

**Mississippi Employer Focus Groups
and
Survey Findings
2003-2004**

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**Center for Applied Research & Evaluation
The University of Southern Mississippi**

Employers are an important part of any study of insurance needs. To this end, it is important to assess employers' perspectives and concerns about providing insurance and any associated barriers. Because smaller employers are the norm in Mississippi, those employers with less than 50 employees were surveyed to better understand how employers view providing health insurance to their employees. Before the survey was developed, focus groups were conducted with small business owners in three Mississippi cities.

Focus Group Results

The purpose of conducting focus groups with small employers was to gather information that could be translated into a more detailed survey. Information of interest included benefit packages that are offered, the health insurance decision-making process, knowledge of public programs, and reactions to public-private partnerships to provide insurance to employees. The three groups and their locations were:

Group 1: 2 - 9 employees (Hattiesburg, MS)

Group 2: 10 -19 employees (Gulfport/Biloxi, MS)

Group 3: 20 - 49 employees (Jackson, MS)

Groups were provided an incentive and food to encourage participation. The following information was collected from each participant:

- Signed Informed Consent
- # of employees
- Type of business: service, retail, wholesale, financial/insurance/real estate, construction, manufacturing, mineral, transportation/communication/utilities, or other
- Average age of employees
- Payment type: hourly only, salaried only, both hourly and salaried
- Turnover rate: less than 25%, 25-49%, 50% or greater
- Types of benefits offered: sick time, vacation time, life insurance, health insurance, other

The results of the focus groups were used to develop the survey used in the studies.

In addition, the following qualitative information was collected during the focus groups.

- *Focus Group participants said affordable coverage ranges from \$50 per month per employee to up to \$100-\$150 per month per employee.*
- *Employers were interested in subsidies to offer insurance coverage . Both daycare and non-profit organizations said subsidies were a necessity in order for them to be able to provide health insurance for their employees.*
- *Within the focus groups, all employers supported tax credits and incentives. Many of them mentioned these solutions before the focus group question even*

arose. One focus group member stated, "If there is no tax credit or incentive, providing health insurance becomes just like another tax." One representative from a non-profit organization said that tax credits would not affect them as they are not required to pay taxes because of their status.

- *When asked about barriers besides affordability that prevent the purchase of health insurance, reasons cited included: (1) lack of choice in selecting a provider, (2) ease of access to free care at University Medical Center and other ER facilities, (3) employees currently have Medicaid so there's no pressure for the employer to provide health insurance, and (4) limited access/coverage provided by cheaper plans.*
- *Factors that influence the employer's decision about whether or not to offer coverage include: affordability, employees' interest in having coverage, employee eligibility for health insurance (some employees are currently on Medicaid and would not be willing to pay for health care coverage since they currently receive free care).*

Employer Survey Results

Methodology

The survey was developed by using the focus group findings and survey instruments used by other states. The draft instrument was submitted to the Blue Ribbon Task Force (BRTF) for input and revision. The BRTF approved the final survey instrument. (See Attachment I.)

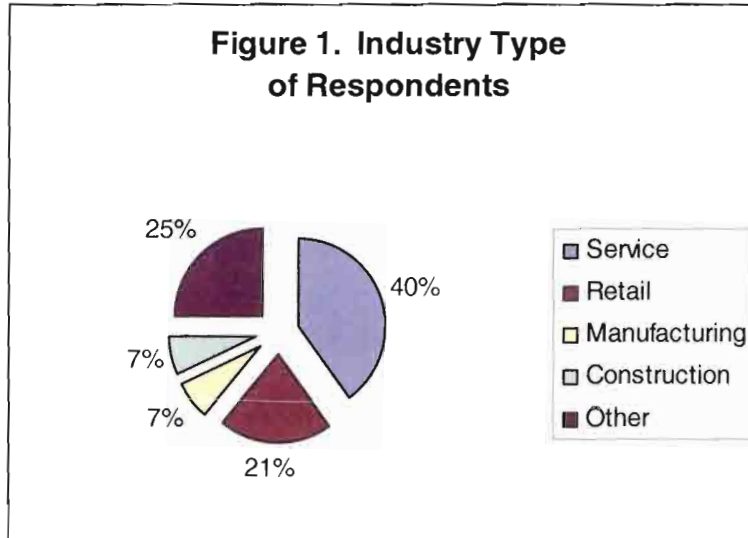
The survey was conducted by the Center for Applied Research and Evaluation (CARE) at the University of Southern Mississippi. Interviewers were selected and trained specifically for this project. The CARE survey research lab features an 11 station Computer Assisted Telephone Interviewing (CATI) system using Ci3 WinCATI software, a dedicated server, and one supervisor computer. CARE staff pilot tested the survey in the Hattiesburg area to validate coding and phrasing of questions.

The sample was randomly selected from a database provided by the Mississippi Development Authority. The database provided contact information for businesses with less than 50 employees. A sample of 300 completed surveys was targeted in each of the five specified regions (See Attachment II for listing of regions and map). Surveys were mailed to the business address with a cover letter and business reply envelope. Businesses that did not return the survey were contacted via telephone to assist the business owner in completing the survey. Business owners were given the option of having the survey faxed to them.

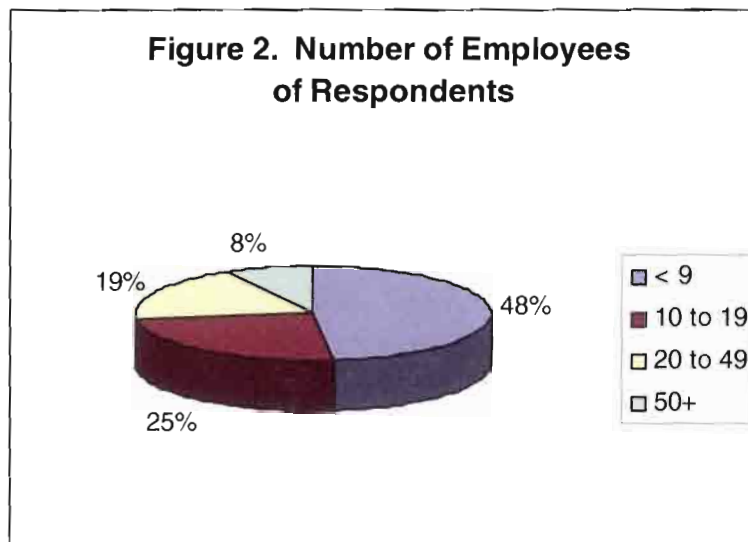
The calls began in June 2003 and continued through September 2004. Initially, 6513 letters were sent to the sample. Most surveys (1296) were completed and returned by mail or fax. Another 334 surveys were completed by phone.

Description of Respondents

Most employers are in the service or retail sectors as illustrated in Figure 1. The “other” category includes small numbers representing transportation, medical, wholesale, financial, religious, entertainment, and mineral industries.



Most respondents had less than 20 employees since the sampling frame focused on small employers. However, the business employee sizes specified by the Mississippi Development Authority were not accurate and 8% of the respondents employed more than 50 people. See Figure 2.

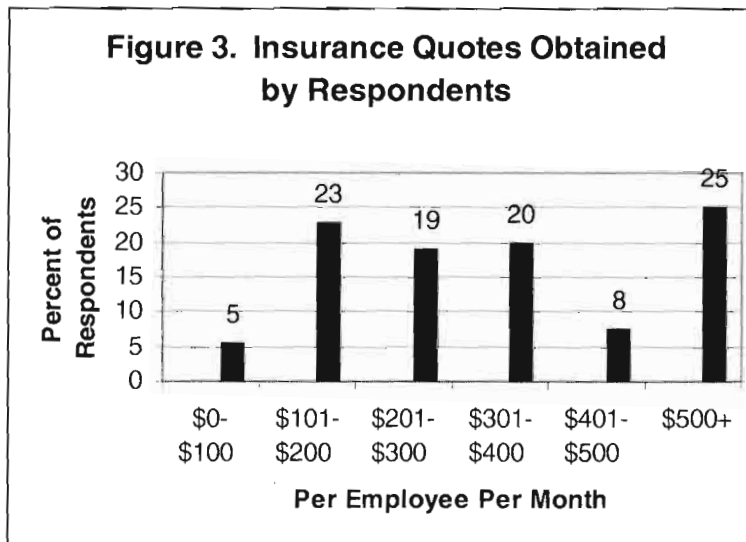


On average, respondents had 8.45 temporary or seasonal employees and 7.55 part-time employees. On average, 8.6 employees earn \$7/hour or less and 8.60 employees earn \$7-10/hour.

Health Insurance Coverage

Nearly 45% of the respondents do not offer health insurance. When asked why they did not offer insurance coverage, 73% of the respondents said that it was due to cost. Another 17% said that insurance coverage wasn't needed to attract employees and 8% reported high employee turnover rates.

Half of those that don't offer insurance had sought quotes for providing healthcare coverage. Figure 3 details the costs of quotes obtained by respondents. Note that 53% of the respondents received quotes over \$300 per employee per month and 25% received quotes over \$500 per employee per month.



In contrast, employers do not think the quotes are reasonable with 68% of the respondents reporting they could only afford less than \$100 per employee per month for insurance coverage. When asked about what their employees could afford to contribute, 56% said less than \$50 per month and 73% said less than \$75 per month.

Only 17% of employers have ever directly paid the medical bills of their employees. The voucher concept also is not popular with just over 5% offering employees a voucher or money to purchase health insurance. An overwhelming number (76%) would not pay for health insurance coverage if an employee were eligible for insurance as a dependent under a spouse's plan.

Solutions

A program in Michigan is called the Third Share Health Care Program wherein the premium for health insurance is split three ways with the employer paying 1/3, the

worker paying 1/3, and a public program such as Medicaid paying 1/3. Employers were asked if they would be willing to pay \$50 per employee per month for such a program. Nearly 65% said they would be willing to participate.

When asked about the likelihood of supporting tax credits, 39% were very likely to support them. Using a 5 point scale with 5 being very likely to support tax credits, the mean rating is 3.57, indicating general support for tax credits related to insurance coverage.

The concept of a purchasing pool was described to survey participants. Using the above 5 point scale, 36% were very likely to join a purchasing pool to improve prices, with a mean score of 3.47.

Attachment I. Employer Survey

1. In what county is your business located?

1 Adams	23 Hancock	45 Madison	67 Sunflower
2 Alcorn	24 Harrison	46 Marion	68 Tallahatchie
3 Amite	25 Hinds	47 Marshall	69 Tate
4 Attala	26 Holmes	48 Monroe	70 Tippah
5 Benton	27 Humphreys	49 Montgomery	71 Tishomingo
6 Bolivar	28 Issaquena	50 Neshoba	72 Tunica
7 Calhoun	29 Itawamba	51 Newton	73 Union
8 Carroll	30 Jackson	52 Noxubee	74 Walthall
9 Chickasaw	31 Jasper	53 Oktibbeha	75 Warren
10 Choctaw	32 Jeff Davis	54 Panola	76 Washington
11 Claiborne	33 Jefferson	55 Pearl River	77 Wayne
12 Clarke	34 Jones	56 Perry	78 Webster
13 Clay	35 Kemper	57 Pike	79 Wilkinson
14 Coahoma	36 Lafayette	58 Pontotoc	80 Winston
15 Copiah	37 Lamar	59 Prentiss	81 Yalobusha
16 Covington	38 Lauderdale	60 Quitman	82 Yazoo
17 DeSoto	39 Lawrence	61 Rankin	
18 Forrest	40 Leake	62 Scott	
19 Franklin	41 Lee	63 Sharkey	
20 George	42 Leflore	64 Simpson	
21 Greene	43 Lincoln	65 Smith	
22 Grenada	44 Lowndes	66 Stone	

2. How would you describe your industry type?

- a. Service
- b. Retail
- c. Wholesale
- d. Financial/insurance/real estate
- e. Construction
- f. Manufacturing
- g. Mineral
- h. Transportation/communication/utilities/
- i. Other. Please specify _____

3. How many people do you employ?

- a. 9 or less
- b. 10-19
- c. 20-49
- d. Other. Please specify _____

4. How many of the number of the employees you answered in response to Question 3 are temporary or seasonal employees? _____ employees

5. How many of the number of the employees you answered in response to Question 3 are part-time workers? _____ employees

6. How many of the number of employees you answered in response to Question 3:
 - a. Earn Less than \$7/hour or \$56/day or \$280/week or \$1120/month: _____ employees
 - b. Earn between \$7-\$10/hour or \$56-\$80/day or \$280-\$400/week or \$1120-\$1600/month? _____ employees
 - c. Earn between \$10-\$15/hour or \$80-\$120/day or \$400-\$600/week or \$1600-\$2400/month: _____ employees
 - d. Earn between \$15-\$20/hour or \$120-\$160/day or \$600-\$800/week or \$2400-\$3200/month: _____ employees
 - e. Earn more than \$20/hour or \$160/day or \$800/week or \$3200/month: _____ employees

7. Do you offer health insurance to your employees?
 - a. Yes – skip to i. and ii. below
 - b. No – skip to question 8
 - i. If yes, what is the cost of the premiums? _____ per employee per month
 - ii. If yes, how many of the employees who are offered coverage participate in the insurance plan? _____ employees (skip to question 10)

8. If no, why not?
 - a. Cost
 - b. Not needed to attract employees
 - c. High turnover rates
 - d. Other. Please specify _____

9. Have you ever pursued a health insurance quote?
 - a. Yes How much was it? (\$_____ per employee per month)
 - b. No

10. Have you ever paid the medical bills of your employees directly?
 - a. Yes
 - b. No

11. Are there any changes in state laws or regulations that would make it easier for you to provide health insurance for your employees?

- a. Yes
- b. No

If yes, please describe (include state and description of law)

12. What monthly contribution toward an employee's coverage would be reasonable for you to make?

- a. Less than \$25 per employee per month
- b. \$25-\$50 per employee per month
- c. \$51-\$75 per employee per month
- d. 76-100 per employee per month
- e. More than \$100 per employee per month

13. How much do you think your employees could afford to pay each month toward their own coverage?

- a. Less than \$25 per employee per month
- b. \$25-\$50 per employee per month
- c. \$51-\$75 per employee per month
- d. 76-100 per employee per month
- e. More than \$100 per employee per month

14. When one of your employees is eligible for health insurance through a spouse's employer, would your company pay for any of the cost of that insurance?

- a. Yes
- b. No
- c. Maybe
- d. Don't know

15. Instead of paying for health insurance directly, does your company ever offer employees a voucher or money to purchase health insurance?

- a. Yes
- b. No

- i. If yes, can the voucher be used only for health insurance? Yes/No
- ii. If yes, can the voucher be used for other purposes? Yes/No
- iii. Does the value of the voucher vary? Yes/No
 - 1. If yes, how? _____

iv. What is the average value of the voucher? \$_____ per month

Attachment II. Regions

Region 1

George
Hancock
Harrison
Jackson
Pearl River
Stone

Region 2

Adams
Amite
Covington
Forrest
Franklin
Greene
Jefferson
Jefferson Davis
Jones
Lamar
Lawrence
Lincoln
Marion
Perry
Pike
Walthall
Wayne
Wilkinson

Region 3

Claiborne
Clarke
Copiah
Hinds
Issaquena
Jasper
Kemper
Lauderdale
Leake
Madison
Neshoba
Newton
Rankin
Scott
Sharkey
Simpson

Region 3 continued

Smith
Warren
Yazoo

Region 4

Attala
Bolivar
Carroll
Coahoma
Desoto
Grenada
Holmes
Humphreys
LeFlore
Montgomery
Panola
Quitman
Sunflower
Tallahatchie
Tate
Tunica
Washington
Yalobusha

Region 5

Alcorn
Benton
Calhoun
Chickasaw
Choctaw
Clay
Ittawamba
Lafayette
Lee
Lowndes
Marshall
Monroe
Noxubee
Oktibbeha
Pontotoc
Prentiss
Tippah
Tishomingo
Union
Webster
Winston

Map of Regions

