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Health Care Reform – What do New Yorkers Think? (Part 2)

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Last month we presented findings on what New York State residents thought about health care reform. In this issue, we consider employers' opinions on this important issue. Examining employer views enables us to paint a more comprehensive picture of public opinion about NYS's health care reform options.

In the spring of 2008, a random sample of 475 New York State private employers was surveyed via telephone by the Cornell Survey Research Institute (SRI). Firms were stratified by the number of workers they employ. All survey questions were asked at the establishment level (a firm can comprise of one or more establishments). In addition, we conducted four focus groups with owners of small business (25 employees or less). Three of these were conducted in upstate NY (Buffalo, Ithaca and Rochester) and one in downstate (Brooklyn).

Employers were asked whether they provided healthcare coverage, why or why not, and their opinions about possible reform options. Summarizing our findings:

1) Health Insurance Offerings Vary Substantially by Firm Size. Employers Report Cost is a Major Factor in Not Offering Coverage:

- Over 96% of establishments belonging to firms with more than 50 employees offer their workers health insurance. However, reflecting nationwide patterns, the share falls to 88% for medium size firms (10-49 employees) and to 45% for small firms (9 or fewer workers).
- For all firm sizes, establishments that do not offer health insurance report that high premiums are a key factor in their decision.

2) Employers Believe They Bear Some Responsibility for Health Insurance Coverage, but They are Divided About Solely Taxing Firms to Pay for it:

- Employers of all firm sizes agree strongly or somewhat strongly that they bear some responsibility for providing health insurance to their workers. This ranges from 72% for small firms to 79% for medium firms and 88% for large firms. Employers also agree that individuals above the poverty level should bear some responsibility for buying insurance. This ranges from 79% for small and medium firms to 87% for large firms.
- Employers are more divided on solely taxing employers to pay for this coverage. A special concern was the potential increase in the tax burdens on smaller employers.

3) Employers Are Also Divided about Subsidized or Free Public Insurance Coverage.

- Almost half (49%) of small-size firms, 61% of medium firms, and 56% of large firms agreed strongly or somewhat strongly that they would offer coverage if employees whose income is less than 400% of the Federal Poverty Level (FPL) could be enrolled in "Family Health Plus". They are willing to subsidize this program.
- Some 72% of small firm establishments, 78% of medium firm establishments, and 81% of large firm establishments said they would not reduce coverage if there was legislation passed enabling people at less than 300% FPL to obtain free insurance.
- However, 53% of small firms, 63% of medium firms, and 52% of large firm establishments said such a program would change the way they ran their insurance program. Close to a third also said it would affect decisions about giving raises to workers near the income threshold, and that they would change their eligibility rules for health insurance.

Discussion:

In our previous article, we reported that New York State residents support expanding public health insurance eligibility. They place health care costs and lack of insurance coverage high on their list of concerns for policy makers. On the employers' side, health insurance coverage in New York State varies sharply with firm size as it does nationwide, and among those firms without coverage, employers most commonly cite high costs as a key factor in the decision not to offer coverage.

While findings indicate most employers believe that firm's share responsibility for providing healthcare coverage, they also suggest proposals to solely tax firms to pay for coverage are likely to meet with mixed support. Findings also suggest that while expanding public coverage to more low income workers might not cause employers to drop coverage outright for all their workers, it is likely to lead them to alter how they do business. Possible indirect responses including changes in eligibility criteria and decisions about pay increases indicate that it is important to carefully consider the likely consequences of legislation on firm behavior across a range of dimensions and not simply whether they offer any health insurance coverage.

*To see the full report, go to <http://www.nyshealthfoundation.org/content/document/detail/1293/>

