

Congressional Quarterly HealthBeat

October 22, 2008 Wednesday

Survey Finds Employers Ambivalent About Health Overhaul Plans

By John Reichard, CQ HealthBeat Editor

One of the truisms among those who predict a possible overhaul of the U.S. health care system in the next few years is that employers want big changes in the system this time -- unlike in the early 1990s, when they played a major role in blocking the Clinton universal coverage proposal. But a new survey by the Mercer consulting firm finds no strong momentum building behind any major proposal now on the table.

"Half-hearted at best" might be one way to describe the overall level of employer enthusiasm for pending proposals uncovered by the survey of some 3,400 employers conducted in July through September.

Of the 545 employers in the survey who do not offer coverage, most said health insurance at current price levels "is far beyond their means," Mercer said in a news release on the findings. When asked how much they would be willing to contribute per employee per month if they were to offer a health plan, 59 percent of the 545 said between zero dollars and \$50. "Only 10 percent said they would pay at least \$200," Mercer said.

The Massachusetts' 'play or pay' law requires employers who don't offer coverage to pay a penalty of \$295 per employee per year. That's the equivalent of about \$25 per month.

Individuals in Massachusetts who don't obtain coverage face a penalty of up to \$912 this year.

Linda Havlin, a partner with Mercer, said the survey highlights "how tough it's going to be to ask very small employers to voluntarily take on the expense of providing health coverage. It also helps explain why even relatively low-cost catastrophic plans such as Health Savings Accounts have not made great inroads with small employers that find it financially challenging to offer coverage."

If resounding majorities of employers failed to embrace any of the proposals they were asked about, adherents of the Massachusetts approach -- which basically requires individuals to have coverage and employers to provide coverage or pay a penalty -- nevertheless might take some heart from the findings.

Of the eight types of overhaul approaches they were asked about, employers overall ranked a Massachusetts style approach most favorably.

Fifty three percent of employers said they strongly approve or approve of a system in which "people are required to have coverage if they can afford it, either through their employer or purchased on their own." Thirty percent said they disapprove or strongly disapprove.

Percentages registering approval or strong approval for the other seven approaches were as follows:

- "The federal government reimburses employers' health expenses above a certain level," known as a "stop-loss" or "reinsurance" approach (46 percent);
- "Congress waives ERISA [a 1974 law that pre-empts state laws that govern private employer-based health plans] and allows states to include all employers in state health reform programs" (34 percent);
- "Employer plans are replaced by private plans providing individual coverage, partly financed by employer contributions" on a sliding scale (34 percent);
- "Employers are required to either offer health coverage or pay into a government fund to cover the uninsured" (31 percent);
- "Tax breaks for employer coverage are eliminated or capped; the value of all benefits or benefits in excess of the cap is taxable. All individuals receive the same tax deduction for health coverage" (30 percent);
- "The U.S. adopts a system like Canada's, in which the federal government is the sole payer for health services" (29 percent);
- "Health insurance regulatory authority is moved from state to federal government" (24 percent).

The survey also asked employers with workers in Massachusetts and other areas with broad-based health system changes to identify how burdensome mandates were under the systems. In another finding that fans of the Massachusetts plan might applaud, the survey found that only 4 percent of the employers surveyed with workers in that state said that they had to expend "considerable" resources under the state's law.

Still, "most employers are concerned about the potential impact of state or local health reform initiatives," Mercer said. Eighty-six percent of large employers said they were concerned or very concerned about the impact on cost.

Source: **CQ HealthBeat**

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