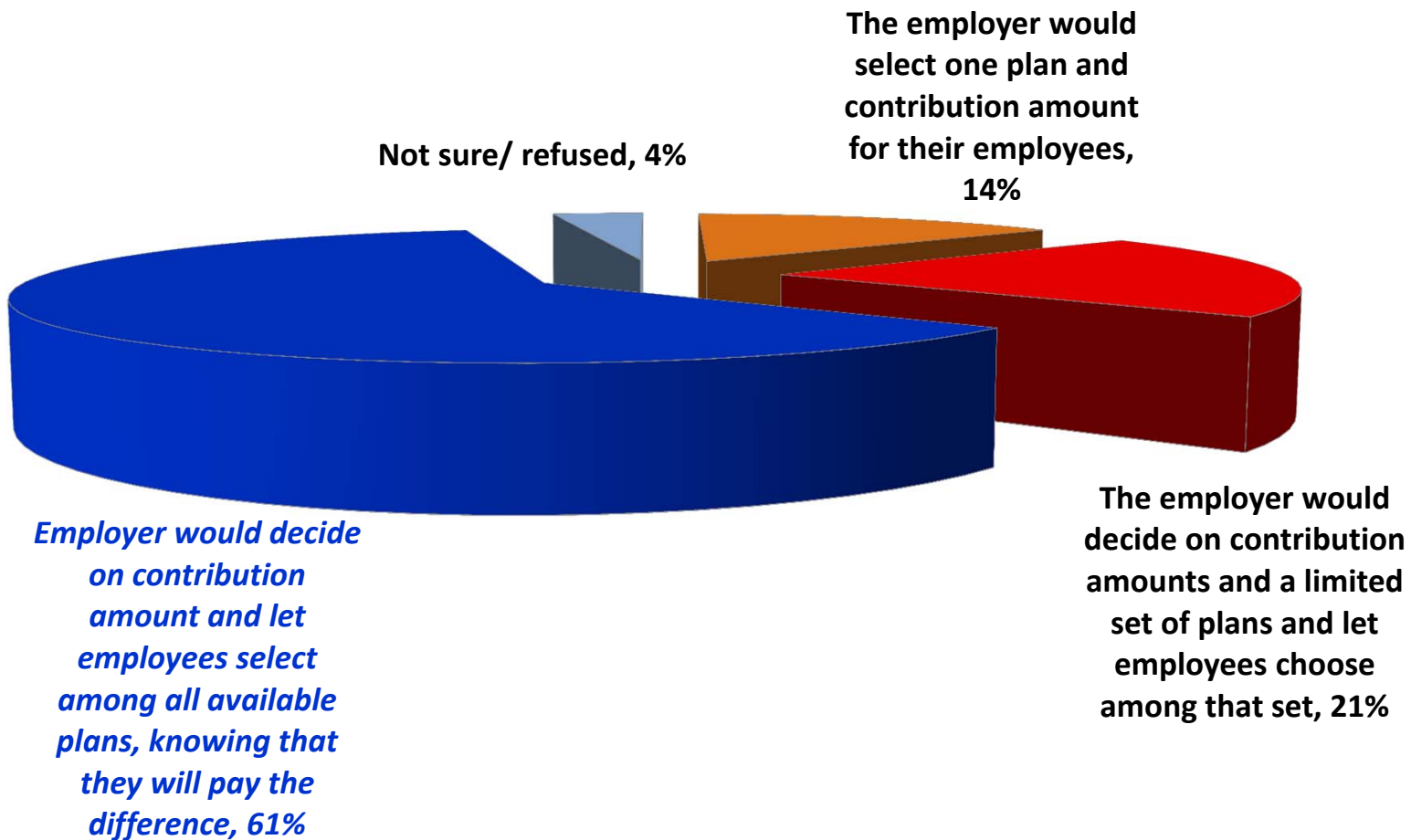
Blue: Most favored by respondents

Just over half believe that the HBE should be open to any qualified health plan that meets the federal requirements.



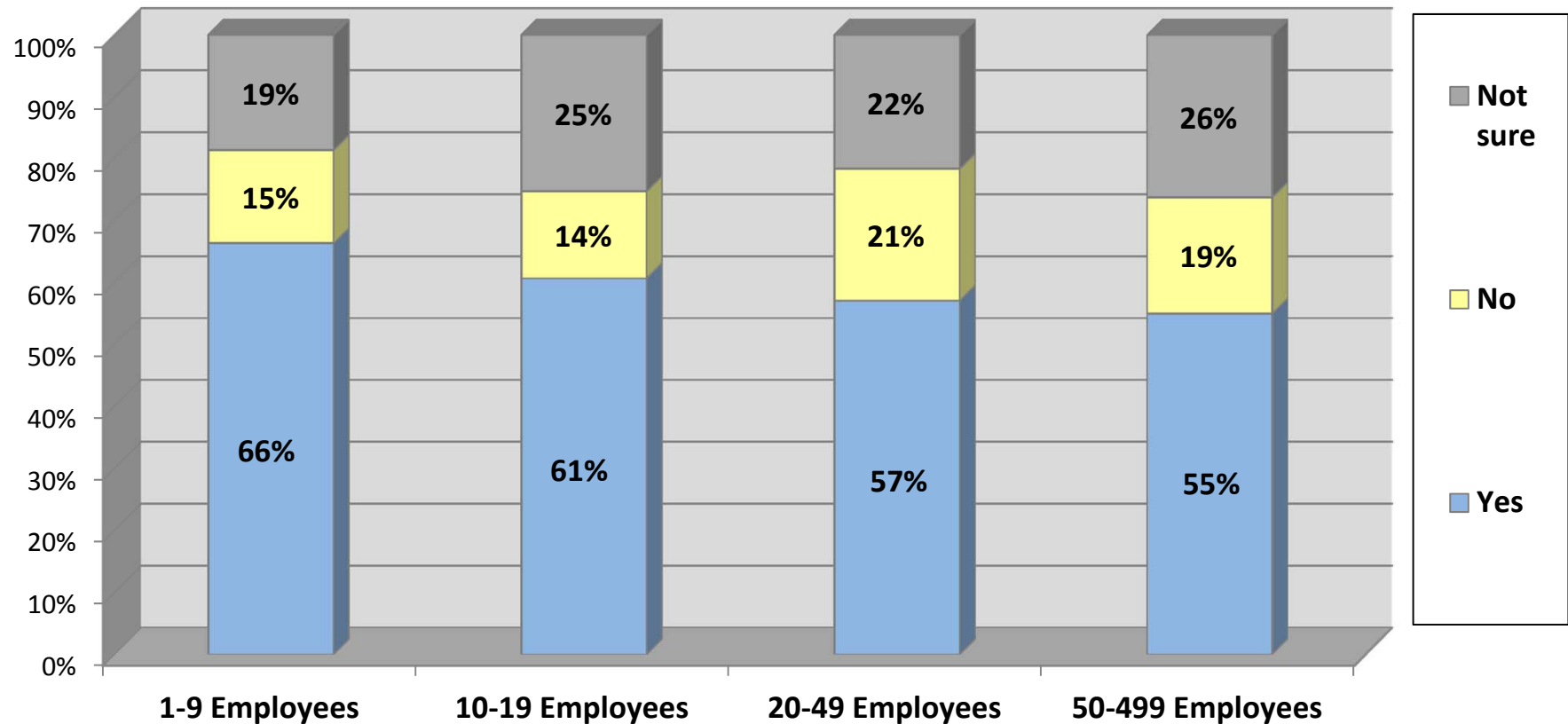
Which of the following statements best describes your opinion regarding how health insurance plans are selected for inclusion in the Health Benefits Exchange?

Most employers preferred a flexible approach featuring defined contribution, all available HBE plans, and an option for the employee to pay any difference.



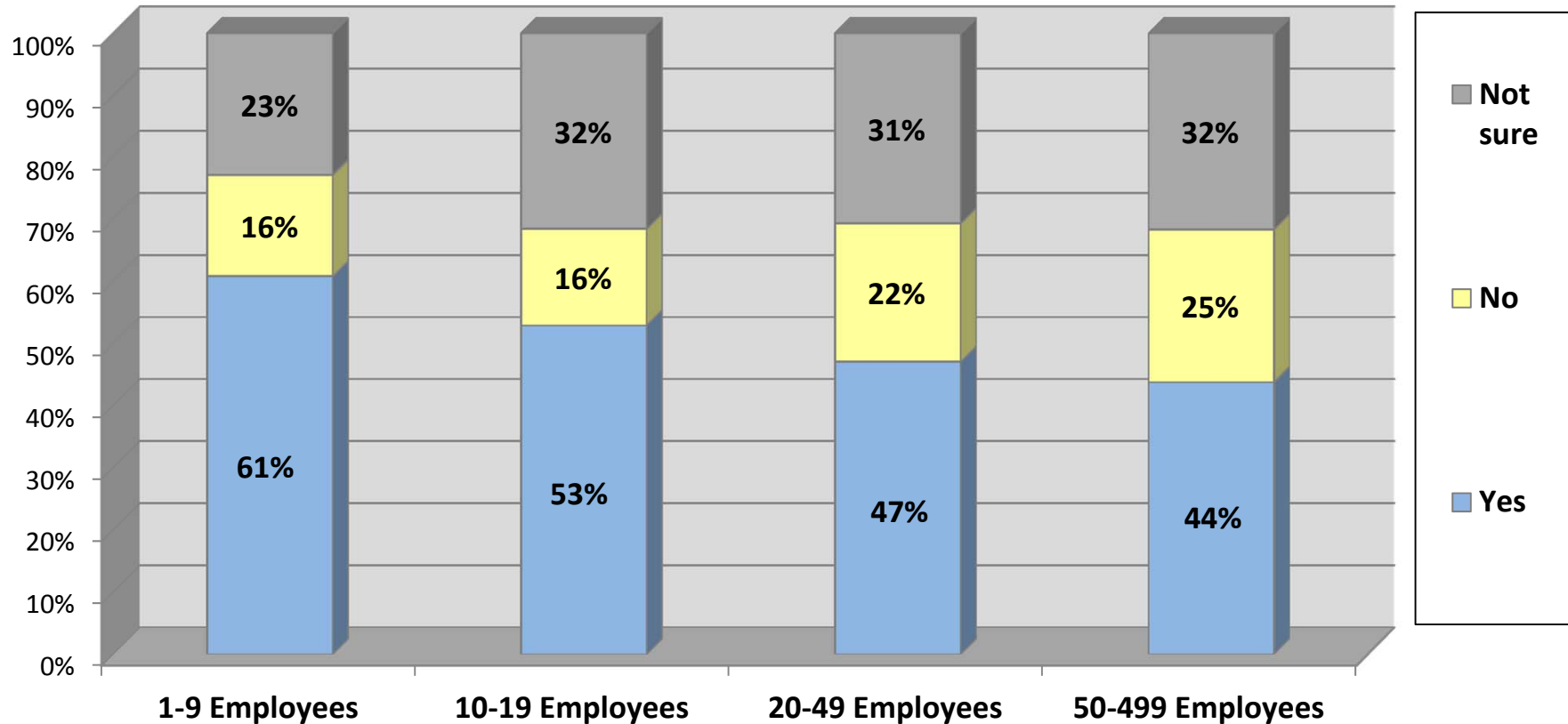
If you could choose one of the following options as it pertains to company-sponsored health insurance, which one do you think would be best for your company?

Overall, nearly two-thirds believe that the HBE as described in the survey will make health insurance more accessible to small businesses.



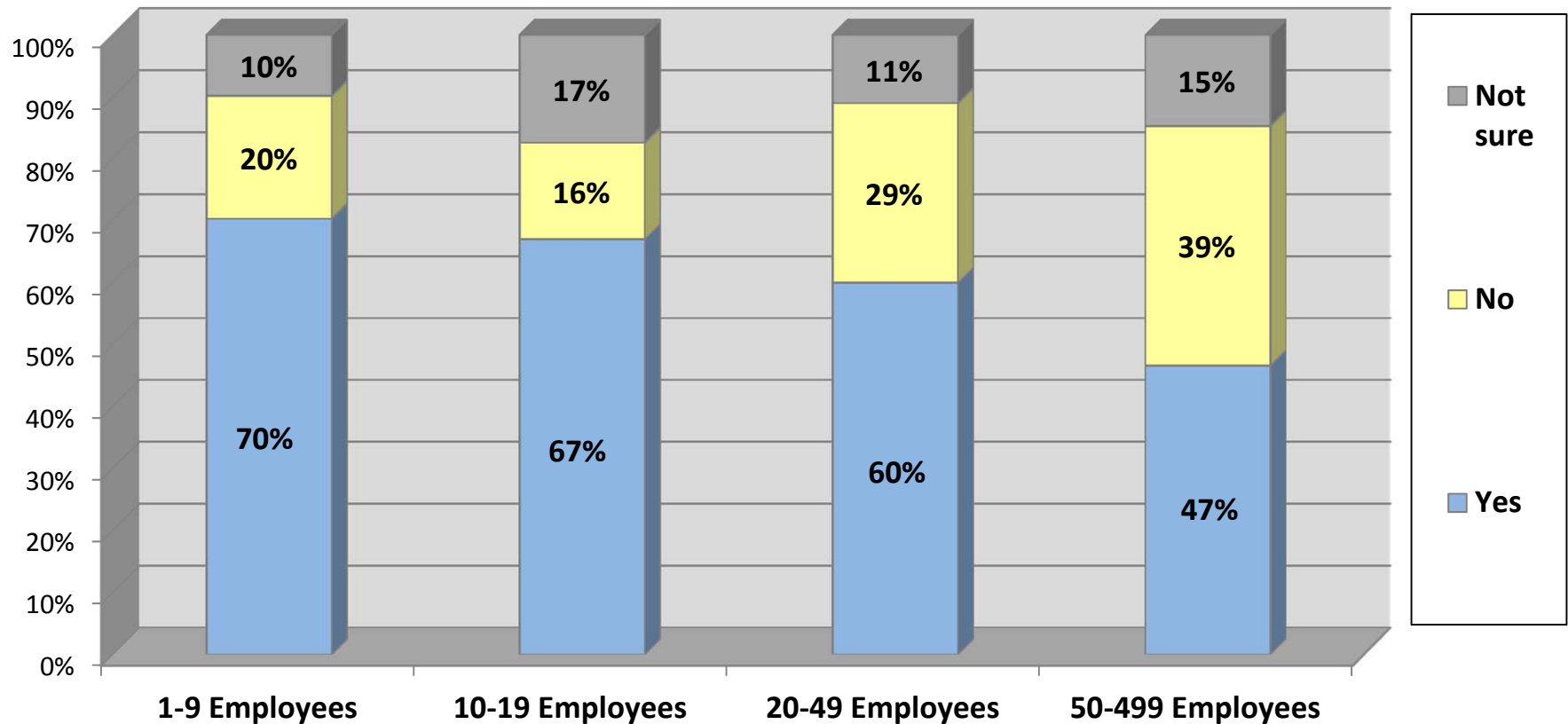
Based on what you've heard about a Health Benefits Exchange, do you think it will make health insurance more accessible to employees of small businesses?

Respondents are somewhat less likely to believe that the HBE will make health insurance more affordable for small businesses.



Based on what you've heard about a Health Benefits Exchange, do you think it will make health insurance more affordable for small businesses?

Nearly three-fourths of small business decision makers believe that the HBE will make health insurance plan less complex.



Based on what you've heard about a Health Benefits Exchange, do you think it will make researching and purchasing health insurance plans less complex for business persons like you?

If you had an opportunity to speak to the individuals responsible for a Virginia HBE, what questions, comments, or concerns might you have?

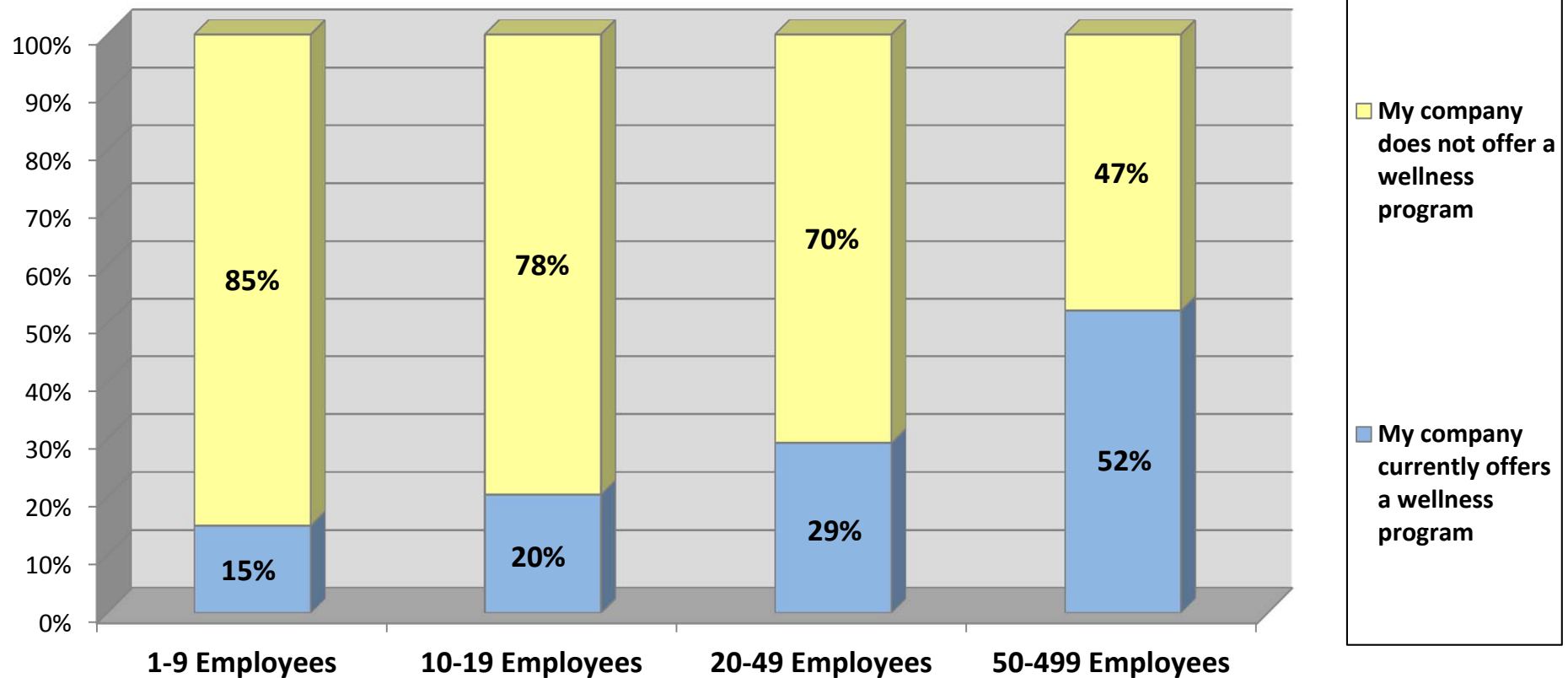
- **WHAT IS THE BOTTOM LINE GOAL AND HOW IS IT DIFFERENT FROM THE COMPETITIVE PRODUCTS ON THE MARKET ALREADY? THE PURPOSE IS TO HELP SMALL BUSINESS, WHERE ARE THE SAVINGS?**
- **I WOULD ASK THAT IT BE AS TRANSPARENT AS POSSIBLE AND I WOULD HOPE THAT THE BASE REQUIREMENT WOULD BE FULLY EXPLAINED. AND IF THERE IS A DOUBT, IT SHOULD COME DOWN ON THE EMPLOYEE OR THE END-USER. I DON'T WANT THE BASE PLAN TO BE SO MINIMAL THAT IT IS USELESS.**
- **HOW WOULD YOU PROPOSE TO DO THIS WITHOUT COMPROMISING THE VIRGINIA STATE BUDGET? HOW WOULD YOU PROPOSE TO DO THIS WITHOUT CREATING A BUREAUCRATIC QUAGMIRE? AND HOW CAN YOU INSURE FOR THE PEOPLE OF VIRGINIA THAT INSURANCE COMPANIES WILL NOT MANIPULATE THE SYSTEM FOR THEIR OWN GAIN?**
- **WHO IS GOING TO OVERSEE THE PROGRAM AND INSURE THAT POLICIES ARE UPHELD?**
- **THAT ALL OF THE PARTICIPATING BOARD MEMBERS INVOLVED IN IT BE TRANSPARENT TO THE EXTENT OF THEIR FINANCIAL INTERESTS, TO BE ASSURED THAT.**
- **WELL, I GUESS I WOULD WANT TO KNOW HOW IT WOULD WORK IN GENERAL, WHAT KIND OF TRANSITION WE WOULD HAVE, AND HOW WE WOULD DO IT AND IF WE HAD TO DO IT.**
- **I WOULD ANTICIPATE THAT MOST SMALL BUSINESS WILL DUMP THEIR PREVIOUS HEALTH INSURANCE, ARE THEY PREPARED FOR THAT?**

Wellness Programs:

An employee wellness program is any combination of activities designed to promote and support the health and wellness of employees, for example health fairs, health assessments, weight loss support, smoking cessation support, discounts for fitness center memberships, etc.

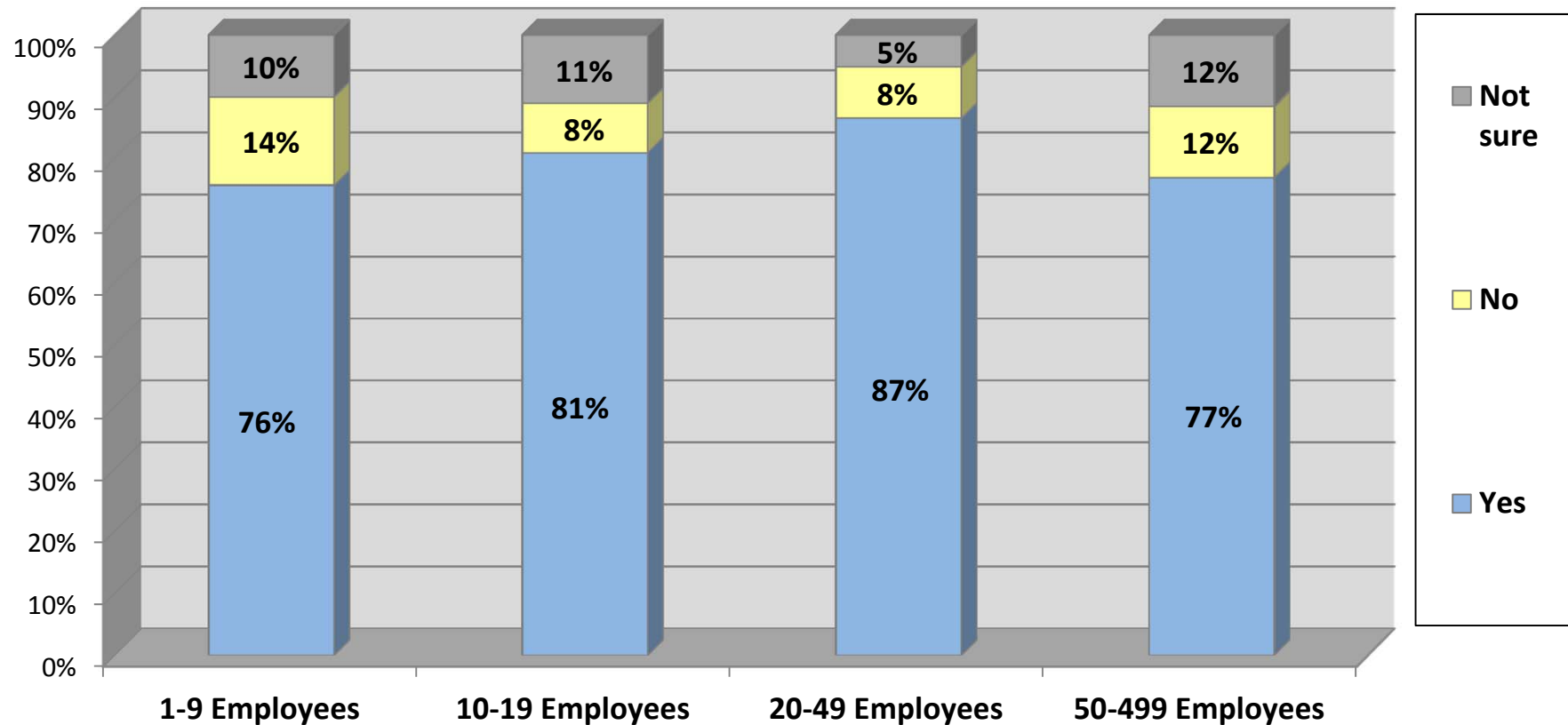


By a wide margin, larger employers are most likely to offer a wellness program for employees.



Which of the following best describes your company's position as it relates to an employee wellness program?

Among those who do not currently offer a wellness program, most would consider it if available at no or low cost to the company.



If a good wellness program was available at no or low cost to your company, would you consider offering it to company employees?



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