

# State Planning Project For the Uninsured

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## Michigan Employer Health Insurance Survey Report

August 2006

Prepared by the Center for Collaborative Research in  
Health Outcomes and Policy  
Michigan Public Health Institute



A project supported by the US Department of Health and Human Services, Health Resources and Services Administration (HRSA), and the Michigan Department of Community Health

## Acknowledgements

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This report was prepared by the Center for Collaborative Research in Health Outcomes & Policy at the Michigan Public Health Institute with funding from the Michigan Department of Community Health, under a grant from the U.S. Department of Health and Human Services, Health Resources and Services Administration (HRSA).

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*Total Copies: 100, Total Cost \$258.96, Unit Cost \$2.59*

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## Executive Summary

### *The Status of Employer-Sponsored Health Insurance in Michigan*

#### Introduction

Michigan workers have traditionally depended on their employers for health insurance coverage. This link between employment and access to health insurance coverage may, however, be threatened by rising health insurance costs, coupled with the state's economic challenges. This report describes the current status of employer-sponsored health insurance coverage in Michigan and describes employer attitudes about providing health insurance to their employees.

#### The Michigan Employer Health Insurance Survey

This report was created for the Michigan State Planning Project for the Uninsured, which was funded by a grant from the U. S. Department of Health and Human Services, Health Resources and Services Administration. The purpose of this project is to develop realistic strategies to make health insurance coverage accessible to all Michigan residents. Information about the current status and future viability of employer-sponsored health coverage is needed for policy decisions aimed at extending coverage. Toward that end, the Michigan Department of Community Health (MDCH) contracted with the Michigan Public Health Institute (MPHI) to collect information on employer-sponsored coverage to design an effective coverage expansion plan.

Under that contract, MPHI developed the Michigan Employer Health Insurance Survey (MEHIS), which was conducted from August through November, 2005. The survey focused on 12,000 randomly-selected businesses located across the state, 1,261 of which returned their completed questionnaires.

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 that they do not offer insurance.

This summary compares the general characteristics of employers that offer health insurance coverage to those that do not. Then, separate profiles for each employer group are given, and finally, attitudes and opinions of employers relative to health insurance issues are discussed.

### COMPARISON OF EMPLOYERS OFFERING AND NOT OFFERING COVERAGE

#### Type of Industry, Length of Time in Business, Gross Revenue and Size of Business

Among employers responding to the survey, 83% of government entities offer insurance to at least some of their employees, as do 75% of manufacturers, 64% of health care providers, 60% of general merchandise and clothing stores, and 51% of personal or business service employers. In contrast, 42% of employers involved in farming or ranching offer health insurance to at least some of their employees, followed by 40% of employers that run food stores and 37% of employers operating eating and drinking establishments.

The longer a company has been in business, the more likely it is to offer health insurance. The percentage of employers who offer health 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.

With the exception of the very smallest businesses, the percentage of employers who offer health insurance increases with gross revenue, ranging from 11% of employers with gross revenue between \$10,001 and \$50,000, to 85% of those with gross revenue of more than \$500,000.

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.

### **Workforce Characteristics: Full-time/Part-time, Gender, and Earnings**

The likelihood that employers offer health insurance varies by their percentages of full-time versus part-time workers, the percentages of males and females in their workforce, and the income of their workers. 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.

Businesses that offer health insurance average 54% male and 46% female workers, compared to 48% males and 52% females for those that 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, while only about one-third of the employees that work for businesses that do not offer coverage earn more than \$20,000. 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**

### **Employers Cover Full-Time Employees and Their Dependents**

Health insurance is more frequently offered to full-time employees and their dependents than to part-time employees and their dependents. Comprehensive health insurance is the most common type of coverage offered to employees and their dependents.

### **Retiree Coverage**

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.

### **Eligibility Requirements for Employer-Sponsored Health Insurance Coverage**

Nearly 87% of employers that offer health insurance require workers to be employed three months or less before becoming eligible for health insurance coverage. Twenty-two percent of employers offering health insurance require employees to work less than 30 hours per week to be eligible for coverage. Almost half require employees to work from 30 to 39 hours per week to be eligible and the rest require employees to work at least 40 hours each week to be eligible for health insurance.

### **More Employees Eligible for Coverage than Enrolled in Employer-Sponsored Plans**

On average, employers that offer health insurance report that 75% of their workforce is eligible for their company health insurance plan, but only 61% are enrolled. However, 83% of employers that offer health insurance report no change in the percentage of employees declining coverage over the past three years. Most employers (78%), say the major reason employees decline coverage is that they're covered through a spouse's

health insurance plan. Other common reasons employees decline to enroll are that they have insurance from a source other than their spouse, or they cannot afford the premiums.

About one-fifth of employers offering health insurance require their employees to show proof of health insurance coverage before allowing them to decline enrollment in their company's health insurance plan. Almost a third of employers that offer health insurance provide compensation to employees who decline their company's coverage. Almost 85% of employers that offer health insurance to workers also cover their dependents.

### **Plans Employers Offer and How Much Employers Pay Toward Premiums**

Three-quarters of employers offering health insurance offer only one plan. Nearly 20% offer two or three plans and about five percent offer four or more plans. The most commonly offered plans are preferred provider and point of service (PPO/POS) plans, followed by health maintenance organization (HMO) and traditional fee-for-service plans (FFS).

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. Only three percent pay nothing toward premium costs for their full-time employees and 27% pay nothing toward the premium for dependents of their full-time employees.

Twenty percent of employers who offer health insurance self-insure a portion of their employee health insurance plan. In general, the more workers an employer has, the more likely the employer is to self-insure. The percentage of employers who self-insure ranges from 11% for those with less than five employees to 77% for employers with more than 500 employees.

### **Why Employers Offer Health Insurance**

Major reasons employers offer health insurance include:

- "It is the right thing to do" (90%);
- "It increases loyalty and decreases turnover" (85%);
- "It helps with employee recruitment" (84%);
- "Employees demand or expect it" (79%);
- "Competitors offer it" (70%);
- "It increases productivity by keeping employees healthy" (70%);
- "It reduces absenteeism by keeping employees healthy" (69%); and,
- "Employer wants or needs it" (59%).

This profile is based on the responses of employers that offer health insurance coverage to at least some of their employees. When asked why they offer health insurance to some but not to all of their employees, most respond that the "cost of insuring additional workers is too high" (64%), some state that "most have insurance from another source" (45%), and "it's not necessary to attract the number and quality of workers needed" (42%). Fewer still indicate, "Workers do not stay long enough to qualify" (35%).

## **PROFILE OF EMPLOYER NOT OFFERING HEALTH INSURANCE**

### **Why Employers Do Not Offer Health Insurance to their Employees**

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.

Employers' responses as to why they do not offer health insurance to their workers were as follows:

- Financial status of the company (79%);

- Employees are unwilling to contribute to the cost of premiums (66%);
- Employees are covered under another plan (64%);
- Employees can't meet insurance participation requirements (52%);
- Most employees are part-time, temporary or contractual (52%); and,
- It is not needed to attract good employees (50%).

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 AND OPINIONS OF EMPLOYERS OFFERING AND NOT OFFERING COVERAGE**

### **Sharing the Responsibility for the Cost of Health Care**

Among employers offering health insurance, 68% agree with the statement that employers should be required to offer health insurance to employees, even if the employer pays little or nothing toward the premiums. In comparison, 50% of employers not offering coverage agree with this statement.

However, substantially fewer employers (28%), offering health insurance agree that employers should be required by law to provide health insurance for their employees. Only 14% of employers not offering health insurance agree that it should be required by law.

Many employers not offering health insurance report they would be willing to make monthly contributions toward premiums to cover their employees. About two-thirds would be willing to pay some amount toward employee health insurance premiums, with the majority willing to pay \$200 or less per month per employee; eight percent are willing to pay more than \$200 per month per employee. These employers believe their employees would not be willing to contribute toward health insurance premiums, and only 13% think their employees would be willing to forego a pay raise to obtain health insurance coverage.

Sixty-four percent of surveyed employers who offer, and 70% of employers who do not offer health insurance agree that state funds should be used to make health insurance more affordable for lower-wage workers.

### **The Future of Employer-Sponsored Plans**

Of employers who offer health insurance to their workers, six percent report it is somewhat likely and three percent report it is very likely they will not offer coverage 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.

On the other hand, some employers not currently offering health insurance believe they may offer it to their employees within the next year. Three percent report their companies are likely to offer health insurance, and 10% report their companies are somewhat likely to offer coverage within the next year. However, 87% report that it is not likely their companies will offer health insurance within the next year.

Some employers not offering health insurance to their employees had offered coverage in the past. Of 468 employers responding, one-fifth (94) indicate their companies had offered health insurance at one time. Of these 94 employers, 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.



# **Michigan State Planning Project for the Uninsured Employer Health Insurance Survey Report**

## **Introduction**

In September 2004, the Michigan Department of Community Health (MDCH) received a State Planning Grant from the US Department of Health and Human Services, Health Resources and Services Administration (HRSA) for the Michigan State Planning Project for the Uninsured. The goal of this project is to work with consumers and other stakeholders to develop realistic strategies to extend health insurance coverage to uninsured Michigan residents.

Before strategic models for extending health insurance coverage to uninsured Michigan residents could be thoroughly explored, additional information was needed about the uninsured population and their potential access to existing coverage. As part of the State Planning Grant Project, information was obtained through a household survey, town hall meetings, and a series of focus groups. This report focuses on the data collected from the Michigan Employer Health Insurance Survey (MEHIS), the employer survey component of this project.

Gathering health insurance-related information from employers was necessary because employment is the primary method through which Michigan residents receive health insurance. The MEHIS, conducted by the Center for Collaborative Research in Health Outcomes and Policy (CRHOP) at the Michigan Public Health Institute (MPHI), collected information about Michigan employers and reasons why employers offered or did not offer employer-based health insurance to employees and their dependents.

## **Methodology**

### **About the Survey**

The MEHIS was developed by reviewing surveys utilized by other states that had received a State Planning Grant from HRSA and had completed the employer survey component of their projects. The Medical Expenditure Panel Survey – Insurance Component (MEPS-IC) survey was also used as a model. The MEPS is a large-scale survey of families and individuals, their medical providers, and employers across the United States.

Project staff at CRHOP and MDCH reviewed numerous surveys and selected questions that were common to most state surveys, then added specific questions to meet the objectives of Michigan's employer survey. Modifications were made based on the reviews of individuals sought out by MDCH. The final survey was reviewed and approved by MDCH.

The MEHIS consisted of three sections. The first section included general employer information and demographics, information about the employer's workforce, type of non-health insurance benefits offered to employees, and whether the employer offered any type of health insurance to any employees. All participating employers completed this section.

The second section of the survey collected data only from employers that offered some type of health insurance to at least some of their employees. Information in this section included the types of health insurance plans offered, eligibility requirements, percentage of health insurance premiums that the employer paid on behalf of employees and dependents, and reasons why health insurance was offered.

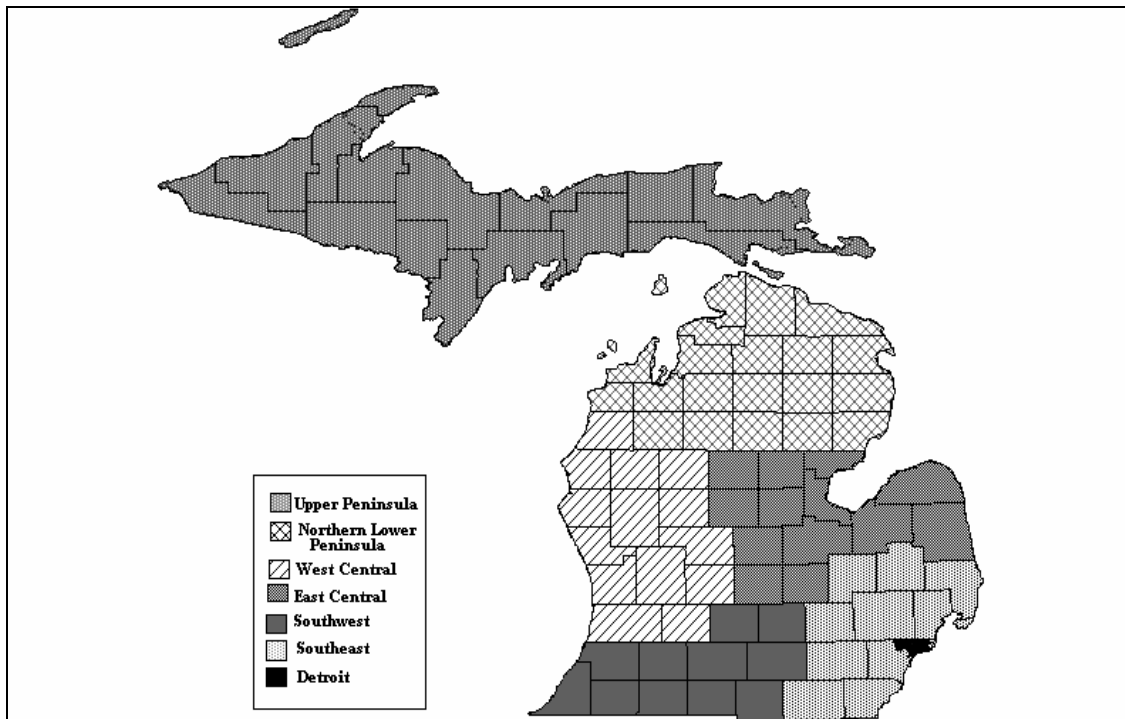
The third section, which collected data only from employers that did not offer health insurance to any employees, captured information about the reasons why they did not offer health insurance, potential barriers to offering health insurance, and the probability they may offer health insurance in the future. A copy of the MEHIS can be found at: [www.michigan.gov/spg](http://www.michigan.gov/spg)

## About the Sample

A total of 12,000 Michigan employers were selected as part of the MEHIS sample frame. A list of these employers, including names and other relevant contact information, was provided by the Genesys Marketing Group, who drew the sample from the Dun and Bradstreet listing. The Dun and Bradstreet listing included over 372,000 employers and consisted of both private and government employers, established places of employment, and self-employed individuals.

To ensure the sample was representative of the state as a whole, the sample frame was divided into two steps. First, the state was divided into seven geographic regions (or strata) as shown in Figure B-1. The regions were the same as those used in the Michigan State University State of the State Survey, a telephone survey conducted quarterly on economic and social issues (see Appendix I for a listing of counties in each region).

**Figure B-1: Regional Divisions within Michigan**



Second, a random sample of employers was drawn within each region at a rate proportional to the number of employers located in that region. For example, since the Southeast region (which excluded Detroit) included 45.8% of all employers in Michigan, its sample size was 12,000 times 0.458 or 5,498 employers. Table B-1 shows the number of employers included in the sample by region.

**Table B-1: Number of Employers Included in Sample Frame by Region**

Region	Employers in Sample
Southeast	5,498
Southwest	1,704
West Central	1,792
East Central	972
Northern Lower Peninsula	853
Upper Peninsula	479
Detroit	703
Total	12,000

## Survey Process

Data collection for the MEHIS took place from August 15, 2005 to November 11, 2005. The MEHIS was designed as a mail survey, although employers could also complete the survey online or over the telephone. The survey, along with an introductory letter signed by Janet Olszewski (Director of MDCH) and David Hollister (former Director of the Michigan Department of Labor and Economic Growth), was mailed to all 12,000 employers in the sample. The MEHIS was sent out in four batches, based on the regions in the state, to allow for timely follow-up telephone calls with employers who did not return their survey.

Approximately two weeks after each batch was mailed, CRHOP interviewers began contacting employers who had not returned their survey. During follow-up calls, employers were given the option of completing the survey by phone, returning their survey by mail or fax, or completing the survey online. If employers did not recall receiving a survey or could not find their survey, a new survey was sent. Of the follow-up calls that were made, more than 50% of the employers were called more than once. More than one thousand (1,045) telephone numbers in the sample were incorrect and were researched using specialized software, along with the Internet, to determine if the employer had relocated and whether a new telephone number was available. Tracking efforts resulted in finding new telephone numbers for less than 10% of the employers with disconnected or non-working numbers.

## Response Rate

A total of 1,261 employers completed or partially completed the MEHIS. Table B-2 shows the number and percentage of employers included in the MEHIS for each region and a regional distribution of all employers. The Southeast and Detroit regions were under-represented since the percentages of employers included in the MEHIS were less than the Dun and Bradstreet regional percentages. The Southwest, West Central, Northern Lower Peninsula, and Upper Peninsula regions had higher percentages of employers included in the MEHIS than in the Dun and Bradstreet regional percentages.

**Table B-2: Distribution of Employers who Completed the MEHIS Compared to Statewide Totals by Region**

Region	Employers in MEHIS		Statewide Employer Population*	
	Number	Percent	Number	Percent
Southeast	472	37.4	170,772	45.8
Southwest	225	17.8	52,912	14.2
West Central	223	17.7	55,649	14.9
East Central	102	8.1	30,186	8.1
Northern Lower Peninsula	114	9.0	26,494	7.1
Upper Peninsula	74	5.9	14,878	4.0
Detroit	45	3.6	21,832	5.9
Unknown	6	0.5	-	-
Total	1,261	100.0	372,723	100.0

\* Includes all Michigan employers according to the Dun & Bradstreet listing.

Overall, the 1,261 employers who completed the MEHIS translated to a response rate of 13%. The response rate was calculated as the number of completed surveys divided by the number of completed surveys, plus the number of refused surveys, plus all employers with unknown eligibility. Unknown eligibility includes situations where it was not known if a business existed at the sampled telephone number. Dispositions of unknown eligibility include no answer, busy, answering machine message that does not indicate that it is a business, and call screening or other telecommunication technologies that create barriers to getting through to a telephone

number. Since 2,498 of the original 12,000 employers were assigned a disposition of not eligible (primarily because they were no longer in business or had a non-working number), only 9,502 employers were included in the calculation. The response rate equation was  $1,261/9,502$ , which equals 13%.

### **Follow-up Attempts**

Throughout the duration of the MEHIS, methods to improve response rates were explored and implemented. Contact was made with other State Planning Grant projects that had conducted an employer survey to identify follow-up strategies that might improve the response rate. Many other states also had low response rates and had attempted follow-up techniques similar to those used in Michigan.

The low response rate was discussed with the project workgroups (Models Development, Community Interface and Data Synthesis). Some workgroup members offered to follow-up with employers in their counties. A list of employers in each county and a script for follow-up contact was sent to workgroup members who then contacted employers. Members of the Access to Care Community Coalition followed up with employers in 22 counties. The Detroit Chamber of Commerce and the Small Business Association of Michigan placed articles in their newsletters and asked employers that received the survey to complete and return it. This follow-up slightly increased participation in the counties where contacts were made.

### **Comments from Employers**

A total of 2,335 employers refused to participate in the MEHIS. This 25% refusal rate may, in part, have been due to negative attitudes by employers toward the issue of health insurance and their difficulties in offering coverage. Many employers hung up on the interviewers when asked why they were unwilling to complete the survey, while others gave reasons such as: they were not interested, they were too busy, they were not able to provide the information needed for the survey, or they did not have any employees and felt the survey did not apply to them.

Some employers called the toll-free number to express their reasons for not participating. A few employers were upset that money was being spent studying this issue because, in their opinion, no changes would be made once the data were collected. Some surveys were returned accompanied by letters stating that the survey was a waste of resources and government money. One respondent commented:

“Don’t believe you need a survey to understand why the number of uninsured residents is rising in Michigan and across the nation. Insurance carriers are pricing themselves out of the market. We have had seven consecutive years of double digit increases and are now at the point where we can no longer afford to offer health insurance to our employees unless they pay a significant share of the cost. Employees cannot afford those costs either.”

This comment, along with others, illustrated the feelings and frustration many employers had about their increasing difficulty with offering health insurance to their employees.

### **Analysis**

Upon completion of data entry from mailed surveys, telephone surveys, and Internet surveys, all data were downloaded into SPSS (*Statistical Package for Social Scientists*) version 13.0, where they were merged. The SPSS software package was used to perform all data management and analyses. Data management tasks included computing new variables, recoding existing variables, recoding variables with “Other Specify” as a response option, and labeling all variable names. Data analyses primarily consisted of frequency distributions and cross-tabulations.

## **Results**

### **Overview**

The results presented in this section are from the data collected in the MEHIS and are a compilation of the three survey methodologies (mail, telephone, and Internet). Analyses presented in this section include a comparison of employers that offered and did not offer health insurance by selected employer characteristics, a profile of

employers that offered health insurance, and a profile of employers that did not offer health insurance. For a discussion about other employer-related data sources, refer to Appendix II.

Of the 1,261 employers completing or partially completing the MEHIS, 72.7% completed the survey by mail, 15.8% by telephone, and 11.5% through the Internet. The degree to which employers completed the survey varied. The minimum criterion used to define a survey as complete, and therefore usable, required the employer to answer whether or not they offered any type of health insurance to employees. Employers that failed to provide this information were excluded from the data set.

The tables and text dealing with employment of the uninsured are complicated. Information is presented for both individuals and households. In most cases, the tables and numbers presented should not be added to or subtracted from one another; conclusions should not be drawn that are not in the text. For each of the analyses presented, the results are first discussed in a short paragraph, and then, in most cases, shown as a table.

## Comparison of Employers That Offered and Did Not Offer Health Insurance

Of the 1,261 employers that participated in the MEHIS, 60.4% (762) reported offering some type of health insurance to at least some of their employees, while 39.6% (499) did not offer health insurance to any of their employees. Table C-1 shows these figures along with those for each region. In each region, at least half of the employers offered health insurance. However, the East Central (52.9%), Northern Lower Peninsula (51.8%), and Upper Peninsula (58.1%) regions were below the overall statewide average of 60.4% for this measure.

**Table C-1: Distribution of Employers that Offered and Did Not Offer Health Insurance by Region**

Region	Offered Health Insurance		Did Not Offer Health Insurance	
	Number	Percent	Number	Percent
Southeast	285	60.4	187	39.6
Southwest	139	61.8	86	38.2
West Central	146	65.5	77	34.5
East Central	54	52.9	48	47.1
Northern Lower Peninsula	59	51.8	55	48.2
Upper Peninsula	43	58.1	31	41.9
Detroit	31	68.9	14	31.1
Unknown	5	83.3	1	16.7
Statewide total/Average	762	60.4	499	39.6

To better understand the differences between employers that offered and did not offer health insurance to employees, employers were compared by several characteristics. The first comparison presented is industry type. Employers were asked to place themselves into one industry type category from a predefined list. Table C-2 shows the number and percentage of employers in each industry type category and whether or not they offered health insurance to employees. Table C-2 shows that the industries in which employers were most likely to offer health insurance were Government (83.3%) and Manufacturing (75.2%). Industries in which employers were the least likely to offer health insurance to employees included Eating and Drinking Establishments (37%) and Food Stores (40%). See Appendix III for the definitions of industry type.

**Table C-2: Type of Industry by Employers that Offered and Did Not Offer Health Insurance**

Industry Type	Offered Health Insurance		Did Not Offer Health Insurance	
	Number	Percent	Number	Percent
Government	65	83.3	13	16.7
Manufacturing	82	75.2	27	24.8
Wholesale Trade	26	68.4	12	31.6
Transportation/Communication/Utilities	42	66.7	21	33.3
Health Services	99	63.9	56	36.1
Construction	77	63.1	45	36.9
Finance/Insurance/Real Estate	62	62.6	37	37.4
Other Services	46	60.5	30	39.5
General Merchandise/Apparel store	52	59.8	35	40.2
Lodging/Recreational Services	24	53.3	21	46.7
Personal and/or Business Services	143	50.7	139	49.3
Farming/Ranching	8	42.1	11	57.9
Food Store	10	40.0	15	60.0
Eating/Drinking Establishment	17	37.0	29	63.0
Mining*	2	100.0	0	0.0

\* Although employers classifying themselves under Mining show they offer health insurance to employees 100% of the time, it should be pointed out that only two employers were included in this industry type, making this percentage unreliable.

Table C-3 shows a comparison of various business ownership types by whether or not employers offered health insurance to employees. The table shows that in seven of eight ownership type categories, the majority of employers offered health insurance to employees. Sole Proprietorship was the only ownership category where a majority of employers (69.7%) did not offer health insurance.

**Table C-3: Employer Ownership Type by Employers that Offered and Did Not Offer Health Insurance**

Type of Ownership	Offered Health Insurance		Did Not Offer Health Insurance	
	Number	Percent	Number	Percent
For-Profit	208	81.3	48	18.8
Sole Proprietorship	91	30.3	209	69.7
Partnership	31	58.5	22	41.5
Joint Venture	5	100.0	0	0.0
C-Corporation	14	77.8	4	22.2
S-Corporation	237	60.5	155	39.5
Non-Profit	90	75.0	30	25.0
Government	71	91.0	7	9.0

The length of time a company had been in business appears to be an indicator as to whether or not a company offered health insurance to employees. As shown in Table C-4, the likelihood that an employer offered health insurance increased with the employer's length of time in business. Employers in business for less than two years offered health insurance about 25% of the time, while employers that reported being in business for more than 20 years offered health insurance about 75% of the time.

**Table C-4: Length of Time in Business by Employer that Offered and Did Not Offer Health Insurance**

Time in Business	Offered Health Insurance		Did Not Offer Health Insurance	
	Number	Percent	Number	Percent
2 Years or Less	16	24.6	49	75.4
3 to 4 Years	29	38.7	46	61.3
5 to 9 Years	87	47.8	95	52.2
10 to 20 Years	171	55.5	137	44.5
More than 20 Years	449	74.3	155	25.7

A company's gross revenue also appears to be an indicator as to whether or not an employer offered health insurance. As shown in Table C-5, with the exception of the first revenue category (\$10,000 or less), the percentage of employers offering health insurance ranged from a low of 10.7% in the \$10,001 to \$50,000 category to a high of 84.8% in the more than \$500,000 category. A possible explanation for the higher than expected rate of 21.1% in the \$10,000 or less category may be that employers who did not want to report their gross revenue entered a zero. For example, of the 28 employers that reported a zero for gross revenue, 10 offered insurance while 18 did not.

**Table C-5: Annual Gross Revenue by Employers that Offered and Did Not Offer Health Insurance**

Revenue (\$)	Offered Health Insurance		Did Not Offer Health Insurance	
	Number	Percent	Number	Percent
10,000 or Less	12	21.1	45	78.9
10,001 to 50,000	6	10.7	50	89.3
50,001 to 100,000	13	19.7	53	80.3
100,001 to 500,000	129	50.4	127	49.6
More than 500,000	351	84.8	63	15.2

A relationship between employer size and whether or not an employer offered health insurance may also exist. As shown in Table C-6, the likelihood that an employer offered health insurance increased as the number of employees increased. Only employers with fewer than five employees were more likely to not offer health insurance (69.4%) than to offer health insurance. Employers with more than 25 employees offered health insurance at least 88% of the time.

**Table C-6: Employer Size by Employers that Offered and Did Not Offer Health Insurance**

Number of Employees	Offered Health Insurance		Did Not Offer Health Insurance	
	Number	Percent	Number	Percent
Less than 5	150	30.6	340	69.4
5 to 10	186	66.4	94	33.6
11 to 25	153	76.1	48	23.9
26 to 50	85	88.5	11	11.5
51 to 100	56	93.3	4	6.7
101 to 500	83	98.8	1	1.2
More than 500	48	98.0	1	2.0

Table C-6A shows the employment status of an employer's workforce (full-time, part-time, and other) for employers that offered and did not offer health insurance. Tables C-6A through C-6D are based on the

percentage of each employer's workforce in the three categories, not the cumulative percentage of all employees employed by all employers participating in the MEHIS. For example, all the full-time employee percentages were added together and divided by the number of employers to get the average percentage of full-time employees.

On average, employers that offered health insurance had a higher percentage of full-time workers (74.1%) than employers that did not offer health insurance (53.1%). Conversely, employers that did not offer health insurance had a higher proportion of part-time workers compared to employers who offered health insurance (36.7% to 20.4%, respectively). Additionally, employers that did not offer health insurance had almost twice as many employees who were temporary, seasonal, or contractual.

**Table C-6A: Employment Status of Workforce for Employers that Offered and Did Not Offer Health Insurance**

Workforce Employment Status	Offered Health Insurance (N = 721)	Did Not Offer Health Insurance (N = 403)
Full-Time	74.1%	53.1%
Part-Time	20.4%	36.7%
Other*	5.4%	10.1%

\* Includes temporary, seasonal, and contractual employees.

Table C-6B shows the percentage of the workforce by gender for employers that offered and did not offer health insurance. Employers that offered health insurance tended to have a slightly higher percentage of male workers (53.6%), while employers that did not offer health insurance had a slightly higher percentage of female workers (52.5%).

**Table C-6B: Percentage of Workforce by Gender for Employers that Offered and Did Not Offer Health Insurance\***

Employee Gender	Offered Health Insurance (N = 665)	Did Not Offer Health Insurance (N = 380)
Male	53.6%	47.5%
Female	46.4%	52.5%

Table C-6C shows the percentage of the workforce by age for employers that offered and did not offer health insurance. Employers who offered health insurance had a slightly higher proportion of their workforce in the 30 to 50 year age range than employers who did not offer health insurance. Additionally, employers who do not offer health insurance appear to have a somewhat higher percentage of their workforce over the age of 50.



**Table C-6C: Percentage of Workforce by Age for Employers that Offered and Did Not Offer Health Insurance**

Employee Age	Offered Health Insurance (N = 681)	Did Not Offer Health Insurance (N = 397)
Less than 30 Years	23.5%	24.7%
30 to 50 Years	51.7%	45.6%
51 to 64 Years	21.2%	24.2%
65 Years or More	3.7%	5.6%

Table C-6D shows the percentage of the workforce by employee earnings for employers that offered and did not offer health insurance. On average, employers that offered health insurance had a higher percentage of their workforce in the annual earnings categories above \$20,000. Employers that offered health insurance had more than two-thirds of their employees earning more than \$20,000 per year, compared to only about one-third for employers who did not offer health insurance.

**Table C-6D: Percentage of Workforce by Annual Earnings for Employers that Offered and Did Not Offer Health Insurance**

Employee Annual Earnings	Offered Health Insurance (N = 652)	Did Not Offer Health Insurance (N = 363)
\$10,000 or Less	15.0%	38.3%
\$10,001 to \$20,000	16.6%	28.4%
\$20,001 to \$40,000	40.8%	23.9%
More than \$40,000	27.6%	9.4%

Table C-7 shows the non-health insurance benefits offered by employers that offered and did not offer health insurance. Most employers who offered health insurance to employees also offered other types of benefits. The most common benefits offered were vacation leave (87.5%) and holiday leave (84.5%). These were the same benefits most commonly offered by employers that did not offer health insurance, but at a much lower percentage (31.1% and 28.3%, respectively).

**Table C-7: Benefits Offered by Employers that Offered and Did Not Offer Health Insurance**

Other Benefits Offered	Offered Health Insurance (N = 762)	Did Not Offer Health Insurance (N = 499)
Vacation Leave	87.5	31.1
Holiday Leave	84.5	28.3
Retirement/Pension Plan	64.2	9.8
Life Insurance	60.4	3.4
Sick Leave	58.9	15.6
Disability Insurance	45.4	5.0
Other Benefits Offered	11.4	6.2

Employers were asked if they were a member of a professional organization or association. Slightly more than two-thirds (67.1%) of employers that offered health insurance belonged to one or more professional organizations or associations, compared to 40.5% of employers that did not offer health insurance (Table C-8).

The most common membership reported among employers that offered health insurance was a Chamber of Commerce (46.9%), which was also the most common membership for employers that did not offer health insurance (23.0%).

**Table C-8: Membership in Professional Organizations or Associations by Employers that Offered and Did Not Offer Health Insurance**

Membership in Any Organization or Associations	Offered Health Insurance (N = 762)	Did Not Offer Health Insurance (N = 499)
No	32.9	59.5
Yes	67.1*	40.5*
National Federation of Independent Business	11.3	7.4
Small Business Association of Michigan (SBAM)	6.0	1.0
Michigan Manufacturing Association (MMA)	2.8	0.4
Any Chamber of Commerce	46.9	23.0
Other	21.3	16.6

\* Employers may be a member of more than one professional organization/association.

All employers surveyed were given a list of statements about health insurance and were asked whether they agreed or disagreed with each. Table C-9 includes each of the health insurance-related statements, along with the percentage of employers that agreed.

Among employers that offered health insurance to employees, 67.7% agreed that employers should be required to offer health insurance to employees even if the employer pays little or nothing toward the premiums; this was about 18% higher than the rate for employers that did not offer health insurance to employees. A majority of employers agreed that state funds should be used to make health insurance more affordable for lower-wage employees.

**Table C-9: Percentage of Employers that Agreed with Statements about Health Insurance**

Health Insurance-Related Statements	Offered Health Insurance		Did Not Offer Health Insurance	
	Total*	Percent	Total*	Percent
Health insurance costs are high because some employers do not offer health insurance.	706	26.5	450	21.1
State funds should be used to make health insurance affordable for lower-wage workers.	704	63.5	454	70.3
Employers have a moral responsibility to provide health insurance to their employees.	716	61.4	451	31.7
Employers should be required by law to provide health insurance for their employees.	717	27.6	455	14.1
Individuals should be required by law to provide health insurance for themselves and their families.	708	26.3	454	21.6
Employers should be required to at least offer health insurance to their employees, even if the employer contributes little or nothing toward paying the premiums.	718	67.7	451	49.7
Employers should be required to offer health insurance for dependents of employees.	717	45.9	452	28.1

\* These columns include the total number of employers that responded (agreed or disagreed) to each statement.

### **Profile of Employers Who Offered Health Insurance to at Least Some of Their Employees**

The information presented here is based only on the responses of employers that reported offering health insurance to at least some of their employees. Table D-1 summarizes the types of health insurance options available to employees and their dependents by employment status. Full-time employees were more likely to have health insurance benefits than part-time and other employees. Dependents of full-time employees were also more likely to be eligible for health insurance benefits than dependents of part-time or other employees. The most common type of health insurance plan available to employees and their dependents was comprehensive coverage, regardless of employment status.

**Table D-1: Types of Health Insurance Benefits Offered by Employers to Employees with Various Employment Status and Their Dependents**

Health Insurance Benefits*	Percentage of Employers Offering Health Insurance Benefits (N = 762)					
	Employees by Employment Status			Employee Dependents by Employee Employment Status		
	Full-Time	Part-Time	Other**	Full-Time	Part-Time	Other**
Comprehensive	92.8%	12.2%	2.0%	76.0%	11.2%	1.6%
Catastrophic	31.1%	4.9%	0.9%	26.0%	4.5%	0.8%
High Deductible Plan	18.6%	2.5%	0.4%	13.9%	2.1%	0.4%
Health Savings Account	8.7%	2.2%	0.4%	6.2%	1.4%	0.3%
Dental Insurance	54.1%	10.1%	1.3%	45.9%	8.9%	1.2%
Separate Pharmacy Insurance	28.0%	4.1%	0.7%	23.1%	3.7%	0.5%
Vision Insurance	31.0%	7.1%	0.9%	27.2%	6.6%	0.9%
Flexible Spending Account	26.0%	8.7%	0.5%	21.4%	7.0%	0.4%

\* Employers may offer more than one type of insurance plan within any one category (i.e., two or more comprehensive plans).

\*\* Includes seasonal, temporary, and contractual workers.

Employers that offered health insurance to employees were asked if they self-insure any portion of their employees' health insurance. Of the 721 employers that offered health insurance and responded to this question, 19.8% reported that their company self-insured some portion of their employees' health insurance plan. Table D-2 suggests that whether or not an employer self-insures employee health plans is related to the number of employees. Employers with less than five employees had a self-insure rate of 10.6%. This rate steadily increased as employer size increased to a rate of 76.7% for employers with more than 500 employees.

**Table D-2: Percentage of Employers That Self-Insure by Employer Size**

Employer Size (Number of Employees)	Employers That Self-Insure (N = 721)
1 to 4	10.6%
5 to 10	13.2%
11 to 25	15.5%
26 to 50	17.1%
51 to 100	19.2%
101 to 500	31.3%
More than 500	76.7%
Overall Total	19.8%

After establishing that an employer offered health insurance to his or her employees, information was collected about the number of employees who were eligible for employer-based health insurance and the number of employees who actually enrolled in these plans. On average, employers that offered health insurance to employees reported that 75.4% of their workforce was eligible for employer-based health insurance (Table D-3). These same employers also reported that, on average, 60.7% of their employees enrolled in the employer-based plans. Small employers (with fewer than five employees) had the highest percentage of employees who were both eligible (84.6%) and enrolled (77.3%) in employer-based health insurance.

**Table D-3: Percentage of Workforce Eligible for and Enrolled in Employer-Based Health Insurance by Employer Size**

Employer Size (Number of Employees)	Eligible for Health Insurance*		Enrolled in Health Insurance**	
	Number of Employers	Percentage of Employees	Number of Employers	Percentage of Employees
1 to 4	128	84.6	127	77.3
5 to 10	178	74.6	176	57.1
11 to 25	148	72.2	145	55.2
26 to 50	82	73.7	82	59.8
51 to 100	55	73.8	55	56.1
101 to 500	74	70.3	74	58.5
More than 500	41	76.8	43	56.1
Total	706	75.4	702	60.7

\* Excludes employers that did not answer the eligibility question or answered zero.

\*\* Excludes employers that did not answer the enrollment question or reported that no employee was eligible for health insurance.

Table D-4 shows the percentage of the premium paid by employers for employee and dependent coverage based on employment status. For full-time employees, 72.6% of employers paid between 76% and 100% of the premium for employee coverage, and 52.6% paid this percentage for dependent coverage. The majority of employers paid nothing toward health insurance coverage for part-time or other types of employees and their dependents.

**Table D-4: Percentage of Health Insurance Premiums Paid by Employers by Workforce Employment Status**

Percentage of Premiums Paid by Employers for:	Percentage of Employers Paying Premiums by Employment Status				
	Full-Time	Part-Time	Seasonal	Temporary	Contractual
<u>Employee Coverage</u>	(N = 709)	(N = 251)	(N = 105)	(N = 91)	(N = 102)
0% of Premiums	2.7	69.7	95.2	100.0	93.1
1% to 25% of Premiums	2.3	1.2	-	-	-
26% to 50% of Premiums	11.8	7.6	1.0	-	-
51% to 75% of Premiums	10.6	7.6	-	-	-
76% to 100% of Premiums	72.6	13.9	3.8	-	6.9
<u>Dependent Coverage</u>	(N = 639)	(N = 240)	(N = 101)	(N = 89)	(N = 98)
0% of Premiums	26.6	78.8	98.0	100.0	94.9
1% to 25% of Premiums	1.7	0.4	-	-	-
26% to 50% of Premiums	10.0	6.3	1.0	-	-
51% to 75% of Premiums	9.1	6.7	-	-	1.0
76% to 100% of Premiums	52.6	7.9	1.0	-	4.1

Table D-5 shows the minimum length of time that employers required employees to work to be eligible for employer-based health insurance. The majority (86.8%) of employers required full-time employees to work

three months or less to become eligible for health insurance. The percentage of employers that had no required minimum time period before part-time employees became eligible for health insurance was nearly twice that for full-time employees (31.1% to 16.5%, respectively). However, the number of employers that offered health insurance to part-time employees (103 employers) was considerably smaller than the number of employers that offered health insurance to full-time employees (704 employers).

**Table D-5: Minimum Length of Employment for Health Insurance Eligibility**

Length of Employment for Eligibility	Percent of Employers Who Offered Health Insurance to Employees Who Are:				
	Full-time (N=704)	Part-time (N = 103)	Seasonal (N = 12)	Temporary (N = 6)	Contractual (N = 10)
No Minimum	16.5	31.1	41.7	50.0	50.0
1 Day to 1 Month	23.0	29.1	-	33.3	20.0
More than 1 Month to 3 Months	47.3	24.3	33.3	-	20.0
More than 3 Months to 6 Months	6.3	6.8	8.3	-	10.0
More than 6 Months	7.0	8.7	16.6	16.7	-

Employers were then asked to report the minimum number of hours that employees were required to work each week to be eligible for health insurance coverage. Almost half of employers (48.2%) indicated that employees were eligible for health insurance if they worked between 30 and 39 hours per week, while another 30.1% of employers required employees to work 40 or more hours per week to be eligible.

**Table D-6: Minimum Employee Work Hours for Health Insurance Eligibility**

Minimum Hours Per Week	Percent of Employers (N = 720)
No Minimum	10.7
1 to 19 Hours	3.1
20 to 29 Hours	7.9
30 to 39 Hours	48.2
40 or More Hours	30.1

Employers were asked to review a list of reasons why they offered health insurance to employees and to rank each reason as a major or minor reason, or not a reason at all. Table D-7 summarizes these results. The most common reasons employers offered health insurance were: it is the right thing to do (69.5%); it helps with employee recruitment (67.9%); and it increases loyalty and decreases turnover (62.8%).

**Table D-7: Reasons Employers Offer Health Insurance**

Reasons for Offering Health Insurance	Number of Employers	Percentage of Employers		
		Major Reason	Minor Reason	Not a Reason
It is the right thing to do	691	69.5	20.0	10.6
It helps with employee recruitment	679	67.9	16.1	16.1
It increases loyalty and decreases turnover	675	62.8	22.4	14.8
Employees demand/expect it	664	50.3	28.3	21.4
Competitors offer it	661	44.2	26.1	29.7
Owner wants or needs it		39.6	16.2	44.2
It increases productivity by keeping employees healthy	645	32.6	37.2	30.2
It reduces absenteeism by keeping employees healthy	647	31.7	37.7	30.6
One or more employees have medical problems	633	14.5	23.7	61.8
Union contract obligations	641	12.6	3.3	84.1
Tax advantage for employee	625	9.0	25.4	65.6

A total of 511 employers reported that they offered health insurance to some, but not all, of their employees. When these employers were asked to choose from a list of potential reasons why they did not offer health insurance to all of their employees, the most common reason selected was that the cost was too high (Table D-8).

**Table D-8: Reasons Employers Did Not Offer Health Insurance to All Employees**

Reasons for Not Offering Health Insurance to All Employees	Percent of Employers* (N = 511)
Cost of insuring these workers is too high	63.6
Most have insurance from another source	45.0
Not necessary to attract number and quality of workers needed	41.9
Workers do not stay long enough to qualify	35.0
Too much administrative hassle and paperwork	17.2

\* Percentages will sum to more than 100% because employers were allowed to select all reasons that apply.

Employers that offered health insurance were asked if the percentage of employees who declined employer-based health insurance had changed over the past three years. Of the 690 employers that responded, 9.7% reported an increase in the number of employees who declined coverage, 7.8% reported a decrease, and 82.5% reported no change.

Employers were asked to review a list and rank reasons why employees typically declined employer-based health insurance. Among the 658 employers that responded to this question, 77.5% reported that the top reason

why employees declined employer-based health insurance was that they were covered through a spouse's insurance plan. The other major reasons for declining coverage were: the employees had health insurance from some other source (excluding spouse's plan) and the employees couldn't afford the premiums.

Employers were asked if their employees were required to show proof of health insurance coverage before they were allowed to decline the employer-based coverage. Of the 708 employers that responded, about one-fifth (21.6%) imposed such a requirement, and 31% of employers offered compensation to employees who declined coverage.

Employers were asked if the health insurance offered to employees covered any other individuals besides the employee. Employers reported that their company's health insurance covered spouses and dependents of an employee 84.2% of the time, same-sex partners 3.3% of the time, and opposite sex domestic partners 3.6% of the time.

Among employers that offered health insurance to employees, three-fourths (75.3%) offered only one type of health insurance plan, 19.5% offered two or three plans, and 5.2% offered four or more plans. The most common type of health insurance offered was a PPO/POS (66.9%), followed by an HMO (29.0%), and a traditional fee-for-service plan (12.1%).

To gain some insight on how employers plan to deal with the cost of providing health insurance to employees in the future, employers were asked to rate the likelihood of certain health insurance-related changes occurring at their company in the next year. Table D-9 summarizes these data. About two-thirds of employers indicated that it is very or somewhat likely that they will shift more of the costs associated with health insurance premiums to the employees, while more than half of employers thought it is likely they will switch to another health insurance carrier and almost half thought it likely or very likely they would reduce benefits.

**Table D-9: Likelihood Employers will Make Selected Health Insurance Changes Next Year**

In the next year, Employer will:	Number of Employers	Likelihood of Change (Percent)		
		Very Likely	Somewhat Likely	Not Likely
No longer offer health insurance	677	3.4	6.2	90.4
Shift more of the cost of premiums to employees	697	22.5	39.3	38.2
Reduce benefits	685	12.4	35.5	52.1
Switch to another health insurance provider	685	16.4	38.2	45.4
Offer a high deductible plan with a health savings account	674	12.9	31.3	55.8
Eliminate or reduce dependent coverage	644	4.3	12.0	83.7

Information about health insurance options available to retirees of employers that offered health insurance to employees was also collected. The remainder of this section focuses only on retirees (both those less than 65 years of age and those 65 years or older). Table D-10 shows the percentage of employers that offered health insurance to retirees less than 65 years of age. Overall, 16.6% of employers that offered health insurance to employees also offered health insurance to at least some of their non-elderly (less than 65 years of age) retirees, and covered 82.9% of dependents of these covered retirees. The most common types of health insurance offered to non-elderly retirees were PPOs (52.7%), followed by HMOs (21.8%), traditional fee-for-service (15.5%), and



other types of health insurance (20.9%). However, 61.1% of employers did not offer health insurance to non-elderly retirees, and the remaining 22.2% were unsure if their company offered such a plan.

**Table D-10: Percentage of Employers that Offer Health Insurance to Retirees Less Than 65 Years of Age**

Health Insurance Plans Available	Percent of Employers (N = 661)
Health Insurance to All Such Employees	14.5
Health Insurance to Only Those Hired Before a Specific Year	2.1
No Health Insurance or Subsidy	61.1
Unsure	22.2

Employers that offered health insurance to employees were asked if they offered some type of health insurance plan to retirees who are 65 years of age or older. Nearly one of five employers offered some type of health insurance plan to elderly retirees (Table D-11). Among employers that offered health insurance benefits to elderly retirees, the plans were extended to cover dependents of retirees 77.1% of the time.

**Table D-11: Percentage of Employers that Offered Health Insurance to Retirees 65 Years of Age or Older**

Health Insurance Plans Available	Percent of Employers (N = 522)
Medicare supplemental or wraparound health insurance coverage to all such retirees 65 years or older	16.1
Medicare supplemental or wraparound health insurance coverage to only those hired before a specific year	3.3
No supplemental or wraparound coverage or subsidy	52.9
Unsure	27.8

## **Profile of Employer That Did Not Offer Health Insurance To Any of Their Employees**

This section presents information collected from employers that did not offer health insurance to any of their employees. It includes information on the reasons employers did not offer health insurance, the impact of not offering health insurance on employers, and the willingness of employers to offer health insurance coverage in the future.

Employers were asked to review a list of possible reasons for not offering health insurance to employees and to indicate whether each reason was very important, somewhat important, or not important in their company's decision to not offer health insurance. Table E-1 shows that 86.7% of employers reported that the high cost of health insurance premiums was a very important reason for not offering health insurance. Nearly two-thirds of

employers also reported (as a very important reason) that the current financial status of their company prohibited offering health insurance.

**Table E-1: Reasons Employer Did Not Offer Health Insurance to Employees**

Reasons for Not Offering Health Insurance	Number of Employers	Percent		
		Very Important	Somewhat Important	Not Important
Premiums are too high	437	86.7	5.0	8.2
Financial status of the company prohibits it at this time	432	65.7	13.7	20.6
Employees generally are covered under other plans obtained elsewhere (spouse, union, or Medicaid)	418	38.3	25.8	35.9
Employees are unwilling to contribute to the cost of premiums	389	36.0	30.1	33.9
Most employees are part-time, temporary or contractual	416	34.6	17.3	48.1
Can't meet insurance participation requirements	370	33.0	19.2	47.8
Company can attract good employees without offering health insurance	396	20.5	29.8	49.7
It is an administrative hassle	403	17.4	24.8	57.8
Employee turnover is too great	397	16.6	19.9	63.5
State law won't allow offering a basic policy	342	15.8	16.7	67.5
Company is too newly established	394	13.2	10.2	76.6

Employers that did not offer health insurance to their employees were asked to what extent not offering health insurance had a negative impact on employee recruitment, retention, attitude and performance, health, and absenteeism. Table E-2 shows that the majority of employers responded that not offering health insurance did not have a negative impact on any aspect of their business.

**Table E-2: Negative Impact on Employers of Not Offering Health Insurance**

Negative Impact Statements	Number of Employers	Percent		
		Major Impact	Minor Impact	No Impact
Employee Recruitment	433	15.2	25.4	59.4
Employee Retention	431	16.0	23.0	61.0
Employee's Attitude and Performance	430	12.3	25.6	62.1
Employee Health	428	10.0	23.4	66.6
Absenteeism	426	5.9	19.0	75.1

Employers that did not offer health insurance were asked if their company had previously offered health insurance, but discontinued it. One out of five (20.1%) of the 468 employers that responded indicated that their company had offered health insurance at one time. Of these employers, 31.9% had offered health insurance

within the previous two years, 38.3% offered it three to five years ago, and 29.8% offered health insurance more than five years ago.

Among employers that did not offer health insurance, information was sought about the likelihood that their company would offer health insurance within the next year. Of the 468 employers that responded, 2.6% reported that their company is very likely to offer health insurance within the next year, and 10.3% reported it was somewhat likely. However, the great majority (87.2%) reported that it is not likely their company will offer health insurance within the next year.

Employers were also asked if they thought their employees would be willing to accept reduced pay raises, or forego their next pay raise altogether, in exchange for health insurance. Only 12.6% of employers thought that their employees would sacrifice pay raises for health insurance.

Employers were asked if they agreed or disagreed with several factors commonly considered barriers to offering health insurance. Nearly three out of four (73.5%) employers said they strongly agreed, and another 14.8% somewhat agreed with the statement that their company would be more likely to offer health insurance if the costs weren't so high (Table E-3). More than eighty percent (83.4%) of employers agreed (either strongly or somewhat) that their company would be more likely to offer health insurance if year-to-year changes in premiums were more predictable.

**Table E-3: Likelihood of Offering Health Insurance**

Company would be more likely to offer health insurance if:	Number of Employers	Percent			
		Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree
Costs weren't so high	438	73.5	14.8	3.4	8.2
Changes in premiums were more predictable	417	55.6	27.8	7.0	9.6
It didn't involve so much time and paperwork	411	29.0	31.1	21.9	18.0
Company could obtain and compare plans and premiums from an objective source	408	36.8	33.1	16.2	14.0

Employers that did not offer health insurance were then asked how much their company would be willing to contribute toward health insurance premiums each month per employee. About two-thirds of employers that did not offer health insurance reported that their company would be willing to contribute some dollar amount toward employee health insurance premiums (Table E-4). The majority (58.9%) said that their company would contribute \$200 dollars or less in monthly premiums for each employee.

**Table E-4: Dollar Amount Employers Would Be Willing to Contribute Toward Employee Monthly Health Insurance Premiums**

Employer Contribution Toward Premiums	Percent of Employers (N = 419)
Nothing	32.9
\$1 to \$100	34.1
\$101 to \$200	24.8
\$201 to \$350	6.9
More than \$350	1.2

## APPENDIX I – Employer Sample Frame

**Table AI-1: Geopolitical Units (Counties/City) Within Sample Regions 1 – 7**

Region 1	Region 2	Region 3	Region 4	Region 5	Region 6	Region 7
Southeast Counties	Southwest Counties	East Central Counties	West Central Counties	Northern Lower Peninsula Counties	Upper Peninsula Counties	Detroit
Genesee Lapeer Lenawee Livingston Macomb Monroe Oakland St. Clair Washtenaw Wayne (excluding Detroit)	Berrien Branch Calhoun Cass Eaton Hillsdale Ingham Jackson Kalamazoo St. Joseph Van Buren	Arenac Bay Clare Clinton Gladwin Gratiot Huron Isabella Midland Saginaw Sanilac Shiawassee Tuscola	Allegan Barry Ionia Kent Lake Manistee Mason Mecosta Montcalm Muskegon Newaygo Oceana Osceola Ottawa	Alcona Alpena Antrim Benzie Charlevoix Cheboygan Crawford Emmet Grand Traverse Iosco Kalkaska Leelanau Missaukee Montmorency Ogemaw Oscoda Otsego Presque Isle Roscommon Wexford	Alger Baraga Chippewa Delta Dickinson Gogebic Houghton Iron Keweenaw Luce Mackinac Marquette Menominee Ontonagon Schoolcraft	City of Detroit

**Table AI-2: Survey Batches and Mailing Dates**

Batch #	Regions	Surveys in Batch	Date Mailed	Date for Phone Follow-up
Batch 1	Upper Peninsula, Northern Lower Peninsula, West Central	3144	8/15/2005	8/22/2005
Batch 2	Southwest, East Central, Genesee County (from SE region)	3188	8/15/2005	8/25/2005
Batch 3	Detroit, Lenawee, Livingston, Monroe, Washtenaw, Wayne	2712	8/29/2005	9/8/2005
Batch 4	Lapeer, Macomb, Oakland, St. Clair	3026	9/12/2005	9/23/2005

## **APPENDIX II – Other Data Sources**

### **Overview**

There are a number of data sources available that describe the characteristics of employers, the extent to which they provide health insurance to their employees, and their reasons for making the decisions related to employee health coverage. Several of these data sources are: (1) Employee Benefit Research Institute (EBRI) Employer Attitudes and Practices Affecting Health Benefits and the Uninsured; (2) Michigan Manufacturers Association: 2003 Health Care Purchasers' Survey Report (MMA); (3) U.S. Department of Health and Human Services Medical Expenditure Panel Survey (MEPS) and the Current Population Survey (CPS). These sources are described below, followed by a discussion of how and why the data from these sources vary from the MEHIS.

### **Employee Benefit Research Institute**

The Employee Benefit Research Institute collaborated with the Consumer Health Education Council to conduct a study aimed at identifying employer attitudes and practices regarding employee health benefits (Christensen, 2002). The study was funded by the Robert Wood Johnson Foundation and included a literature review, employer focus groups, and a Web-based survey of employers. Eleven business groups and other membership-based organizations distributed the survey to their members, making the survey available to more than 53,500 individuals throughout the country. The response to this survey was not large enough to be statistically representative of all employers in the United States (Christensen, 2002).

### **Michigan Manufacturers Association**

In 2003, a brief print survey on health care was sent to all Michigan Manufacturers Association members. Respondents were given the option of returning the completed survey by return mail, by fax, or by completing the survey online (Michigan Manufacturers Association [MMA], 2003). The purpose of the survey was to collect data from members that would shape legislative advocacy activities by the MMA.

### **Medical Expenditure Panel Survey**

The Medical Expenditure Panel Survey (MEPS) is a project of the Agency for Healthcare Research and Quality and has been in use since 1996. MEPS is made up of four large-scale surveys designed to collect data from a national sample of individuals and families, nursing homes, employers, and health care providers (Agency for Healthcare Research and Quality [AHRQ], 2006). The data collected through the Insurance Component of the MEPS allows for estimates of the amount, types, and costs of health insurance offered through employers. Results from the MEPS are used to inform policy and to better understand current health care trends.

### **Comparison to MEHIS Data**

The data available through these sources vary from each other and from the MEHIS. Some of the differences in findings can be attributed to different study designs and different purposes for the studies. How each of these reasons affects the comparison of MEHIS to the other data sources is described below.

### **Different Study Designs**

Although all the data sources collected information from employers, the target population for each study was unique. The sample for the MEHIS was a random sample of all Michigan employers. The MMA survey targeted only member businesses (MMA, 2003). The EBRI sample was also based on membership, but it was a national sample of employers involved in eleven different membership organizations (Christensen, 2002). Finally, the MEPS sample consists of a nationwide sample of employers based on a list maintained by the U.S. Census Bureau (AHRQ, 2006).

The methodology used in each study also varied. Some of the studies allowed for multiple ways for participants to complete the survey, including by phone, mail, fax, and online. Other studies allowed for surveys to be completed in only one way, including the EBRI (online). Some studies also included follow-up with those not completing the survey, thus resulting in higher response rates. The surveys were also of differing lengths and complexity.

The differences in target populations affect the response rates reported in three of the studies. Response rates for the MEPS are not reported by state, but are approximately 70-75% nationally each year. These response rates are summarized in Table AII-1 below.

**Table AII-1: Reported Response Rates**

	MEHIS (2005)	EBRI (2002)	MMA (2003)
Sample size	9,502 employers	53,500 individuals	N/A
# of completed surveys	1,261	Approximately 800	689
Response rate	13.0%	1.49%	23.5%

As illustrated in Table AII-1, the response rates for the studies varied greatly. The higher response rate for the MMA study may be due to the study targeting only MMA members. In comparison, the MEHIS was a random sample of all employers in Michigan. The impact of methodology can also be seen in that the lowest response rate corresponds to the survey that offered the fewest options for completing the survey. In contrast, the MEHIS involved multiple ways to complete the survey and extensive follow-up.

Another difference in study design between data sources is the target population. The MEPS collected data only from private sector establishments, defined as all unique firms and employers that are non-governmental in nature (AHRQ, 2006). The MEHIS, on the other hand, collected data from all employers including self-employed individuals and employers that are governmental in nature. Therefore, differences in results must be considered carefully. Table AII-2 shows the rates at which employers offer health insurance to employees by employer size according to the MEHIS and MEPS.

**Table AII-2: Comparison of MEHIS and MEPS Rates for Employers that Offer Health Insurance by Employer Size**

Employer Size: Number of Employees	Percent Offering Health Insurance	
	MEHIS	MEPS
Less than 10	42.5	41.6
10 to 24	75.4	75.7
25 to 99	89.0	73.9
100 to 999	99.0	88.4
1000 or more	97.0	99.9
Total	60.4	61.1

### **Different Purposes for the Studies**

Each study had a different purpose. The purpose of the EBRI study was to determine employer attitudes towards health benefits, so the questions in the study aimed to document what employers thought was important related to health care benefits, not the extent to which they offer health benefits (Christensen, 2002). The MMA study was designed to determine the most important concerns related to health care benefits among its membership (MMA, 2003). The MEPS collected data on rates of employer-based insurance and the types of benefits that are offered, but did not examine why employers offer health benefits or what barriers exist to offering health benefits to employees.

In contrast to these three studies, the MEHIS was designed to determine rates of employer coverage, the benefits offered by employers, the perceived benefits of offering health insurance, and the barriers to employers in offering health insurance. The difference in purpose means that different questions were asked on each survey so the findings do not allow for direct comparison. Thus, although the studies were all related to employer-based health care coverage, the data collected and the interpretation of that data vary in important ways.

## APPENDIX III – Type of Industry Categories

**Farming/Ranching** - Comprised of establishments primarily engaged in growing crops, raising animals, harvesting timber, and harvesting fish and other animals from a farm, ranch, or their natural habitats. Also includes establishments involved in the keeping, grazing, or feeding of livestock for the sale of livestock or livestock products.

**Mining** - Comprised of establishments that include the extraction of minerals occurring naturally: solids, such as coal and ores; liquids, such as crude petroleum; and gases such as natural gas. The term mining is also used in the broad sense to include quarrying, well operations, milling (e.g., crushing, screening, washing, flotation), and other preparation customarily done at the mine site, or as a part of mining activity.

**Construction** - Establishments primarily engaged in the construction of buildings or engineering projects. The term construction includes new work, additions, alterations, reconstruction, installations, and repairs. Construction activities are generally administered or managed from a relatively fixed place of business, but the actual construction work is performed at one or more different sites.

**Manufacturing** - Establishments engaged in the mechanical, physical, or chemical transformation of materials, substances, or components into new products. These establishments are usually described as plants, factories, or mills and characteristically use power-driven machines and materials handling equipment.

**Government** - Publicly owned establishments. This sector includes establishments of federal, state, and local government agencies that administer, oversee, and manage public programs and have executive, legislative, or judicial authority over other institutions within a given area. These agencies also set policy, create laws, adjudicate civil and criminal legal cases, provide for public safety and for national defense. Establishments such as public schools and public hospitals also are included in government. The information presented here refers to civilian employment only.

**Finance/Insurance/Real Estate** - Finance includes depository institutions, non-depository credit institutions, holding companies, other investment companies, brokers and dealers in securities and commodity contracts, and security and commodity exchanges. Insurance covers carriers of all types of insurance, as well as insurance agents and brokers. Real estate includes owners, lessors, lessees, buyers, sellers, agents, and developers of real estate.

**Wholesale Trade** - Establishments engaged in wholesaling merchandise, generally without transformation, and rendering services incidental to the sale of merchandise. The wholesaling process is an intermediate step in the distribution of merchandise. It includes establishments or places of business primarily engaged in selling merchandise to retailers; to industrial, commercial, institutional, farm, construction contractors, or professional business users; or to other wholesalers; or acting as agents or brokers in buying merchandise for or selling merchandise to such persons or companies.

**Eating and Drinking Establishment** - Retail establishments selling prepared foods and drinks for consumption on the premises, and also lunch counters and refreshment stands selling prepared foods and drinks for immediate consumption.

**General Merchandise/Apparel Store** - Comprised establishments engaged in retailing merchandise, generally without transformation, and rendering services incidental to the sale of merchandise. The retailing process is the final step in the distribution of merchandise; retailers are, therefore, organized to sell merchandise in small quantities to the general public.

**Lodging and/or Recreation Services** - A wide range of establishments that operate facilities or provide services to meet varied cultural, entertainment, and recreational interests of their patrons. This sector comprises (1) establishments that are involved in producing, promoting, or participating in live performances, events, or exhibits intended for public viewing; (2) establishments that preserve and exhibit objects and sites of historical,

cultural, or educational interest; and (3) establishments that operate facilities or provide services that enable patrons to participate in recreational activities or pursue amusement, hobby, and leisure-time interests. This includes commercial and noncommercial establishments engaged in furnishing lodging, or lodging and meals, and camping space and camping facilities.

**Personal and/or Business Services** - Includes establishments primarily engaged in 1) rendering services to business establishments on a contract or fee basis; 2) performing professional, scientific, and technical activities for others; 3) performing routine support activities for the day-to-day operations of other organizations; and, 4) providing general services to individuals. Activities include: legal representation; accounting, bookkeeping, and payroll services; architectural, engineering, and specialized design services; computer services; consulting; research; advertising; photographic services; veterinary services; hiring and placing of personnel; clerical services, solicitation, collection, security and surveillance services, cleaning, and waste disposal services; laundry and dry cleaning services; beauty and barber shops.

**Health Services** - Includes establishments that provide health care and social assistance for individuals. Also includes those primarily engaged in furnishing medical, surgical, and other health services to persons.

**Food Store** - Includes retail stores primarily engaged in selling food for home preparation and consumption. Does not include establishments primarily engaged in selling prepared foods and drinks for consumption on the premises.

**Transportation/Communications/Utilities** - Includes industries providing transportation of passengers and cargo, warehousing and storage for goods, scenic and sightseeing transportation, and support activities related to modes of transportation. Establishments in these industries use transportation equipment or transportation-related facilities as a productive asset. The type of equipment depends on the mode of transportation. The modes of transportation are air, rail, water, road, and pipeline. The utilities sector comprises establishments engaged in the provision of the following utility services: electric power, natural gas, steam supply, water supply, and sewage removal.

**Other Services** - Comprises establishments engaged in providing services not specifically provided for elsewhere. Establishments in this sector are primarily engaged in activities, such as equipment and machinery repair, promoting or administering religious activities, grant making, advocacy, and providing dry-cleaning and laundry services, personal care services, death care services, pet care services, photo-finishing services, temporary parking services, and dating services.



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