



Michigan Employer Health Insurance Survey Highlights

The following text highlights some of the major findings of the Michigan Employer Health Insurance Survey, conducted from August 2005 through November 2005, as part of the federally funded State Planning Project for the Uninsured. The Michigan Department of Community Health contracted with the Michigan Public Health Institute (MPHI) to describe the status of employer-sponsored health insurance coverage in Michigan and employer attitudes about providing health insurance to their employees. Of the businesses that completed the survey, 60% reported that they offer health insurance coverage to at least some of their employees, and 40% reported they do not offer insurance.

COMPARISON OF EMPLOYERS OFFERING AND NOT OFFERING HEALTH INSURANCE

Among employers responding to the survey, industries in which employers were more likely to offer health insurance were Government (83%) and Manufacturing (75%). Industries in which employers were least likely to offer health insurance to employees included Eating & Drinking Establishments (37%) and Food Stores (40%).

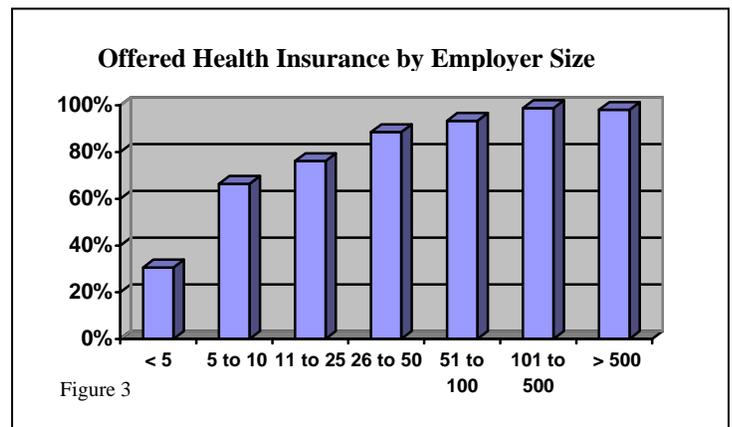
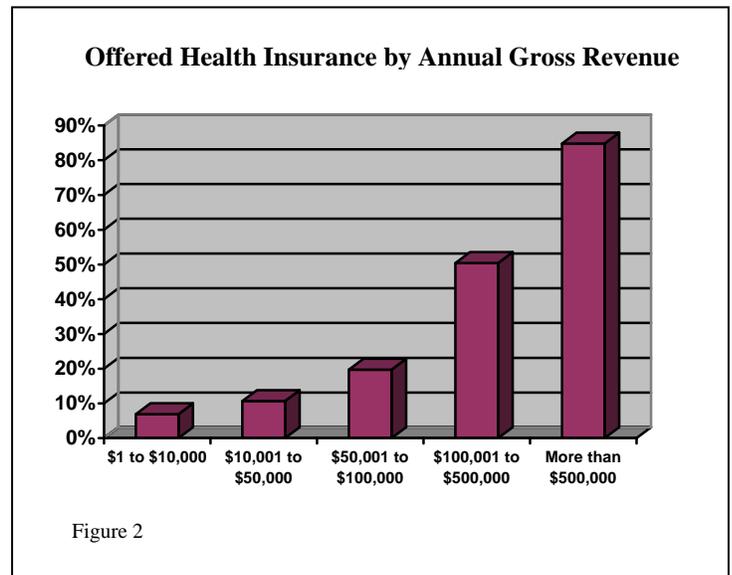
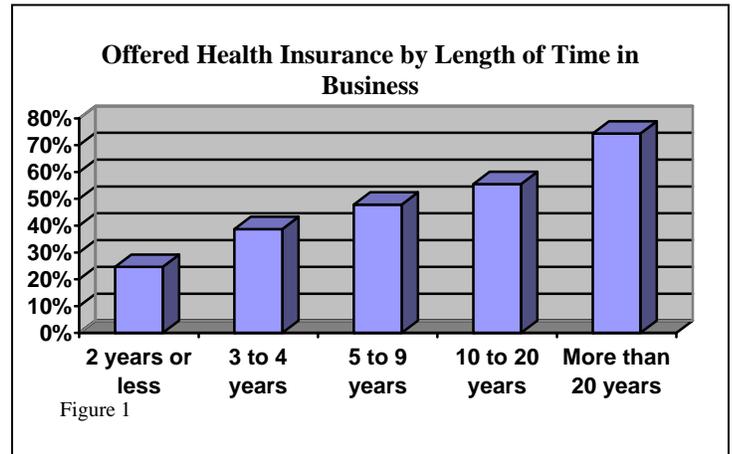
The longer a company has been in business, the more likely it is to offer health insurance. The percentage of employers who offer insurance ranges from 25% for employers that have been in business for less than two years, up to 74% for those in business more than 20 years (Figure 1).

The percentage of employers who offer health insurance increases with gross revenue, ranging from 7% of employers with gross revenue between \$1 to \$10,000, to 85% of those with gross revenue of more than \$500,000 (Figure 2).

The more employees a business has, the more likely it is to offer health insurance. The percentage of employers who offer health coverage ranges from 31% of employers with less than five employees to 98% for those with more than 100 employees (Figure 3).

Employers with large percentages of full-time workers and small percentages of part-time workers are more likely to offer health insurance. On average, employers who offer health insurance have 74% full-time, 20% part-time, and six percent seasonal and temporary workers, compared to 53% full-time, 37% part-time and 10% seasonal and temporary workers for employers who do not offer health insurance.

Employers offering health insurance typically pay higher wages. More than two-thirds of employees that work for companies that offer health insurance earn more than \$20,000 per year, compared to about one-third of the employees that work for businesses that do not offer coverage. Additionally, benefits such as vacation, holiday and sick leave, retirement/pension plans, and life insurance are more frequently provided by employers that offer health insurance than by those who do not.



PROFILE OF EMPLOYERS OFFERING HEALTH INSURANCE

Health insurance is more frequently offered to full-time employees and their dependents than to part-time employees and dependents.

Almost one in five employers who offer insurance to employees also offer Medicare supplemental or health insurance coverage to at least some retirees over the age of 65, and nearly 17% cover at least some retired employees under the age of 65. Those who cover retirees generally cover retirees' dependents too.

On average, employers that offer health insurance coverage report that 75% of their workforce is eligible for their company health insurance plan, but only 61% are enrolled.

Nearly 87% of employers that offer health insurance require workers to be employed three months or less before becoming eligible for health insurance coverage.

Nearly 73% of employers that offer health insurance pay between 76% and 100% of the premium cost for their full-time employees and 53% pay the same percentage for dependents of full-time employees. In contrast, the majority of employers paid nothing for health insurance coverage for part-time employees and their dependents.

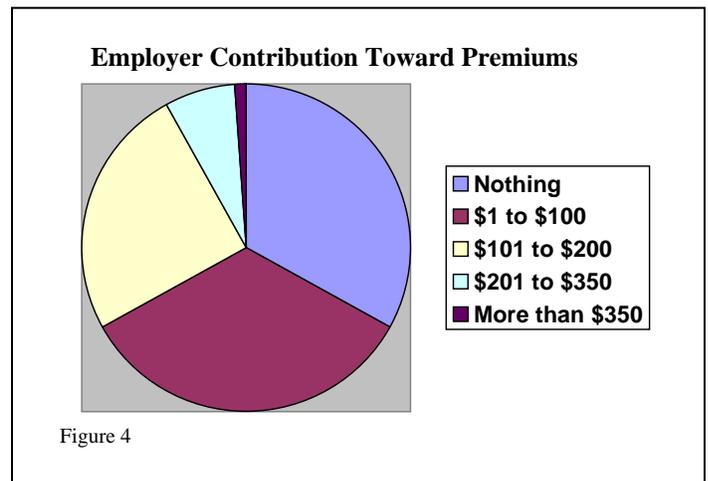
The most important reasons given by employers as to why they offered health insurance to employees were that a) it was the right thing to do, b) it helped with employee recruitment, and c) it increased loyalty and decreased turnover. The most common reason given by these same employers as to why they did NOT offer health insurance to some of the employees (those employees considered not eligible) was that the cost to insure them was too high.

PROFILE OF EMPLOYERS NOT OFFERING HEALTH INSURANCE

Nearly 92% of employers not offering health insurance report that the high cost of health insurance premiums is an important reason they did not offer coverage and 74% strongly agree that they would be more likely to offer health insurance if costs weren't so high. Almost as many would be willing to offer coverage if changes in premiums were more predictable. However, few employers see a negative impact on employee recruitment and retention, attitude and performance, or on employee health and absenteeism as a result of not offering health insurance to their employees.

ATTITUDES & OPINIONS OF EMPLOYERS: Employer Contribution toward the Cost of Health Care

Many employers not offering health insurance report they would be willing to make monthly contributions toward premiums to cover their employees. Nearly 70% would be willing to pay some amount toward employee health insurance premiums, with the majority (59%) willing to pay \$200 or less per month per employee (Figure 4).



ATTITUDES & OPINIONS OF EMPLOYERS: The Future of Employer-Sponsored Plans

Of employers who offer health insurance to their workers, about 10% report that it is somewhat likely or very likely that their company will not offer health insurance to employees next year. In addition, 62% of these employers think it is very or somewhat likely they will shift more of the premium costs to their employees in the next year. More than half might switch to another insurance provider, 48% might reduce benefits, and 44% report it is likely they will offer a high deductible plan with a health savings account. More than 16% of these employers reported it is likely or somewhat likely they will eliminate or reduce dependent coverage.

Some employers not offering health insurance to their employees had offered coverage in the past. Of 468 employers responding, one-fifth indicate their companies had offered health insurance at one time. Of these 94 employees, nearly 32% had offered health insurance within the previous two years, 38% had offered it three to five years ago, and 30% had offered coverage more than five years ago.