

Views on Health Insurance and the Uninsured in Vermont: A Qualitative Study

**Client:
Office of Vermont Health Access**

June 18, 2001

Supported by a grant from the Health Resources and Services Administration (HRSA), U.S.
Department of Health and Human Services.

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**Action Research and
The Lewin Group, Inc.**

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EXECUTIVE SUMMARY

The Office of Vermont Health Access (OVHA) commissioned Action Research to conduct a series of focus group sessions and in-depth interviews to gauge employer reasoning toward offering health insurance to employees as well as obtain a better understanding of the views of Vermont residents who do not have health insurance. Focus group discussions involving up to 10 individuals were set up and led by a trained moderator. Focus groups are useful in exploring attitudes and preferences that can not be revealed through survey research. This qualitative research component was designed to facilitate analyses of options to expand coverage in Vermont under the State Planning Grant funded by the Health Resources and Services Administration (HRSA).

Separate focus group sessions were conducted with employers and uninsured persons. There were 16 focus groups and 11 in-depth interviews with employers, resulting in a total of 135 participants. The purpose of the focus groups and interviews with employers was to: (1) identify factors that influence employers' decisions on whether or not to offer health insurance to their employees; and (2) obtain employers' ideas regarding possible ways to expand health insurance coverage in the State of Vermont. There were 16 participants in the two focus groups of uninsured Vermonters. The goals of these focus groups were to: (1) understand the various reasons that the uninsured are without health insurance, and (2) obtain their views on opportunities to expand health insurance in the state.

The use of focus groups and in-depth interviews allowed Action Research to probe deeply into beliefs, motivations, and attitudes about health insurance, generally, and the various options available to both employers and uninsured individuals. The report is organized into five sections. The Executive Summary provides an overview of the main findings from both the employers and uninsured focus groups. The first section clearly lists the objectives of the focus groups and outlines the methodology. The second and third sections discuss the employers' and uninsured peoples' views, respectively, quoting focus group participants directly. Finally, the Conclusion summarizes the focus groups and interviews, highlighting implications for the State Planning Grant study.

Findings from Employer Focus Groups

Throughout the various employer focus group sessions, it became clear that employers who currently offer health insurance and those who do not offer it share very similar views on health insurance and how to expand coverage. Those who offer it reported being very happy to be able to do so, and proud of their health insurance plans. Most of those not offering it reported they would like to be able to offer insurance. All focus group participants, including those not currently offering health insurance, agreed that employers have a social and moral responsibility to offer it. They seemed to believe it is the *“right thing to do.”*

However, nearly all employers in the groups expressed significant frustration with the state of health insurance today and reported having concerns about the future of health insurance. Participants stated that health insurance costs are completely *“out of their control,”* and believe it is impossible to predict, plan or budget for annual health care expenditures.

Few employers currently offering health insurance foresee a time when they will not offer it at all. However, many reported being able to foresee a time when they will need to significantly change the structure of the benefits they offer, either by increasing the employee premium contribution, raising the co-payments or deductibles, or reducing the benefits covered. Small companies were more likely than large ones to report that there might be a time in the future when they could no longer be able to afford to offer health insurance.

Employers who do not offer health insurance identified cost as the primary reason they do not provide coverage. There were several aspects of cost cited by these employers including: premium levels, the unpredictability of costs in the future; and the time required to research and administer plans.

Perceived Value of Health Insurance

- Employers view health insurance as one of the most valuable benefits they can offer, along with paid time off and a retirement savings plan.
- Employers were mixed on whether employees value health insurance as a benefit. For example, some employers, particularly those whose workforces consist primarily of young or low-wage employees, agreed that many of their employees would prefer to have paid time off and higher wages rather than health insurance.
- Participants not currently offering insurance expressed a reluctance to commit to offering health insurance due to rapidly escalating prices.
- Several employers indicated that some employees do not value health insurance coverage because they do not fully comprehend what it costs.

Benefits of Offering Insurance

- Employers who offer health insurance said they do so to attract and retain employees. Employers who do not offer health insurance recognize that this has a negative impact on their ability to recruit employees.
- Other reasons cited for offering insurance include: increasing employee compensation with a tax-free benefit; keeping employees healthy and productive; and having access to group health insurance for themselves.

Costs Associated with Offering Insurance

- All employers expressed anxiety over high premiums and significant fluctuation in the cost of health insurance.

- Some participants stated they could only afford policies with a large amount of cost sharing (i.e., premium contributions, deductibles etc.) making employee out-of-pocket costs so high that many employees are not willing to participate.
- Many employers stated that costs have increased due to state-mandated benefits (e.g., maternity, mental health and chiropractic) and the effects of community rating. Many believe these mandates have caused insurers to leave the state's insurance market, resulting in a lack of adequate competition and higher prices.
- Some employers believe that Vermont does not attract many insurance carriers due to its small size. Others noted that local businesses have a difficult time making enough profit to afford health insurance.
- Many insuring employers pass on some or all of the cost of premium increases to employees in the form of increased employee premium contributions, reductions in covered services or higher deductibles and coinsurance amounts.

Current Offerings

- While health plans vary across employers, most employers offer one plan and split the cost of the premiums with their employees. The employees typically pay about 20 percent of the premium.
- Employers said that administering benefits for part-time or temporary employees would be difficult due to the variability of their work schedules and thus the uncertainty that they will be able to earn enough in wages to pay the employee portion of the premium.
- Some employers believe that health insurance is a reward for making a full-time commitment to a company and, therefore, do not want to offer the benefit to part-time employees.

Market Competition

- Employers believe that increasing the number of insurers competing for business in Vermont would reduce insurance costs.
- Many employers indicated that increased insurer competition would be the most important catalyst to reducing premiums despite increasing health care utilization and costs.
- Employers agreed that there is sufficient access to information on health plans, but feel that it is confusing and is not presented in a way that permits comparisons across plans.

Who Should Be Responsible?

- Most employers believe that it should be the responsibility of employers and the government to ensure that all Vermonters have health insurance. Additionally, most believe it should be:

- Government’s role to create a hospitable environment for insurers to do business;
 - Employers’ role to offer health insurance to employees; and
 - Employees’ role to maintain their health and refrain from abusing the system.
- Other government responsibilities include providing insurance to those who are not able to work and assisting employers who can not afford to offer insurance to their employees.
 - While employers generally had negative feelings about a “*government-funded insurance program*”, they noted that Dr. Dynasaur is an example of a government program that works well.

Employer Focus Group Participant Recommendations for Expanding Coverage

- Participants’ expressed that reducing costs is key to expanding insurance coverage and had several suggestions on how to do so:
 - Devise employer tax incentives to encourage more employers to offer insurance;
 - Encourage more competition in the health insurance market;
 - Develop an affordable, basic (not catastrophic) health insurance plan that is free of state mandated benefits;
 - Permit insurers to charge less for groups who utilize less care;
 - Form a pool of all persons in the state to negotiate favorable rates with providers and insurers.
- Additionally, participants suggested that the state should:
 - Offer catastrophic health insurance to Vermonters who are without insurance, including part-time and temporary employees;
 - Provide understandable plan information to facilitate comparison of coverage alternatives;
 - Provide rebates to employees who maintain good health and employers whose groups have good health overall;
 - Target individual tax incentives such as Medical Savings Accounts and tax deduction for out-of-pocket medical expenses, regardless of the amount.
- A small number of employers recommend that the state require health insurance, either by requiring employers to offer it or by requiring individuals to carry it.

Findings from Focus Groups with Uninsured Vermonters

Participants agreed that having health insurance is very important for themselves and for their families. Many participants mentioned that not having health insurance makes them uneasy; they worry about what might happen if they became ill or injured. For example, some participants mentioned that they participate in physically demanding jobs, such as landscaping or construction. These participants noted that if they were injured during these activities they would be forced to pay the full charges of their health care.

Reasons for not having health insurance varied. The majority of participants lost their health insurance coverage because either they or their spouse changed jobs and were no longer offered health insurance benefits through an employer. Some participants work part-time or seasonal jobs which do not offer health insurance. Some chose to leave their jobs to take care of family members at home; others are self-employed. None of the participants thought they could afford private health insurance. The main barrier the uninsured face is the cost of health insurance plans. The majority of participants are not offered health insurance through their employers and believe they can not afford to buy it privately. Participants prioritized paying other household bills before purchasing health insurance.

A wide variety of recommendations for extending health insurance coverage came out of the focus groups of the uninsured. Many of the recommendations include shared responsibility between the state, employers and insurance companies. Many participants recommended expanding eligibility of existing state-funded health insurance programs. Participants also recommended the state consider each case individually, possibly considering mortgage and car payments when determining income caps.

Perceived Value of Health Insurance

- Most uninsured participants agreed that health insurance is very important and that they would like to have it if it was affordable. Most had health insurance at one point in their lives but lost it when they changed employers. Many reported they would enroll in a plan if they received a significant raise or went to work for an employer who offered health insurance.
- Most uninsured participants acknowledged they are gambling with their health. They generally lack preventative care, delay seeking medical care when needed, and seldom have continuous care with one provider.

Cost of Health Insurance

- The main barrier to coverage cited by participants, was cost. A majority of participants are not currently offered health insurance by their employers (or are self-employed) and feel they cannot afford to purchase individual insurance.
- Most of the uninsured indicated that premiums above \$100 or \$150 per month would be too expensive. They believe that a basic plan, with a \$1,000 to \$2,500 deductible, should cost about \$300 per month. Provisions such as co-pays and deductibles have a significant role in how much participants are willing to pay for insurance.
- Participants believe it is less expensive for them to pay out-of-pocket for health services as used rather than pay a monthly premium. They would work out a payment plan with the provider in the case of a large medical expenditure.

Source of Medical Care

- When medical care is necessary, participants generally prefer to go to a clinic in their area that offers care free of charge or on a sliding-scale fee schedule. A few said they prefer to seek treatment with private health care providers they know, turning to a clinic only if necessary.
- Participants indicated that without clinics which serve uninsured patients, many of the uninsured would not have access to health care or would utilize emergency rooms more often.

Who Should Be Responsible?

- Most participants believe that a combination of the government and employers should be responsible for providing health insurance to Vermonters.
- Many participants are wary of a government-only system such as the Canadian single-payer health care system.

Benefits Recommendations

- Participants indicated that a basic health plan should cover annual physicals, sick doctor visits, prescription drug coverage, emergency care and hospital stays.
- A few participants stated that annual dental visits and routine dental work also should be covered.

Uninsured Focus Group Participant Recommendations for Expanding Coverage

- The following are participant recommendations for expanding insurance coverage:
 - Extend state outreach activities to educate more people about the plans that already exist;
 - Expand eligibility for existing state-funded health insurance plans;
 - Allow patients who do not utilize the health care system often to share cost savings with insurers;
 - Improve the ability to purchase customized health plans;
 - Make it possible for part-time and seasonal employees to access health insurance through their employers;
 - Regulate insurance companies and their profit levels to reduce the cost of health insurance; and
 - One participant stated that the state should make it mandatory for individuals to have health insurance coverage.

I. BACKGROUND

A. Overview

The Office of Vermont Health Access commissioned The Lewin Group and Action Research in order to better understand: (1) employer attitudes toward offering health insurance to employees, and (2) the views of Vermonters without health insurance. The research presented in this report is part of a larger project undertaken by the State of Vermont under the Federal HRSA State Planning Grant. This phase of the research focuses specifically on qualitative research (focus groups and in-depth interviews) conducted with employers. It also includes qualitative findings from focus groups conducted with residents of Vermont who do not currently have health insurance. Action Research conducted a series of sixteen focus groups and eleven in-depth interviews with employers (135 participants) and two focus groups with uninsured persons (16 participants).

The qualitative research had several goals: (1) identify the factors that influence employers' decisions about whether to offer health insurance, and (2) obtain employers' ideas regarding possible ways to expand health insurance coverage in Vermont. The goals of the focus groups with uninsured Vermonters were: (1) understand the various reasons that they are without health insurance, and (2) obtain their views on opportunities to expand health insurance in the state.

The use of focus groups and in-depth interviews allowed Action Research to probe deeply into beliefs, motivations, and attitudes about health insurance in general and the various options available to these individuals.

B. Objectives

The research with employers specifically addressed the following topics:

- Employers' attitudes toward health insurance today, including how health insurance fits into their views of employee benefits;
- Motivations behind the decision to offer or not to offer health insurance;
- Barriers that employers face in offering health insurance to employees;
- Responsibility for ensuring Vermonters have health insurance coverage;
- Recommendations to increase health insurance coverage in Vermont;

The research with uninsured persons specifically addressed the following four topics:

- Individuals' attitudes toward health insurance, including their views on the consequences of not having insurance;
- The availability of health insurance, and their preferred source(s) of medical care;

- Benefits they would like to have in a health insurance plan, and the amount they would be willing to pay for such a plan;
- Perceptions of Medicaid, and other government-sponsored insurance programs, such as Dr. Dynasaur and Primary Care Plus, and a discussion of the government’s role in providing health insurance.

C. Methodology

To meet project objectives, Action Research conducted a comprehensive qualitative program that included a series of sixteen focus groups with businesses in five areas throughout Vermont. After discussion and consultation with The Lewin Group and Steering Committee members, it was determined that the employer focus groups were to be arranged as follows:

	Not Offering Insurance	Offering Insurance		
		Small (1-9 employees)	Medium (10-50 employees)	Large (51+ employees)
Burlington	1	1	1	1
Rutland	1	1		1
Newport	1	1	1	
Bennington	1	1	1	
Brattleboro	1	1		1

High-level employees responsible for the administration of employee benefits (frequently the owner, president, vice-president or human resources director) were recruited to participate in the discussion. All employer focus group participants were offered a \$100 stipend to attend.

Two focus groups were conducted with uninsured Vermonters. These focus groups were conducted in Burlington and Middlebury. The Vermont Coalition of Clinics for the Uninsured was enlisted to recruit participants. Participants were offered a \$30 stipend to attend the discussion.

Each of the focus groups was comprised of up to ten individuals. Groups this size create a comfortable and interactive environment in which abstract concepts, rationales, and emotional dimensions of attitudes can be explored in-depth. A number of projective and enabling techniques were employed to engage individuals at an emotional level in order to help uncover deep-seated attitudes and motivations. These techniques included group brainstorming, verbal association, creative drawing, and group decision-making.

The in-depth interviews lasted approximately 45 minutes. The interview guide closely followed the focus group discussion guide. All interviews were conducted by Action Research staff who have professional training in executive interviewing. Projective and probing techniques were also used in the interviews to obtain sufficiently detailed information.

The qualitative research for the HRSA project was conducted during February and March 2001. This document contains a full report of the research findings.

II. RESEARCH FINDINGS FROM EMPLOYER FOCUS GROUPS AND IN-DEPTH INTERVIEWS

A. Health Insurance and Employers Today

1. Health Insurance as an Employee Benefit

Employers were asked to name a variety of compensation methods they view as employee benefits. In every group, health insurance, retirement savings plans and paid time off were mentioned near the beginning of the list. Health insurance is sometimes mentioned as part of a suite of types of insurance, including: life, dental, disability, vision and long-term care. Retirement savings plans were mentioned as 401(k)s and pension plans. Paid time off for employees refers primarily to vacation time, but also includes sick leave, personal time and holidays, such as the Fourth of July.

“Health Insurance is so expensive to buy, my employees could not buy it themselves.” Not Offering Health Insurance, In-depth Interview

“Everybody’s got to have health insurance these days.” Not Offering Health Insurance, Brattleboro

Bonuses, profit sharing and employee stock option programs were also mentioned frequently. Many employers also view raises and flexible working hours as significant benefits. Company-provided or subsidized child care was also mentioned. Many of the groups named employee discounts on products or free products as benefits. Several employers also view unemployment, worker’s compensation, social security, Medicare taxes and other required payments, as part of an employee’s total compensation package.

A number of groups mentioned that wages, paychecks and raises are benefits of employment. However, there was some discussion as to whether wages were a benefit or a condition of employment. Paying for professional development, including work-related training and development or tuition reimbursements was seen as a benefit. Providing safety equipment, uniforms or a clothing allowance were also benefits. Some employers consider allowing employees to use company facilities, tools and equipment for personal reasons as benefits.

Numerous other types of benefits were mentioned. These included a company car, an expense account or company credit cards, mileage reimbursement, use of a limousine service, a good work environment, company-sponsored events or holiday parties, employee assistance programs for financial loans or emotional support, sabbaticals, family leave, maternity leave, paid parking, health club memberships, wellness programs, massages, ski passes, travel, commissions and the opportunity to telecommute.

“We offer a ski pass. That is the best benefit I offer. Part-time employees will stick around if they can get a ski pass from you.” Small Employer, Offering Health Insurance, Brattleboro

Some employers feel that allowing employees to choose which benefits they would like to have through a cafeteria plan was a benefit in itself. Among those who do not offer health insurance, one employer indicated that he did not view anything as an employee benefit, because his company does not offer any benefits to employees.

Employers were asked to name the three benefits they see as most valuable, as well as which three benefits they believe their employees view as most valuable. A number of participants noted that the most valuable benefits to offer would depend on the type of company you have and the kinds of employees you are looking to attract.

“It really depends on the company. If you have older employees, some things are more important to them than younger employees. Younger employees are more interested in the money they can make than they are in the benefits.” Small Employer, Offering Health Insurance, Rutland

Employers indicated that the most valuable benefits to them are health insurance, paid time off and retirement plans. Employers felt that health insurance is more of a necessity than a benefit, because so many employees *expect* employers to offer it. However, there were a few employers who did not consider health insurance as one of the most valuable benefits. Some employers felt that paid time off was a more valuable benefit to them because it costs less to offer and employees value it more than other benefits.

“Health insurance, incentive pay and retirement plan. From an employer’s standpoint, I think those are important.” Medium Employer, Offering Health Insurance, Burlington

“Health insurance is the primary attractor to put on the table.” Offering Health Insurance, In-depth Interview

Many of the employers who do not offer health insurance said that wages were one of the most important benefits they offered to employees. Small employers who offer health insurance report that good wages are a valuable benefit for them to offer. Some large employers who offer health insurance also mentioned wages as one of the three most valuable benefits they offer. Flexible work schedules and bonuses, profit sharing or performance incentives were also benefits that employers felt were valuable to offer.

“With a lot of people I talk to, the first thing they ask in the interview is, ‘Do you have any benefits?’ I kind of cringe when I’ve got to tell them, ‘Yeah, the benefit is that your paycheck is going to clear on Thursday.’” Not Offering Health Insurance, Burlington

Employees, they believe, value paid time off more than they value health insurance. For employers whose workforces consist primarily of low-wage workers or young workers, many believe that their

employees prefer higher wages over health insurance. However, most employers said that health insurance would be one of the most valuable benefits to their employees. Many agreed that employees find health insurance a valuable benefit; but often not valuable enough to spend a significant amount of their own money on it. Some type of retirement savings plan was seen as the third benefit that employees value most.

“I’d want them to have health care, 401(k) and life and disability. Those are the things I feel they should have on themselves but the first thing they ask is what they are getting paid per hour and how many weeks paid vacation.” Medium Employer, Offering Health Insurance, Newport

“A younger employee couldn’t care less about health care. They’d much rather have the money instead.” Not Offering Health Insurance, Burlington

“[Vital benefits to employees are] medical and dental. Dental is just the icing on the cake, but medical is the first.” Not Offering Health Insurance, Rutland

“One of the first things a new hire asks is, ‘When am I getting my medical benefits?’” Large Employer, Offering Health Insurance, Brattleboro

Other benefits employers believe employees value are bonuses and/or profit sharing plans and flexible working hours. Employers in every type of focus group, except medium-size employers who offer health insurance, believe wages are the benefit employees value most.

2. Employer Attitudes Toward Health Insurance

Employer attitudes toward health insurance differed little among the different groups. Whether currently offering health insurance or not, and regardless of size, most employers agree that offering health insurance is the “*right thing to do.*” They are, or would be, happy to offer it; but nearly all employers expressed significant frustration with the state of health care today and concerns about the future of health insurance.

Almost all employers not currently offering health insurance said they would *like* to be able to offer it to their employees. They felt that if they could offer health insurance, their businesses would be more successful than they currently are. Also, they believe that offering health insurance would give them and their employees the peace of mind that they would be taken care of in the event of a major medical emergency. Many feel guilty that they can not fulfill what they see as a social and moral obligation to take care of employees.

“The happiest part of a business offering benefits is that it means it is a successful business.” Not Offering Health Insurance, Burlington

“I’d like to be able to offer it.” Not Offering Health Insurance, Bennington

Those who currently offer insurance are very happy to be able to offer it and are proud of the health benefits they have available. These employers believe they are fulfilling a social responsibility and are “*taking care of*” their employees. They feel that by offering health insurance they are keeping their workers happy and healthy. However, a number of employers feel that they *have to* offer health insurance and that they are “*trapped*” into continuing to offer it. One participant labeled offering health insurance a “*necessary evil*.” Some who offer it feel guilty because they would like to be able to “*do more*,” such as offer insurance to more employees, provide better coverage or reduce the cost burden on the employee.

“We are proud to have it available to the staff.” Large Employer, Offering Health Insurance, Rutland

“Half of our people who are eligible for health insurance actually have it. [I am frustrated that] employees don’t have the coverage they deserve. The company can’t afford to pay for it anymore. We can’t increase the company’s portion of what we pay, but then we have people dropping off coverage left and right because they can’t afford it.” Large Employer, Offering Health Insurance, Burlington

Both those who do not offer health insurance and those who do share similar concerns and frustrations regarding the benefit. The first and foremost concern -- and a reverberating theme throughout all of the discussions -- is the cost of health insurance. Those who are not offering health insurance simply do not know how they could possibly afford to offer it – from both a financial and logistical standpoint. Not only does their bottom-line prohibit offering health insurance, they feel they do not have the time or personnel to be able to offer it. All those who currently offer it emphasize that it is becoming harder and harder to afford every year.

“It is the right thing to do, but . . . Where do I get it? How do I pay for it? How do I hold onto it? Who administers it for me?” Not Offering Health Insurance, Burlington

“I believe you should take care of you employees, its just the cost. If we could do it, we would.” Not Offering Health Insurance, In-depth Interview

All employers expressed anxiety and frustration over what they perceive as significant fluctuations in the cost of health insurance from year to year and instability in the insurance marketplace. Many employers believe that Vermont’s insurance market is volatile. Double-digit increases in premium costs make health insurance an expenditure that is nearly impossible to predict, plan and budget for. Health insurers themselves have been leaving the state, merging or changing benefit definitions so frequently that employers feel there are no guarantees an insurer or plan will be there for them in the future. Small businesses are most vocal regarding their concerns in this area; however, large businesses are also frustrated with the number and swiftness of changes.

“You might set out to offer it, but you don’t know what your costs will be when you’re down the road two or three years from now. You don’t know if you will be able to continue because there is no guarantee of what it will cost.” Not Offering Health Insurance, Rutland

“With the instability of insurance companies that are available here, too. I mean it is a considerable amount of time to try and pick a health care plan. And to go through this whole thing and then in two years have to re-evaluate a whole other plan. . . I wish you could pick an insurance company that was going to stick around for the next 10 years and be somewhat stable in their plan.” Large Employer, Offering Health Insurance, Brattleboro

“The other thing is, [insurance companies] are always changing. So you get a plan in place and then everything changes a year later. So, if you offer it, then all of sudden you don’t offer it, you’ll have a bunch of employees that will be really upset.” Not Offering Health Insurance, Burlington

This perceived volatility and lack of competition, combined with the sense that employees demand employers offer health insurance, leaves many employers feeling angry and unable to control this aspect of their business. There is a feeling of resignation, *“What can I do about it?”* There is a strong sentiment that insurance is too expensive and benefits too limited. Insurers do not feel they have to provide good service because there are so few to choose from. Many small employers believe that large companies are given preferential treatment by insurers, both in the realm of customer service and in the premiums they are charged.

“I get so angry. It literally makes my hair stand on end. I feel ripped off. I feel helpless. It is either something you can’t afford or nothing. And you can’t afford to have nothing.” Small Employer, Offering Health Insurance, Bennington

“How much is that insurance and that is all I get for it?” Large Employer, Offering Health Insurance, Rutland

“Because we are in Vermont, we don’t have the ability to change because there are only one or two health insurance companies we can go to.” Small Employer, Offering Health Insurance, Rutland

The attitudes of health insurance companies and their customer service also makes many employers irate. Smaller employers, including many of those who do not offer health insurance, feel that insurers are not concerned about them and do not need their business. Many employers believe that the health insurance company they choose reflects on them as an employer. If the customer service is poor or the benefit package is inadequate, employees will think less of them as employers. Many believe that there is little competition among insurers in the state, leading to insurance monopolies and poor customer service.

“The employees look at us through the eyes of the insurance company that we’ve chosen and what we’ve done, and if they see us poorly that increases the turnover rate for us -- we can’t afford that.” Medium Employer, Offering Health Insurance, Newport

Overall, but particularly for small businesses, employers stated that health insurance is not very high on the businesses’ or employees’ priority scale; paying the rent, meeting payroll (including the *“must-pays,”* such as social security, Medicare, unemployment and worker’s compensation) come

before health insurance. For some, health insurance does not add value to their business in the same way that investing in a new piece of equipment does. For others, their employees do not need much medical care, obscuring the value of having health insurance. Employees need to pay their rent, utilities, auto payment, car insurance and grocery bill before they consider health insurance. Employers stated that if more employees insisted on health insurance, more employers would offer it.

“Considering that essentially 25 percent of your gross income is going away because of taxes . . . what percentage after that is going to go away for health insurance? It is usually pretty significant. And I think in terms of my rent, which is also fairly significant and it almost comes down to a question of rent or insurance.” Not Offering Health Insurance, Brattleboro

“We cover our employees 100 percent on health insurance -- and I’m happy to see them have insurance -- but it is a big expense to the company and you cannot recoup it.” Medium Employer, Offering Health Insurance, Newport

A few employers pointed out that health insurance is no longer “insurance as it used to be,” meaning it has evolved from financial protection against a major illness or hospital bill into something that employees expect will pay for all of the medical treatments they desire.

“I think that we have been spoiled by thinking that insurance should cover everything we want out of medicine when that isn’t what it is supposed to be. Insurance should be: you pay for your basic costs, and if they get out of hand insurance will keep you from going bankrupt.” Not Offering Health Insurance, Brattleboro

Plenty of employers who participated in the groups were misinformed about various aspects of health insurance. One insurer mentioned that insurance companies would not offer health insurance to a person who makes \$7 or \$8 an hour; another reported that health insurance is more expensive for people over the age of 65; another stated that half of the people in Vermont were uninsured. Although some are aware of the idea of cost-shifting, many see this as insurers “abusing the system” by charging those with insurance more than those without insurance are charged for the same services. One person stated that in Vermont, all you have to do is pick up the phone and call an 800 number to be automatically signed up for insurance whenever you want it. This participant indicated that this insurance would be retroactive; so that if you were in an accident, all you had to do was call on the way to the hospital to be fully covered.

“Vermont is full of small employers, and small employers have no bargaining power. So, at least 50 percent of Vermonters are uninsured, because at least 50 percent of them work for small employers.” Not Offering Health Insurance, Rutland

3. Health Insurance Benefits and Beneficiaries

Employers who are offering health insurance describe their health insurance benefits in a myriad of different ways. Employers are offering HMOs, PPOs and point-of-service plans, some of which

have \$5 co-pays, \$10 co-pays or \$25 co-pays. Deductibles on plans range from zero to \$10,000. Generally, health insurance benefits are as unique as each employers' financial situation. Employers who are having difficulty affording a plan tend to tinker with the deductible and co-pay levels to bring down monthly premium costs. Some of the participants indicated that they offer more than one type of health insurance plan to employees, but most only offer one plan. Many employers reported that between 5 percent and 10 percent of the company's resources are put into health care benefits; a few reported it is 20 percent or more.

"It is our third highest cost of doing business behind payroll and raw materials. That is pretty high." Large Employer, Offering Health Insurance, Brattleboro

Most employers split the cost of health insurance premiums with their employees. The most common split mentioned is around 80 percent employer-paid, 20 percent employee-paid. A few employers offer health insurance at 100 percent employee cost. Some employers are paying all of the premium expenses for their employees. Generally, the more an employer covers of the premium split, the larger the reported proportion of employees who accept the health insurance. Employers also indicated that they are more likely to cover a higher proportion of an individual employee premium, and a lower proportion, or none of the expense, for any family members brought onto the insurance.

"We ask an employee to contribute 25 to 30 percent and then the company picks up the bulk of it. But it is getting to be a big chunk of change." Large Employer, Offering Health Insurance, Rutland

"If we did not pay for 70 percent of the premiums, our employees would refuse the insurance." Medium Employer, Offering Health Insurance, Burlington

Nearly all participants offer health insurance to their full-time employees; however 'full-time' is defined differently from organization to organization. Some participants reported that more than 17½ hours a week qualifies as fulltime; for others full-time is defined as 30 or 35 hours a week. Generally, around 20 hours a week or more is considered full-time. A few employers mention they offer insurance to all their employees. For most, this is because they do not have any part-time employees; for a few, this is because they offer insurance to part-time as well as full-time staff.

"Usually [my determination of who is offered health insurance] is based on the insurance companies. They usually set the rule as a standard minimum of 30 or 32 hours. It is coming from the insurance companies." Medium Employer, Offering Health Insurance, Burlington

Employers had several reasons for not offering health insurance to part-time, seasonal or contract workers. Many indicated that they cannot afford to offer it to everyone, or that the employees do not make enough to cover their share of the premiums. Some indicated that insurance company regulations state that employees must work a specific number of hours to be eligible; therefore, they believe they cannot offer it to those who work fewer hours. Employers also felt the administration of benefits for these workers would be too complicated. Complications would arise from high turnover or the fact that there would be times when a worker would not have a paycheck, or may

not earn enough in a given pay period to cover their part of the health insurance premium. Employers felt it would be difficult to collect the employee's share of the premiums. Others believe offering health insurance rewards those willing to commit to a full-time work schedule and would not want to offer it to part-timers. A few employers indicated they specifically had not hired any full-time employees because they did not want to be responsible for offering benefits.

"If they are not regularly scheduled and there is premium-sharing that occurs, it becomes very difficult to administer, quite frankly. The person may be a per-diem employee and may not work every pay period." Large Employer, Offering Health Insurance, Burlington

"I have a part-time employee who is not covered at all, basically because I don't let that employee work that many hours." Small Employer, Offering Health Insurance, Bennington

"I could offer them health insurance through our group, and then they'd have to pay the premiums, which would be \$150 a week. They don't make that much!" Small Employer, Offering Health Insurance, Bennington

"You have to go over 32 hours to offer the insurance." Medium Employer, Offering Health Insurance, Burlington

For the most part, employees who do not accept employer-offered health insurance or are not offered the insurance are covered under a spouse's plan or a state-subsidized plan; some go without health insurance. Some participants said they did not know if their employees had coverage elsewhere or went uninsured. Many guessed that those without insurance tended to be younger, without families to support, or lower-wage earners who could not afford to pay their portion of the split.

"The 40 percent who do not accept our insurance go without it. Mostly because they are very young and they don't want to pay a high premium -- which creates a problem because then you don't have enough people to qualify for participation." Medium Employer, Offering Health Insurance, Bennington

Employers had several different responses to premium increases; however, their initial responses were often, *"We suck it up and pay it,"* or *"Get out the checkbook and write a check."* Some do just that. However, many first respond to the question by asking, *"What can we do about it?"* Employers indicated that, in the past, they would simply change to a different health insurance provider, but feel this is not an option in the current insurance market. They still attempt to compare prices among insurance products, but believe this is no longer a productive solution to finding more affordable coverage. Most commonly, employers reported that they increase the deductible level or the co-pay. Sometimes they change the proportion of the split, so that employees have more responsibility for the premiums. Others mentioned that they change the amount of raises employees are receiving, cancel bonus programs or otherwise reduce company expenses. Some have changed the eligibility requirements for the plan or reduce the number of employees they have. A few indicated that they increase charges to the consumer. A very few report they consider dropping health insurance as a benefit.

“The company is trying to absorb the majority of the rate increases just to keep the employees in the plan, but there has to be a limit there, too.” Large Employer, Offering Health Insurance, Rutland

“Sometimes we go to a different plan. Sometimes we see if the employee can do more on the deductible or co-pay.” Medium Employer, Offering Health Insurance, Bennington

“If it continues to go the way it is, I’ll probably start covering a percentage of it instead of the whole thing.” Small Employer, Offering Health Insurance, Brattleboro

Among employers who currently do not offer benefits, a few have offered benefits in the past. Employers give two main reasons for no longer offering coverage – the employer could no longer afford the premiums, or the employees could no longer afford to pay their share.

“I offered health insurance before, when you could do it based on your group. I had all young, healthy people and it was very affordable for us. But when it changed and everybody got dumped in the pool, it tripled and I could no longer afford it.” Small Employer, Offering Health Insurance, Rutland

“I carried health insurance on myself for several years and dropped it because of cost” Not Offering Health Insurance, Bennington

Some employers have tried to implement a health insurance program at their companies. Upon researching plans they found that they could not afford to go through with it, or they found that they did not have enough employees willing to sign up to be able to meet the eligible employees requirement. Many employers have not seriously investigated plans, they simply believe they could not afford to offer a plan – either because the company could not afford the expense or because their employees would not be able to afford to pay their share.

“We have looked at offering it, some of our employees were just too damned tight to pay the 50 percent of the plan. So, since as a company we had to have 75 percent of everybody eligible in order to be accepted, we did not have enough people interested.” Not Offering Health Insurance, Burlington

“Cost. That is the only reason why we don’t even offer it to ourselves.” Not Offering Health Insurance, Bennington

Many small employers believe that should pay 100 percent of the cost of the premiums or that they should at least pay 80 percent to offer a significant benefit to employees. The general consensus was that offering less would defeat the purpose of an employee benefit, or that employees would not be able to afford to pay more than 20 percent of premiums. In this case, the employers they not have enough eligible employees willing to sign up for the benefit.

“Asking [employees] to chip in is kind of like asking them to do you a favor.” Not Offering Health Insurance, Rutland

Similar to those who turn down employer-offered coverage, employees of companies that do not offer health insurance are a mix of those who have spousal or state-sponsored insurance coverage and those who go without health insurance. Employers felt that most of the uninsured tended to be young and healthy or low-wage earners; others go without insurance because they prefer to seek alternative treatments not covered by traditional health insurance.

“Some are uninsured, some are covered by the state or their spouse. If they are healthy, they don’t care, they just go to the ER.” Not Offering Health Insurance, In-depth Interview

B. Motives for Employer Decisions on Offering Health Insurance

1. Why Employers Choose Not to Offer Health Insurance

Employers who are not offering health insurance are unanimous in their initial response to being asked why they do not: *“COST!!”* Many employers had a hard time moving past cost to discuss other reasons for not offering health insurance. Breaking down the idea of cost into specific elements even proved challenging for some participants.

“There is only one reason. That is it.” Not Offering Health Insurance, Rutland

“Cost, cost, cost.” “That is the only reason why . . . we don’t even offer it to ourselves.” Not Offering Health Insurance, Bennington

MODERATOR: “I know you’ve said cost, but I want to break that down. There must be different elements of cost.” PARTICIPANT: “Dollars and cents.” Not Offering Health Insurance, Brattleboro

In employers’ minds, every reason they do not offer health insurance is, in some way, related to the expense of health insurance. However, when pressed to deconstruct *“cost”* as a reason not to offer health insurance, employers can identify several aspects of cost. These aspects include the premium cost to both the employer and to the employee; the rising cost or unpredictability of what a plan will cost in the future; and the time it would take to research plan options or to administrate a plan for employees. (*NOTE: Elements of cost are discussed in-depth in the following section, Barriers to Providing Health Insurance to Employees.*)

Many employers stated that another reason not to offer health insurance is that employees do not appreciate it. Many said that employees would rather have an increased amount of money in their paychecks, rather than be offered health insurance. Others felt that employees do not understand the true cost to the employer offering health insurance and, therefore, employees do not value health insurance as much as employers think they should. Still others said that employees do not value health insurance because they do not necessarily use health care services.

“Cost to the employer versus perceived benefit from the employee. If an employer were to pay full health insurance at the cost of \$400 a month, the employee would probably rather have \$100 more a week in pay.” Not Offering Health Insurance, Burlington

“They don’t know what it costs, they don’t think about what it costs and they don’t care what it costs, really.” Not Offering Health Insurance, Rutland

Employers also expressed a fear of committing to offering health insurance in the current marketplace where insurers are changing and prices are rising. Some are afraid to commit because it might threaten the stability of their own business. Employers worry that if they were to adopt a plan, the insuring company might leave the state or change the benefits offered, or the cost would rise so significantly that they would no longer be able to afford the plan. Some are worried that their business would experience a downturn, and they would no longer be able to afford the insurance. Others are concerned that if they offer health insurance and then have to drop coverage, employees will be very upset and possibly leave the company.

“There is no security in a plan. You sign up today, and it could be gone tomorrow.” Not Offering Health Insurance, Burlington

“[When you don’t offer insurance] You don’t have to worry about taking something away from an employee. Because of all the fluctuations we’ve discussed, the rates go up and now, and all of a sudden you either have to ask your employees to pay more or pay a portion, or the carrier goes out or a different one comes in and the benefits change. You always have to deal with the employee and causing him ill feelings when it has nothing to do with your company . . . it an outside influence that is out of your control.” Not Offering Health Insurance, Burlington

Some participants reported that one reason they do not offer health insurance is because their employees don’t need health insurance; they are covered under spousal plans, parental plans or state-sponsored plans. A few indicated that they don’t offer it because employees do not demand health insurance, or they have yet to experience significant recruiting difficulty.

“Our employees don’t really have a need for insurance or want it.” Not Offering Health Insurance, In-depth Interview

“Obviously, if there was no way to attract an employee unless you had health care, you’d find a way to provide it, or else you would not have employees. It definitely plays into it. If people will work without having health care benefits, of course people are going to hire them and not give them benefits.” Not Offering Health Insurance, Rutland

Others do not offer health insurance because they experience high turnover in their workforce or their employees are part-time, seasonal or contract workers. With these types of employees, as mentioned earlier, employers feel it would be too difficult to administer a health insurance plan. This is because these workers are often not long-term employees, or because some weeks they may not earn enough to cover their share of the premiums, making collection difficult. Some employers

don't offer health insurance because people can access health care without having insurance – for some this means their claims are covered under worker's compensation or they can simply go an emergency room and be treated.

“You can go down here to the emergency room at the hospital and they have to take you and treat you, whether you can pay or not.” Not Offering Health Insurance, Bennington

For some employers, researching plans and comparing different companies is an overwhelming task. While most indicated that the actual work of administering a plan would not prevent them from offering health insurance, many reported they simply do not have the time. Most are aware that there is information comparing plans available, but employers feel it is too difficult to track down. Employers indicated that each insurer writes their information slightly differently, so it is nearly impossible to compare what each is offering. A few employers indicated that health insurance would just be more paperwork, and they already feel that they have to fill out too much paperwork on behalf of employees.

“These days [administration] is a pretty minimal factor [in offering health insurance] with computers and such.” “[For me,] this is possibly more of a factor than cost. The amount of paperwork I have to fill out for my employees now is huge!” Not Offering Health Insurance, In-depth Interview

Some employers believe they do not have enough employees to be able to get a plan; most believe they do not have enough employees to be able to get a reasonably priced plan. Some believe that they will not have enough eligible employees willing to enroll in a health plan, making the company ineligible. Another reason not to offer insurance is that employers cannot afford a plan which their employees would want to participate in – affordable plans have too many out-of-pocket expenses to be affordable for employees.

“In most of these plans, if you offer coverage, in order to get it, a percentage of your employees have to take it.” “So if 51 percent of your employees are covered by their spouses, you can't offer it to the others.” Not Offering Health Insurance, Brattleboro

“The level of care offered, too. The plans you can afford don't offer anything worth having, you may not be able to get a level of care that you want. So why bother to settle for something less.” Not Offering Health Insurance, Bennington

A few employers indicated that all the money they have that could go into health insurance goes into those things that employers must pay on their employees – workers' compensation, unemployment insurance, Medicare and social security. A few others said they do not offer health insurance because it is not a requirement.

A few participants indicated they believe the money they could use for health insurance is better used in other ways. Some view health insurance as a “liability” that would tie up too much of the company's cash flow. One participant confessed that one reason they do not offer health insurance

is they are “greedy” – finding the money to afford health insurance would diminish the company’s profits.

One of the major benefits of not offering health insurance is that it allows employers to stay in business, meet their payroll and pay their rents. Employers feel that they are saving money, and have less hassles and worries than employers who do offer health insurance. Among things they do not have to worry about are employees who get upset when the benefits change or the cost of insurance goes up. Employers also feel their business is more competitive because they can pay employees more and can invest their money in the business in other ways.

“Staying in business. Meeting payroll. Let’s be basic about it.” Not Offering Health Insurance, Brattleboro

“It maybe makes you more competitive [not to offer health insurance]. If I’m not giving health benefits it means that I don’t have to charge that extra to my clients so I am more competitive.” Not Offering Health Insurance, Rutland

The drawbacks to not offering coverage center around recruiting and retaining employees. Employers who do not offer health insurance feel that applicants for jobs with their companies are somewhat different from the people who apply for jobs with benefits. They feel they are only attracting employees who don’t need health insurance because they are covered by a spouse or do not care about whether or not they have health insurance. Some employers believe employees will use a job without insurance as a “stepping stone” to get experience so they can move on to a job that offers benefits. Some believe that employees have a more negative view of employers who do not offer health insurance.

“You don’t get a lot of people who want to work for you.” “People will leave your job and go get a job where they can get benefits. That is a huge issue.” Not Offering Health Insurance, Bennington

Another drawback is being exposed to the risks uninsured people take. Employers recognize that their uninsured employees may put off preventative care, which can lead to prolonged absences. They recognize that their businesses do not run as effectively when key employees are out sick. They also recognize that they could lose an employee to a major illness, or that an employee (or themselves) could be financially devastated by a long, expensive illness.

“[A drawback is the possibility of] a tremendous tragedy, having something terrible happen to them and not having coverage.” “And not getting help when they could have because they could have stopped the tragedy of death had they gone to the doctor and had it looked at and taken care of.” Not Offering Health Insurance, Brattleboro

2. Why Employers Choose to Offer Health Insurance

Nearly all employers who offer health insurance report that one of the main reasons they do so is to be competitive in employee recruitment. Employers believe that by offering health insurance, they

can attract and keep good employees. Employers who offer insurance believe that the job applicants they have to select from are of a better quality than the applicants who apply at companies that do not offer health insurance.

“You have to [offer health insurance] to be competitive.” “To attract high-tech and highly skilled people.” Large Employer, Offering Health Insurance, Burlington

“[We offer insurance to] retain and attract employees for the long-term.” Offering Health Insurance, In-depth Interview

“Recruitment and retention. I know of situations where people interviewing for jobs don’t even ask what the salary is, they just want to know what the health insurance is.” Small Employer, Offering Health Insurance, Bennington

Many view offering insurance as protecting the investment they make when hiring and training employees -- a part of the compensation package that helps instill loyalty in employees. Some employers said they offer health insurance because they feel they must in order to fulfill employees’ expectations.

“If I did not offer health insurance my guys would be down the road.” Small Employer, Offering Health Insurance, Brattleboro

“It is almost an essential recruiting tool today.” Large Employer, Offering Health Insurance, Brattleboro

Some employers offer health insurance because it is one way to increase the value of employment without offering higher wages. Others feel that health insurance increases the total compensation package, thus increasing the total wages of an employee. A few said that offering health insurance is a way to increase wages without increasing the tax burden on employees.

“A lot of people say the wage scale is lower in Vermont. So the health insurance helps make up for that.” Offering Health Insurance, In-depth Interview

“We started offering it because it was a tax-free way to get coverage for both the employee and employer.” Small Employer, Offering Health Insurance, Bennington

Another reason to offer health insurance is that employees with health insurance are healthier employees. With access to health care, they can afford to have illnesses treated. Employers believe that healthier employees are more productive employees. Employers also believe that by offering health insurance, they are offering their employees “*peace of mind*” and giving them the feeling that they will be taken care of if anything should happen. Health insurance offers financial protection and security as well. Employees are less likely to be distracted from work if they, or a family member, become ill because they know health insurance will take care of them. Offering health insurance is also seen as a way to reward employees and as something that contributes to good employee morale.

“They are happier and healthier. So are their families. They come to work more.” Offering Health Insurance, In-depth Interview

“I think that [offering health insurance] increases productivity. I think that if folks are worried about things, they don’t perform as well. And I think if they are sick, obviously, they not going to either.” Medium Employer, Offering Health Insurance, Burlington

“A healthy employee is going to produce more than an unhealthy employee.” Large Employer, Offering Health Insurance, Rutland

Finally, some participants indicated that the company offers health insurance for selfish reasons -- so that they, themselves, have access to health insurance at group rates or because the owners want health insurance for themselves. Many said they offer it because it is the “*right thing to do*” -- they believe employers have a social responsibility to offer health insurance to employees. A few indicated that one reason to offer it is because it makes them look good in the eyes of their employees and the communities in which they operate.

“I would not work there if I did not offer health insurance.” Large Employer, Offering Health Insurance, Burlington

“In a small business, you are covering yourself, you are getting some kind of group coverage for yourself, which otherwise, you could not get.” Small Employer, Offering Health Insurance, Rutland

“It is the right thing to do. Everybody should have it.” Medium Employer, Offering Health Insurance, Bennington

Participants nearly unanimously agreed that one of the major drawbacks to offering health insurance is cost. Other drawbacks include employers’ sense that employees do not really value or appreciate health insurance benefits and that the insurance company reflects on the employer, often poorly because they do not offer good customer services.

“They don’t understand the back-of-the-house costs to a company.” Large Employer, Offering Health Insurance, Burlington

“The biggest problem we see is . . . We want to provide something to our employees that is a benefit to them, that they can feel good about us an employer. But because of the limits on the number of insurance companies available to us, there’s no competition. So we get poor service and higher rates. And that is an issue.” Medium Employer, Offering Health Insurance, Newport

Many employers find dealing with insurance companies to be a drawback to offering health insurance. They feel that shopping around for different plans to be very frustrating and the information available to be confusing and difficult to decipher. Many feel their choices are limited

because there are few insurance carriers in Vermont. Others indicated plan offerings and health insurance regulations change frequently.

“With the instability of insurance companies that are available . . . I mean it is a considerable amount of time to try to pick a health care plan.” Large Employer, Offering Health Insurance, Brattleboro

Some employers find that the plans offered today are not flexible enough to meet the needs of employees or the employer. For example, employees cannot choose which benefits they would like to pay for and which benefits they would rather not have, and employers cannot offer several different plans to employees to choose from.

“It is not flexible enough.” Small Employer, Offering Health Insurance, Bennington

3. Events that Would Prompt Employers to Reconsider Offering Health Insurance

While few companies who offer health insurance today foresee a time when they will not offer the benefit to employees, several could see a day when they might need to significantly change the benefits they offer – offering high deductible, high co-pay packages with less generous coverage than they have today. Perhaps not surprisingly, the smaller companies were more likely to report foreseeing a day when they may no longer be able to offer health insurance. Most participants reported that it would take dramatic changes in their situation -- such as a 50 percent premium increase, an economic recession or a significant downturn in their business -- before they would consider eliminating health insurance as a benefit. Some indicated that if premiums continue double-digit rises for the next three to five years, they might have to reconsider. Most agreed that they would continue to offer health insurance regardless of the situation, but the quality of the benefit would suffer. Many felt that if they could no longer afford to pay other bills, they would get together with employees and decide what to do about insurance. They saw, in that case, that if employees did not want to pay a reasonable share, they might have to drop the coverage.

“We’d go out of business first [before not offering health insurance to employees.]” Large Employer, Offering Health Insurance, Brattleboro

“We’ve thought, ‘Do we need to change? Do we need to offer less than we are offering?’ We’ve tried to keep a rich plan in place, but we have started questioning whether we can afford it and maintain the bottom line and invest in the future and the company.” Large Employer, Offering Health Insurance, Rutland

For those not offering insurance today, two main possibilities were cited as foreseeable prompts to adopting a plan for employees – an increase in the company’s revenue or more affordable plan options. Employers emphasized that a more affordable plan would have to be one that employees would be attracted to, with elements such as a reasonable deductible and coverage for preventative care. Others mentioned that “*more flexible*” plans that would meet employees’ needs without a lot of other coverage options would be more affordable and more enticing to them. A few employers

mentioned they would consider health insurance if the government would subsidize the cost for them. One mentioned that moving his business to another state might prompt him to consider offering health insurance.

“[I would offer it if] there were a better group plan that smaller businesses could fall under, without exorbitant deductibles and with affordable rates.” Not Offering Health Insurance, Rutland

The definition of “affordable” rates varied from employer to employer. Employers felt that “affordable” would also depend on the coverage of the plan, and the amount of out-of-pocket expenses. Some felt that \$200 a month, per employee, would be reasonable; others thought that \$150 a month, per employee, for single coverage would be affordable. Many employers said that these amounts would be what they would be willing to pay, so the premium could actually cost more depending on the split the company shared with the employee. Most employers felt that they would have to pay at least 80 percent of the cost, or their employees would not be willing to participate.

“It would depend on what it is. You can’t put a dollar value on it.” Not Offering Health Insurance, Rutland

“It depends on what kind of coverage you are getting.” Not Offering Health Insurance, Bennington

“A good employer is going to pick up at least 80 percent.” Not Offering Health Insurance, Bennington

C. Barriers to Providing Health Insurance to Employees

Employers perceive several barriers to being able to provide health insurance to all employees in Vermont. Again, employers emphasized that cost is a major obstacle. Many of the barriers mentioned by employers are interrelated. As will be discussed below, cost, state regulations and the current insurance market are considered the most significant barriers to expanding health insurance coverage in Vermont. However, employers also recognize other barriers, such as access to accurate and clear information, the nature of Vermont as a small state and a lack of employee willingness to sign up for plans for which they do not want to pay their portion of the cost. In addition to the barriers named by participants, the focus groups revealed that some employers have misconceptions regarding health insurance, which may also pose somewhat of a barrier to their seeking out insurance plans for employees.

1. Elements of Cost as A Barrier

Employers emphatically stated that cost is the major barrier to whether or not a company will offer health insurance to its employees.

“Cost is 95 percent of the problem.” Not Offering Health Insurance, Burlington

Cost, however, is a multifaceted barrier. Initially, cost is discussed as the bottom-line dollar amount that an employer spends on health insurance every month. Employers also indicated that the cost barrier also involves the amount of money an employee must spend monthly both on their health insurance and their healthcare. In other words, cost is more than just the amount an employer pays in premiums every month; it also includes the amount employees must pay in premiums, co-pays and deductibles.

In nearly every focus group, employers discussed two reasons they believe cost has become a barrier to offering health insurance in Vermont. First, they believe that state mandates in healthcare -- such as community rating, guaranteed issue, and mandated coverage for mental health and chiropractic -- have increased the cost of plans and made it more difficult for health insurers to make a profit in the state. Many believe that this has led to the second reason that cost is a barrier: that insurers have left the state and there is little competition among those remaining, resulting in higher prices. Both of these issues will be discussed in-depth in following sections.

Many smaller employers also see cost as a barrier because they feel that to be able to have a policy they can afford, the out-of-pocket expenses to employees are so high that employees are not willing to participate in a plan. To them, offering health insurance but requiring significant employee contributions defeats the purpose of offering health insurance as a benefit. Others feel they cannot afford to cover a significant portion of the monthly premium and therefore cannot offer employee health insurance with a “reasonable” premium split.

“No, they won’t take it. They won’t spend that little bit of money every week on health insurance.” Medium Employer, Offering Health Insurance, Burlington

“Any level [of insurance] that is appealing to an employee is expensive.” Not Offering Health Insurance, Bennington

“We are going to go to a 90/10 split, then to an 80/20, then 70/30. Then there will be a point at which you will say, ‘We can offer you so little in terms of a health benefit, we will just put the money into your salary instead.’” Medium Employer, Offering Health Insurance, Bennington

Employers believe that the actual cost of health insurance versus the perception of its value is also a part of the cost barrier. This element has three dimensions. The first, as mentioned previously, is the employer perception that employees simply do not understand the full cost to the employer who offers health insurance, and therefore, employees do not value the insurance as much as they should.

“They don’t understand it. They don’t see it; they just see the doctor. They know it is paid for so they don’t see the cost to the company or what would come out of their pocket if they had no coverage. If they realized that they used thousands and thousands of dollars in healthcare and did not have to pay any of it they might start to realize, ‘Hey! This is a good benefit!’” Large Employer, Offering Health Insurance, Burlington

The second dimension is the fact that many healthy employees do not use the healthcare system frequently. This leads to the attitude that, because they only use a little healthcare over the course of a year, they would pay more in monthly premiums than they would if they just pay for services as necessary. Therefore many employees are not willing to participate in health insurance plans with significant costs.

“When the month is over and you’ve paid out all that money and you have not gotten anything for it . . .” “You’re hoping some employees will get sick or something.” Not Offering Health Insurance, Rutland

“The cost of insurance is sometimes more than what you would spend at the doctor’s office to begin with.” Not Offering Health Insurance, Bennington

The third dimension is the employer attitude that surfaces in many different areas when discussing cost. Many employers feel that the premiums are so expensive, the level of benefits minimal and the deductibles so high on affordable plans, that it is not worthwhile to offer health insurance as a benefit.

“The problem I have is that the premiums are so high and the benefits are so low. If I were to pay 100 percent of the employees’ premiums, it would bring us to our knees almost. And yet, the benefit to the employee is marginal.” Medium Employer, Offering Health Insurance, Burlington

“The prices are so astronomical, and you’ve still got this enormous deductible per person So what are you actually getting for that money? Not very much.” Not Offering Health Insurance, Rutland

Another element of cost is the fact that it is nearly impossible to predict how much a plan is going to cost an employer from year to year, much less to be able to include the cost of health insurance in a three- or five-year projection for business expenses. Employers feel that they cannot budget and plan for their health insurance expenses; which makes them wary of getting involved in offering health insurance. Employers noted that there are very few other businesses that can raise the cost of their product as frequently as health insurers do, and there are very few markets that would tolerate the volatility that employers are expected to deal with in health insurance.

“You can’t control it. It is a cost that I see going up every year.” “If I run a business, I can budget my advertising. This is something I can’t say, ‘Well, I am going to cut back on my health insurance for four months.’ It is a given: rates go up. It is like the IRS tax bill, you can’t negotiate it, you just have to pay it.” “Health insurance is the only thing I deal with that has that much of an economic impact on everything I do . . . but you can’t predict it.” Small Employer, Offering Health Insurance, Bennington

“I call up and compare fuel prices. I eat at restaurants where I can afford the food. But in healthcare, its like a roulette kind of thing where you just hope.” Small Employer, Offering Health Insurance, Brattleboro

Some employers also see the cost of healthcare as a part of cost as a barrier to offering health insurance. Most recognized that rising health care costs, particularly the cost of prescription drugs, do play a role in the rising cost of health insurance. A few also feel that insurance fraud and “abuse” of the healthcare system (through overuse) is contributing to higher health insurance costs.

“People cut themselves and go to the emergency room. That is the most expensive place. I just think the thing that increases health care costs is consumer behavior. It is the biggest driver of health care.” Large Employer, Offering Health Insurance, Burlington

“There are some that will go to the doctor far more often than perhaps is necessary. But they feel that they pay for the insurance, it is their right. And they don’t feel their behavior is affecting the overall premium.” Large Employer, Offering Health Insurance, Brattleboro

Many mentioned that the cost-shift -- where those who can pay are charged more than those who cannot -- is a significant element of increased health costs, leading to increased health insurance cost. Employers believe that the federal and state government reimbursement rates are contributing to increasing their health insurance costs because the reimbursements are not covering the cost of care.

“They pay fifty-two cents on the dollar, but the hospital has to pay the full cost, so it passes it down to those of us who pay for insurance.” Not Offering Health Insurance, Brattleboro

“Part of the cost of that \$10.00 aspirin goes toward the people who could not pay anything toward that aspirin. As the pool gets smaller of those with insurance, then a smaller percentage are paying for a larger group that does not have it. It’s a catch-22.” Medium Employer, Offering Health Insurance, Newport

Some employers indicated that part of the cost equation is the fact that they feel they cannot increase cost of their product or service to be able to cover the costs of offering health insurance. They feel that if they were to raise prices, they would no longer be able to be competitive players in their markets. Others said that they could not afford to pay employees more so that the employee could afford insurance. These employers felt that even if an employer offered insurance and split the monthly premiums with employees, the employer still ends up paying the full cost of insurance because they would have to pay employees more so they could afford the employee-paid portion of the premium.

“We are in a manufacturing environment, and you’ve got to structure your cost. So, if [health insurance] is ever-increasing, your costs are increasing in the company and that makes you less competitive.” Large Employer, Offering Health Insurance, Brattleboro

“You can’t raise your revenue as fast as the health insurance costs go up.” Medium Employer, Offering Health Insurance, Bennington

Employers indicated they have several things they must pay for each employee (worker’s compensation, unemployment taxes, social security and Medicare) that reinforce the cost barrier. They feel they simply cannot afford health insurance too.

“We have the ‘have-tos,’ and then we have the ‘bennies.’ The ‘have-tos,’ take 15 percent from gross income for federal and state taxes. Then we have expenses. Add another 13 or 15 percent for workman’s comp. That is the reality for a small business owner.” Not Offering Health Insurance, Rutland

Employers see the cost to pay a staff member to administrate a plan as a minor aspect of cost. Most agree administering a plan is part of overall cost burden; however, most also feel that if an employer could afford the cost in terms of the monthly premium, they would also be able to afford administrative costs.

“Cost is THE barrier. The administrative cost of offering insurance is trivial to me, in comparison to what I have to pay for the premiums.” Not Offering Health Insurance, Burlington

2. State Regulations and the Current Insurance Market in Vermont

Employers believe that state regulation of the health insurance market over the past several years has created barriers to employers being able to offer health insurance to employees. As mentioned earlier, many employers believe that Vermont’s regulatory environment has prompted many insurers to leave the state, thus resulting in little competition and higher prices.

“The State of Vermont has been so anti-business in this particular area that all of the major insurance companies have dropped out.” Medium Employer, Offering Health Insurance, Bennington

“The amount of regulation of insurance that has already happened in Vermont has forced us down to where there are no choices, really. Everybody left Vermont.” Large Employer, Offering Health Insurance, Brattleboro

“[A lot of carriers have left the state because] they’ve been imposed with a lot of restrictions that kind of forced them out.” Not Offering Health Insurance, Rutland

“I don’t remember what created the whole problem. I know the governor put a lot of restrictions on the insurance companies and that’s why a lot of them pulled up stakes and pulled out.” Not Offering Health Insurance, Rutland

“I think a big barrier is the state itself. If you talk to insurers, they don’t want to come and do business here [because of] the mandates. It is not a friendly state. There is a whole host

of other issues that make this state an unpalatable place for insurers to do business.” Large Employer, Offering Health Insurance, Burlington

In the employers’ eyes, this creates two barriers –limited choice of health insurance plans, and inability to bargain for better prices among various insurers.

“Right now there is no competition left in the state. It is a monopoly. They can charge you whatever they want because if you want it, you’re going to pay for it.” Medium Employer, Offering Health Insurance, Burlington

“There is just not enough competition. Competition, when you have it in anything, whether it is business or insurance, allows for more choices.” Medium Employer, Offering Health Insurance, Newport

“[There is] very limited choice now in what is available, what health plans are available for you to choose from.” Not Offering Health Insurance, Rutland

“[A barrier is] lack of competition, which effects cost.” Small Employer, Offering Health Insurance, Rutland

“A lack of choice for one [barrier], that’s one of the major ones.” Large Employer, Offering Health Insurance, Burlington

To many employers, more insurance companies would mean lower premiums, pure and simple. Even when asked whether or not they believe other factors, such as rising health care costs and utilization, would have greater effect on health insurance cost, many employers insisted that more competition would reduce prices. Some are willing to concede that other factors may help reduce costs, but many feel that increased competition is the key to reducing premium rates.

“If you have more grocery stores in a community, you’re gonna have better prices than if you only have one. There would be competition. [The health insurers] have no competition.” Medium Employer, Offering Health Insurance, Bennington

“I came from California where you had health insurance companies beating on your doors . . . it actually drives costs down.” Large Employer, Offering Health Insurance, Burlington

“The marketplace will always deliver. You want the best quality, best service, best price, you go to the marketplace.” Small Employer, Offering Health Insurance, Rutland

“Competition is always good. Usually more competition means better deals and lower prices.” Not Offering Health Insurance, In-depth Interview

“I think that if there were competition in a real sense, you would not have cost increases of 20 percent plus a year. I don’t think that a reasonably run business in the state would have

that kind of increase in premiums if there were real competition, because people would go elsewhere.” Not Offering Health Insurance, Brattleboro

MODERATOR: “Who would agree that it is not competition but healthcare costs; therefore more competition would not reduce rates?” PARTICIPANTS: “It’ll reduce it to some extent.” “Somewhat.” “I agree with that.” “It is not going to reduce it drastically.” “Competition should reduce costs.” Medium Employer, Offering Health Insurance, Newport

Employers were asked whether their perceived lack of choice was a result of a limited number of health insurance *plans* to choose from or a limited number of *companies* to choose from. Employers were quite clear that lack of choice was a result of too few companies offering health insurance in the state. When pressed as to how many companies they felt should be available for “*enough competition*,” few had a ready answer, though most groups determined that between 10 and 15 insurers would be an adequate number. Many felt that the number of companies was not relevant, that there would be “*enough*” when they could get a reasonable health insurance policy at an affordable rate.

“I think the number of companies is not as important as the different [types of coverage] that are offered.” Small Employer, Offering Health Insurance, Rutland

“You will have enough companies in the state when you start hearing of somebody lowering the cost of a plan instead of raising it.” Small Employer, Offering Health Insurance, Rutland

“We just need one good plan [not necessarily more competition.]” Not Offering Health Insurance, Rutland

Employers also believe that state regulation, has increased the cost of health care plans because of mandated coverage and the elimination of experience ratings. Many employers felt that in the past, they had been able to benefit from having younger, healthier employees. However, once community rating went into effect, they saw their health insurance premiums rise. Many also associate the introduction of community rating and guaranteed issue with many of the insurers leaving the state.

“Golden Rule, and a few others, would offer very, very affordable rates to people who did not smoke, did not drink and other characteristics and when they put in this not allowing the cherry-picking, they packed it in. We went from 35 or 40 [companies] down to 10.” Not Offering Health Insurance, Brattleboro

“The fact that you can’t use your own pool now. I mean, sometimes that hurts people, but sometimes it helps them. The fact that we have a very young healthy group . . .” Not Offering Health Insurance, Rutland

“In Vermont, it is all guaranteed issue. It is all one price regardless of your age or health. And that is one thing, at least these companies tell me, they’re leaving the state of Vermont

because they just couldn't afford to deal with the guaranteed issue thing.” Medium Employer, Offering Health Insurance, Newport

Employers also questioned the state mandates for coverage of certain services. Chiropractic care and mental health coverage were mentioned most often; however, many employers also frequently mentioned maternity coverage as a state mandated coverage in health plans. Many felt that these mandated coverage options are not necessary, and that people who do not use those services should not be required to pay for them.

“Part of it is the shift from pure medical care to mental health and chiropractic, to guys with beads and rattles who can now get certified. They should be offering policies that do straight medical. If you want alternative medicine, fine. Those are riders or separate policies.” Not Offering Health Insurance, Brattleboro

“They had a single guy but he had to have insurance in case his wife had a baby. He's got to pay that insurance, even though he ain't got a wife! Why do you have to have it if you ain't got a wife? It is stupid.” Not Offering Health Insurance, Brattleboro

“We had six guys and not one of us was in childbearing age. But we had to carry the maternity benefit. I mean it made no sense whatsoever. If you could say, ‘Nobody in our shop is going to take advantage of this, knock off \$50 month.’ But you can't do that so, regardless, you get charged for all of them.” Medium Employer, Offering Health Insurance, Newport

A few employers recognized that increasing health insurance costs are more complex than recent state regulations or the state of the current insurance market.

“I don't think the most cost-efficient insurance company could change it. I think the problem is far deeper than that. I think it is a lack of understanding that there is no population that can afford the healthcare it wants.” Medium Employer, Offering Health Insurance, Burlington

“Maybe we need to look at health care costs as well.” Not Offering Health Insurance, Rutland

3. Access to Clear and Accurate Information

Employers were asked to comment on the accessibility and sufficiency of health insurance information available to them. Employers agreed that there is information “out there,” but feel it is difficult to find, hard to understand and nearly impossible to compare effectively.

“It is a lot of work to find out what you can offer. I spent a tremendous amount of time doing this.” “They don't make it easy to find.” Not Offering Health Insurance, Rutland

“They have got it all worked out so you can’t choose. I can put down six choices in front of me and it is bewildering. Because you can’t really compare apples to apples. It is comparing every different type of thing, and there is really no way of shopping around.”
Small Employer, Offering Health Insurance, Brattleboro

Many employers, particularly small employers, felt that they did not have the time to track down information, sort through it and make sense of it. Many employers expressed that reviewing health insurance information was a very time-consuming process. They lament the lack of a central, independent source of information and the burden of having to search for information themselves. A few indicated that they did not know where to begin looking. Insurance brokers were mentioned as a possible source of information, but many felt they were not a reliable source because they cost money or only represent certain insurance companies.

“The information is there if you are willing to spend the time to dig it up yourself. There is no state agency that is going to provide any assistance to you. You can buy the information from a broker.” *Large Employer, Offering Health Insurance, Rutland*

“Where do you start? In the phone book?” *Not Offering Health Insurance, Rutland*

“There are groups you may get information about; but there is no group that gives you information about all the plans that you can have.” *Small Employer, Offering Health Insurance, Bennington*

Employers believe that the main source of information on insurance plans available in the state is the insurance companies themselves. They feel that the information from insurers is not clear or concise, and that it is written in “*insurance language*,” which they do not understand. They feel there is no consistency in the way that insurers present their information, making it difficult to evaluate the benefits and drawbacks of what various companies are offering. Most did not consider information from insurers to be a good source of information, because insurers are trying to make a sale.

“To try to understand these plans and figure out which is best for us was difficult. They couldn’t put it down in A, B, C. They had to have all this kind of mumbo-jumbo stuff.” *Small Employer, Offering Health Insurance, Rutland*

“It does not seem like I can compare apples to apples from one provider to another. Everybody wants to sell you a different policy. So it has been very hard to compare plan to plan. There is no uniformity, no ability to compare one plan to another directly.” *Not Offering Health Insurance, Burlington*

“[Insurers are not a trustworthy source of info because] they are out to sell their products.”
Small Employer, Offering Health Insurance, Bennington

Other employers believe that there is not enough information about the rules and regulations around offering health insurance for employers.

“I think it is very complicated. Insurance is very scary to a lot of people because there are so many innuendoes, just like tax law. You know, there is no way that we can fully understand it. We are going by what we are told and what we understand.” Not Offering Health Insurance, Brattleboro

Smaller employers feel they do not get information unless they ask for it. There is a sense that insurance companies paid more attention to larger employers – sending them information, offering them better rates and generally trying to woo their business. Some small employers felt that insurers are not really interested in courting their business.

“For big businesses, yeah [there is enough information]. Smaller businesses are busy enough trying to run a business and no one is calling them.” Offering Health Insurance, In-depth Interview

Employers are aware that the state provides information about health insurers; however many said the state only provides very general information, such as which insurance companies are operating in the state and their phone numbers. Some feel that the information provided by the state does not always provide them with all of their options.

“I called the state, or whomever, and I got this list, and later I find out about this other company that was not on the list. I think that there are probably more options than we are aware of, but that information is not readily available.” Small Employer, Offering Health Insurance, Rutland

When discussing the need for an unbiased source of information on health insurance plans available in the state, a few employers felt that this responsibility should fall on Vermont’s Secretary of State or the insurance commission.

“I would assume that the insurance commission would do that.” Medium Employer, Offering Health Insurance, Newport

Participants indicated that they would like to make use of an independent, unbiased source of information, one that would be proactive in disseminating information to employers. Participants would like a source of information that would seek to standardize the available information so that they could make comparisons from plan to plan, company to company and decide which would best suit their needs.

“I would like someone who has no financial interest in that transaction to tell me what is missing from the policy.” “Kind of like a guarantee report on insurance.” “It should be the state.” Not Offering Health Insurance, Bennington

“What I would like to see is a chart that would have what each plan is, very simple, in simple English, which one offers what.” Small Employer, Offering Health Insurance, Rutland

Possible methods of distributing information might include posting it on a Web site, holding daylong seminars across the state for employers and contacting employers to discuss their options with them. Others thought there should just be a source employers could call that would have information readily available for them.

“It would be great if they had a Web page that told you clearly what the benefits were going to be.” Small Employer, Offering Health Insurance, Brattleboro

4. The Nature of Vermont

Another barrier mentioned by several employers is simply the fact that we are in Vermont. Some feel that the small population of the state means that the economic potential for businesses to make enough profit to afford health insurance is low. A small population also precludes competition among insurers. Others feel that Vermont offers lower wages than other areas, leaving Vermonters without the resources to purchase insurance. The fact that there are so many small businesses in Vermont is also part of the equation. Many employers feel that small businesses do not have leverage to negotiate premium prices, and, therefore a number of Vermont businesses cannot offer health insurance. Finally, some said that because Vermont is a rural state, insurers have difficulty negotiating networks and provider discounts.

Some employers feel that Vermont’s small size and relatively small population base make it difficult for businesses to thrive here. Many of the state’s businesses struggle to get by and do not have the capital to invest in health insurance for their employees.

“There is not enough of a population in Vermont to support businesses, therefore, businesses do not make enough to provide decent salaries and offer health insurance.” Not Offering Health Insurance, In-depth Interview

“[A barrier is] economic potential for business in Vermont. If you want to make money you don’t really come to Vermont.” Small Employer, Offering Health Insurance, Bennington

Others feel that the small population of Vermont makes the state unattractive to health insurance companies. Others feel that because there are so few people in Vermont, Vermonters are charged higher rates than people in other parts of the country. Finally, a few employers said that the small population combined with the state’s regulatory environment, had convinced many employers that Vermont was not worth their investment.

“Insurers love profit. Where can they get the most profit? Where there are more numbers of people. So I am asking, are we the victim of sparse population?” Large Employer, Offering Health Insurance, Rutland

“Population. We are too small a pool to get a decent rate. The size of the state.” Small Employer, Offering Health Insurance, Bennington

“A lot of carriers have left the state because there’s not enough dollars. We’ve only got a half a million people.” Not Offering Health Insurance, Rutland

“The government control would work in a state the size of California, and unfortunately Vermont is not. Insurance companies would put up with the rules and regulations because there is a vast market. We have such a small percent of the national population that as soon as these regulations came down from government these companies just left because there was not the market to drive them to put up with the regulations.” Medium Employer, Offering Health Insurance, Newport

Many employers pointed out that Vermont has a high proportion of small businesses. They felt this might be a barrier because they believe that small employers are charged higher premium rates than large employers. Many stated that small employers lack the bargaining power of larger employers and, therefore, can not negotiate for affordable health insurance plans.

“I think the difficulty in Vermont is simply size. It is based on the size of the people you bring in, and that gives the company the ability to negotiate the cost.” Large Employer, Offering Health Insurance, Burlington

“Prices do come down in groups.” Not Offering Health Insurance, Rutland

“[A barrier is] no bargaining power. It’s just the vast number of small employers.” Not Offering Health Insurance, Rutland

A few employers pointed out that employees earn lower wages in Vermont than in other areas of the country. For many, buying insurance is beyond their resources. Another wage-related barrier employers identified is that some people in Vermont only work enough hours to be able to get by and do not have a lot of disposable income, or they work several part-time jobs and none of the employers offer health insurance to part-timers.

“The level of wage stinks.” Not Offering Health Insurance, Brattleboro

Finally, a few employers mentioned the rural nature of the state is a barrier. Many communities in Vermont have a small number of healthcare providers, making it difficult for insurers to form competing networks to negotiate price breaks. Additionally, for employers who have employees spread across the state, it is difficult to find a health plan whose provider network satisfies the needs of all employees. Other problems related to the rural nature of Vermont is that practitioners in rural areas may not be included in insurance company networks; therefore, the plans available to an insurer may only cover practitioners that are too far away for people to go to.

“We have this unique situation in Vermont where every community has one community hospital. There is very little competition amongst hospitals. The insurers who are contracting with hospitals, they don’t have much leverage.” Large Employer, Offering Health Insurance, Brattleboro

5. Other Barriers

As mentioned in previous sections, employers identify employees themselves as a barrier to being able to offer health insurance. Employers have experienced situations where employees are not interested in joining employer-sponsored plans because they cannot afford to pay their share of the premium, they are covered by another plan or they simply would prefer to have the money instead of the benefit.

“We have people dropping our health insurance because they can’t afford it any more. The smaller income levels, the people that are younger, might have small children, families, it is too much out of their paycheck to afford the premium.” Large Employer, Offering Health Insurance, Burlington

“It is that invincibility complex.” Large Employer, Offering Health Insurance, Brattleboro

“What frustrates me, we charge \$250 a month for family coverage, nothing for the single employee. Our people are pretty well-paid. It is amazing to me how many people do not cover their kids because they don’t want to pay \$250 a month.” Large Employer, Offering Health Insurance, Brattleboro

“I have one guy right now who won’t spend \$20 a week.” Medium Employer, Offering Health Insurance, Burlington

For some employers, a lack of employee willingness to join their plan creates another barrier which insurance companies should address. Employers cited “insurance company rules” that require a minimum percentage of “eligible” employees to sign up as being an issue in maintaining benefits for their employees.

“They require that you have a certain percentage of the eligible employees. If you had enough employees that weren’t interested in it for one reason or another . . . So you can’t get the 75 percent and that can become a barrier also.” Medium Employer, Offering Health Insurance, Newport

“The health insurance company’s regulations themselves [can be a barrier]. We talked about why we don’t offer insurance to people who work 17 ½ or 20 hours? Because you have to have 75 percent of your eligible employees enroll. Most of your 20-hour employees can’t afford it, so they will turn it down. So you can’t even offer it to them.” Large Employer, Offering Health Insurance, Rutland

“Some insurers will not insure your group unless you can offer a certain percent of your group. That is a barrier.” Medium Employer, Offering Health Insurance, Bennington

Some view the lack of flexibility in the plans that insurers offer as a barrier. Employers suggested that if insurance companies were more flexible in putting together plans, it would be easier to find an affordable plan that would be still be attractive to their employees. Still others believe that if

employers had more flexibility in designing plans relevant to the needs of their employees, it would be easier for employers to offer insurance.

“When you select what you want, you can’t have different deductibles for different employees. You can only have one deductible and everybody has to stick with that.” Small Employer, Offering Health Insurance, Rutland

“It is not flexible enough.” Small Employer, Offering Health Insurance, Bennington

One employer saw an aging workforce as a barrier to providing health insurance, indicating that older employees increase the cost of health insurance.

“An aging workforce is going to increase your costs.” Large Employer, Offering Health Insurance, Burlington

A few employers believe that the time and money spent administering health insurance is barrier; however, most employers perceive of this as a minor distraction rather than a barrier to offering the benefit.

“It pulls away from your office staff. Whether it is trying to find a better mousetrap or just dealing with the paperwork and complaints.” Medium Employer, Offering Health Insurance, Newport

“I would think that would be the least of my problems.” Not Offering Health Insurance, Brattleboro

Finally, although not specifically mentioned by participants as a barrier to offering health insurance, it is clear that some employers do not fully understand certain elements of offering health insurance. Those who do not currently offer health insurance were asked to answer a series of questions, true or false, about current regulations regarding employers and health insurance.

Most employers who are not offering insurance know that their portion of health insurance premiums are tax-deductible, and that insurers cannot deny small businesses access to health insurance because of the health status of employees. However, more than a third of those who answered the questions did not know these to be true.

About half of those asked thought that health insurance premiums are treated less favorably than general business expenses on tax returns or that there is no limit to the amount an insurer can charge an employer who has sick workers. Finally, many employers do not believe it is possible for them to spread the cost of a sick employee over a large pool of workers.

D. Responsibility for Insuring Vermonters

1. Government Responsibility

Most employers feel that the state government does have some responsibility for insuring Vermonters. Primarily, employers believe the government's role to be one of creating an environment where there are affordable options for employers to choose from.

First and foremost in the minds of employers, the government is responsible for encouraging competition in the marketplace. Employers suggested many different ways government could “level the playing field” in the insurance market. These suggestions ranged from deregulating the insurance market, assisting employers in pooling together and offering assistance to employers so they can offer health insurance to their employees.

“The government should create an atmosphere for competition and be sure there’s choices.” Medium Employer, Offering Health Insurance, Bennington

“To make a user friendly environment for insurance companies to do business and to meet the needs of our population.” Medium Employer, Offering Health Insurance, Burlington

“Make an environment advantageous for insurance companies to stay here.” Medium Employer, Offering Health Insurance, Newport

“Open it up so it is easier for insurance companies to come in here and offer [insurance].” Large Employer, Offering Health Insurance, Burlington

“The government’s responsibility is to create a marketplace for employers to shop for insurance and get healthcare.” Large Employer, Offering Health Insurance, Brattleboro

“I don’t want the government to get involved in providing the service; I want them to help me provide the service through a private company.” Medium Employer, Offering Health Insurance, Bennington

Others felt that the government’s responsibility should be a strictly ombudsman role, ensuring that health insurance companies are operating fairly. Despite calls for deregulation, some employers would like to see state government regulate the cost of health insurance plans, either by limiting the amount that insurers can charge or ensuring that all groups are charged the same for the same policy, regardless of size.

“I think their role should be to make sure that the companies doing business in the State of Vermont are meeting the requirements that are put out, so we have confidence in the companies that we are buying from.” Large Employer, Offering Health Insurance, Rutland

“They need to make sure that the insurance companies are paying what they are supposed to.” Medium Employer, Offering Health Insurance, Bennington

“[The responsibility of government is] to keep the insurance companies in check. Reasonable rates.” Not Offering Health Insurance, Rutland

A few feel that government should not have any role in the provision of health insurance for Vermonters. A few others would like to see the provision of health insurance be solely the responsibility of the government – paid for through taxes on substances that cause health problems, such as cigarettes and alcohol.

“Ideally, 100 percent government responsibility, but I am scared to say that.” “Keep the government out of it as much as we can because they will screw it up.” Medium Employer, Offering Health Insurance, Burlington

Most employers agreed that the state should be responsible for insuring those who can not afford their own health insurance and those unable to work.

“I would say for the folks who are not employed, it should be 100 percent government. And if folks are working, it should be their burden.” Medium Employer, Offering Health Insurance, Burlington

“We always have people who fall through the cracks that the government has to help with.” Small Employer, Offering Health Insurance, Rutland

a) Meaning of Government-Funded Insurance Program

Many employers initially had a negative reaction when asked what the term “government-funded insurance program” meant to them. Some of the initial associations were: “bureaucracy,” “more taxes,” “waste,” “Big Brother,” “poor care,” “under-funded,” “monopoly,” “socialized medicine” and “restrictive.”

Inevitably, the groups brought up Medicare, Medicaid, VHAP or Dr. Dynasaur as examples of government-funded insurance programs. While most lauded Dr. Dynasaur and other Vermont-run health insurance programs, many also expressed wariness about a health insurance or health care program that would be run by *any* government. Many groups also brought up Canada’s national health care system. They believe that Canadians experience a lower quality of care and have to wait for time-sensitive treatments. They fear the same would happen in Vermont under a “government-funded insurance program.”

“Isn’t that what Canada’s got?” “Just looking at what Canada’s go. There are no benefits [to a government-funded insurance program].” Not Offering Health Insurance, Bennington

“If you want something that is inefficient, that won’t work, that’ll cost you more, give it to the government.” Medium Businesses, Offering Health Insurance, Newport

“Dr. Dynasaur. Sign me up! It is better coverage than I can afford!” Small Employer, Offering Health Insurance, Rutland

Participants thought that some of the benefits of such a program would be that it would cover everyone, offer better cost controls, be more affordable, and offer more standardized rates and insurance plans. Some employers mentioned that a benefit would be that they would no longer be responsible for the costs.

“[A benefit would be] Everyone would be covered.” Small Employer, Offering Health Insurance, Rutland

“It means better controls on costs.” Not Offering Health Insurance, Rutland

“The government would pay for it.” Not Offering Health Insurance, In-depth Interview

Participants made two interesting points. First, a number of participants insisted there was no such thing as a “government-funded” program, because as they saw it, “the government is us.” The funding was not coming from the government, these participants emphasized, but from the taxpayers. Secondly, after discussing the idea for a few minutes, many participants indicated that a “government subsidized” health insurance program would be acceptable, but a “government-run” program would be unacceptable.

“There is no such thing as government-funded. It is our money.” Not Offering Health Insurance, Brattleboro

“Everyone has to remember that the government is us. We are the taxpayers, so we are the government.” Not Offering Health Insurance, Rutland

“Government subsidized, not government run.” “That’s good.” Not Offering Health Insurance, Rutland

2. Employee Responsibility

Initially, when asked what an employee’s responsibility in the provision of health insurance was, many employers could not think of any employee responsibility. In fact, some employers did not see where any responsibility would fall on the employee.

“I don’t see the employee having much responsibility to anybody. I mean in car insurance, if your are not responsible, the insurance dumps you. If you’re not healthy, they can’t dump you. I don’t see any responsibility on their part.” Large Employer, Offering Health Insurance, Rutland

“I don’t think you can put any responsibility on the employees.” Not Offering Health Insurance, Burlington

However, after considering the question for a moment, employers determined that an employee's primary responsibility is to maintain their own health and not abuse the healthcare system (thus driving up cost). Employers also thought employees were responsible for being smart healthcare consumers.

"Take responsibility for their health." Large Employer, Offering Health Insurance, Rutland

"Prudent use of resources." Not Offering Health Insurance, Burlington

"To be healthy." Small Employer, Offering Health Insurance, Rutland

"Two parts that the employee is responsible for: One, responsible use of the benefit and understanding that it is a benefit and, two, trying to stay in shape and not have to use the benefit." Large Employer, Offering Health Insurance, Burlington

Employers felt employees should be responsible for paying some of the cost of health insurance. They believed this would prompt employees to appreciate the benefit more and be more responsible about their utilization of healthcare.

"I think if people don't pay anything, they don't really have respect for it." Small Employer, Offering Health Insurance, Burlington

"I agree they should share in the costs." Medium Employer, Offering Health Insurance, Newport

A few participants thought that employees are responsible for making sure that they, and their families, are covered by some type of health insurance plan – either by finding employment with a company that offers it, purchasing their own plan or signing up for a state-sponsored plan.

"Make them responsible for themselves to a point. We all need to take responsibility for ourselves and our family. If the government is not providing something, we should go out and look for it ourselves." Medium Employer, Offering Health Insurance, Burlington

"It is the responsibility of the employee or the individual to make sure that they are covered one way or another." Small Employer, Offering Health Insurance, Rutland

A few others mentioned that an employees' responsibility is to be politically aware of the state of health insurance in Vermont and make their opinions known to their legislators.

3. Employer Responsibility

The underlying assumption in the discussion of employer responsibility in ensuring that Vermonters have health insurance is that employers should provide access to health insurance for employees. Some participants qualified this responsibility by stating that employers "who can afford" health insurance should be responsible for providing it.

“We already have the responsibility. Offering it.” Medium Employer, Offering Health Insurance, Newport

“Some people, if they are running a business that nets \$10,000 a year and they have seven employees, if they offer health insurance, they are out of business. So not everybody is in that position.” “If you are talking about the GEs of the world, they can afford to offer it as a benefit, but there are other employers who cannot.” Small Employer, Offering Health Insurance, Rutland

A few employers objected to the idea that it is the employer’s responsibility to provide health insurance. This objection was raised most often by medium-size employers and those who are currently not offering health insurance.

“I think we ought to get out of it. The employer is responsible for giving you wages for work, not taking care of your entire life.” Not Offering Health Insurance, Brattleboro

A few employers believe that the market would determine an employer’s responsibility, meaning that if an employer needed to offer health insurance to attract and retain good employees, they would offer it. Some employers felt that if an employer could not afford to offer health insurance to employees, they had a responsibility to help employees find ways to obtain coverage, including private insurance and state-subsidized programs.

Other employer responsibilities mentioned included: providing a safe workplace, on-the-job safety education for employees, helping staff maintain their health, initiating wellness programs in the workplace and educating employees about health issues.

4. Division of Responsibility

Most participants agreed that, ultimately, the responsibility for insuring Vermonters is shared among all three entities: government, employers and employees. Thoughts on the proportions of the mix varied from person to person, but generally, most see government as being responsible for providing a hospitable environment for health insurers to do business, employers making health insurance available to employees and employees sharing the cost burden and maintaining their own health.

“I think, ideally, we’d all like to see it broken up between employee, employer and the government. The three.” Not Offering Health Insurance, Brattleboro

“Ideally what would happen is that government would make sure the environment existed so there could be a healthy, open, competitive market. Employers would be doing what they are supposed to do -- manage the insurance, research and make insurers be competitive -- and employees would be keeping themselves healthy and getting education about what it means.” Large Employer, Offering Health Insurance, Burlington

Generally, most employers agreed that how much an employer should subsidize health insurance depends on the company's profitability. Some employers believe that the government should assist those employers who cannot afford to subsidize the cost of the premiums for employees. Employers felt the same about the employee's share of the cost burden – that it should depend on ability to pay and that the government should provide a subsidy for those who cannot afford their share.

A few employers believe that responsibility lies solely with one of the three entities discussed.

E. Participant's Recommendations for Increasing Health Insurance Coverage

Respondents were asked to form groups and discuss recommendations for increasing the number of people who have health insurance coverage. They were asked to develop programs that would be targeted to employers or employees; and to consider the role that four different groups might play in any solutions: individual employers, all Vermont employers as a whole, the government and employees. Employers echo a familiar chorus when asked their recommendations for increasing the number of people who have health insurance in the state of Vermont: *"Reduce the cost."*

"There are no incentives. It is purely an economic problem. There's nobody that would refuse health insurance nor anybody that would not want to offer it if it was affordable. The whole problem is a very complex, political one. Reduce the cost." Small Employer, Offering Health Insurance, Bennington

"You better get the costs down. That is the bottom line." "You've got to be able to afford it." Medium Employer, Offering Health Insurance, Burlington

Participants developed numerous options, many with common themes and inter-related parts. Most groups suggest some type of employer tax incentive to encourage more employers to offer health insurance and to help employers subsidize costs for employees. Some of the participants feel employer tax incentives should only be given to those employers who offer ALL employees health insurance; others feel the amount of incentives should be in proportion to the amount of premiums a company pays.

"Offer the incentive to the employer, so that for the employees to take [health insurance], it is free, it does not cost them a thing to have the coverage. But you need to [offer incentives to] the employer for doing that. Some kind of tax break." Large Employer, Offering Health Insurance, Brattleboro

"An incentive to an employer would be a tax break at the end of the year. If you offer insurance to your employees either you could pay a lower tax rate or get some type of rebate for having offered it." Not Offering Health Insurance, Bennington

Employers recommended funding tax incentives, subsidies or any other government-sponsored solution through the collection of *"sin taxes,"* which they defined as taxes on alcohol, cigarettes, fast food and other items they believe contribute to poor health.

Most also mentioned the need for more choices in the insurance market. While many believe more competition is the solution, most also stated they feel a basic, affordable plan would help more people obtain insurance.

“Have more options. A high-deductible, simple plan, major medical, at a reasonable price. I think a lot of people would buy into it, just to have it.” Small Employer, Offering Health Insurance, Brattleboro

In achieving an affordable, basic health plan, employers recommended changing state regulations. Employers think the state should reconsider regulations that require insurers to cover specific treatments in their policies. Employers believe if employers and individuals are allowed to pick and choose the coverage they want and can afford, insurance would be more attainable. Eliminating these regulations would allow insurers to offer more flexible plans and would allow for the creation of that affordable, basic plan. Employers or individuals who wish to have more extensive coverage would be responsible for the additional costs of those options.

“We would like to do away with all the state mandates. We feel that is driving the prices up a low as far as the chiropractic mandates and mental health mandates and things like that that keep coming down the pipeline. So now more people are eligible for those and it is becoming a right instead of an insurance and you keep adding items to the bill.” Large Employer, Offering Health Insurance, Burlington

“They should de-regulate and let you buy what you think you need instead of forcing you to buy what they think you need or what somebody else might need.” Large Employer, Offering Health Insurance, Rutland

“Each employee can come in and say ‘I’ll take this one. Since I am not going to get pregnant, I am not going to take pregnancy on my insurance so I can get it for less.’ Or they can have a higher deductible so they can pick and choose.” Medium Employer, Offering Health Insurance, Newport

Employers also suggested the state allow insurers to charge more for people who fall into high-risk groups, such as smokers, and less for healthy groups that do not utilize health care as much.

“There should be some options for healthy groups as opposed to groups that have more sick people.” Large Employer, Offering Health Insurance, Rutland

“If they’re a smoker they may have to pay more. If they want additional coverage, it is their choice to pay additional to get it. If you have a terminal illness you’re going to be charged an additional premium if you did not get in the boat early. People in hazardous situations? Somebody has to pay more for that.” Not Offering Health Insurance, Burlington

“The group that jogs at noon instead of eats donuts should get some benefits in their premiums.” Medium Employer, Offering Health Insurance, Newport

Employers also believe by changing the state mandates, it would increase competition in the insurance market and reduce prices, thus making health insurance more affordable and more available in Vermont.

“Relax the laws and allow some of those companies back in that were taken out of the state.” Small Employer, Offering Health Insurance, Brattleboro

“More competition. Competition will make for more affordable premiums.” Medium Employer, Offering Health Insurance, Bennington

“Change the government rules. That was kind of tied to inviting more insurance companies into the state. The rules they have for regulating the insurance companies have persuaded the other companies to leave the state because the rules are too tight.” Small Employer, Offering Health Insurance, Rutland

Another proposal from many focus groups is to create purchasing pools to help employers obtain affordable health insurance. Some employers would like to see the state assist employers in the creation of these pools; other feel businesses should create the pools on their own. Mainly, purchasing pools were recommended for small businesses, as a way of increasing the bargaining power with insurers.

“The only way government might be able to help us is they could set up some programs where we could all become part of a network – a pool-type thing.” Medium Employer, Offering Health Insurance, Newport

“Small businesses should create groups to make a larger pool of workers. So we are not all dealing with 30 / 30 / 30. You get 40 businesses with 30 workers each, that is 1,200 people. Then you negotiate a deal from that perspective or you self insure.” Medium Employer, Offering Health Insurance, Bennington

“If you went in with 50 you might get a decent rate, but if you went in with 30,000 employees you’d have more bargaining power.” Not Offering Health Insurance, Rutland

A few employers thought that the state should use the entire population of Vermont as a purchasing pool to negotiate attractive insurance rates for all Vermonters. For some, this is similar to the idea of a single-payer health insurance plan. For most, pooling the entire population of Vermont does not mean that all would end up on the same insurance plan, just that the numbers would be used to negotiate better prices.

“We talked about using the whole state as a group. Maybe getting us all better rates by having the insurance companies just consider the entire population so that we’d have a better rate.” Small Employer, Offering Health Insurance, Bennington

“The government has to get in and say, ‘Now look. We want one, two, three insurance companies to insure all the employees in Vermont.’” Not Offering Health Insurance, Rutland

One group expanded the pooling idea beyond Vermont. They suggested the state seek to join with other states in the region to form an even larger pool for even greater bargaining power with health insurance companies.

“We talked about trying to go beyond our borders in Vermont. To make it more regional, New England. As a block of states, approach the insurance companies and negotiate.” “If the lottery can do it . . . Vermont is negligible to [insurers] but the tri-states would not be.” Small Employers, Offering Health Insurance, Bennington

Employers feel another way to address issues around the cost of health insurance would be to standardize premium rates so all employers pay the same premiums for the same coverage. (As mentioned earlier, many employers believe smaller groups pay higher insurance premiums than larger groups.) Also, employers feel that if those who do not currently offer health insurance could be guaranteed the cost of the premium for an extended period of time (usually three to five years), they would be more likely to consider adopting a plan because they could appropriately budget for it.

“If the state could insure some kind of cap on premiums. A sliding cap depending on the size of your business. Like a mortgage, it would rise more or less than x.” Small Employer, Offering Health Insurance, Bennington

Respondents also proposed the state provide catastrophic health insurance for Vermonters who are without insurance. Employers agreed a policy should be developed that would cover part-time and seasonal workers who are not offered health insurance by their employers. Generally, participants did not recommend whose responsibility it should be to develop, sponsor and fund such a policy. However, they recognized these types of employees are in need of access to insurance.

Some participants perceived the need to address the cost of health care as a way to control insurance rates. A few suggested the state regulate health insurance costs, or at least “monitor” health care costs.

“It is controlling costs. If costs can be controlled, the same level of benefit can be offered to a larger number of people at the same costs.” Large Employer, Offering Health Insurance, Burlington

“As far as government, I think that the government could, through legislation, keep health care under control.” Medium Employer, Offering Health Insurance, Burlington

A few feel it is the state’s responsibility to put an end to the cost-shifting. They would like to see government programs paying 100 percent of the cost of care. Employers identified this a one reason their premiums were increasing.

“Have the government stop using their power to shift cost from the government to the individual taxpayers, meaning have them reimburse at full cost, the actual cost of services that their programs are using.” Small Employer, Offering Health Insurance, Rutland

“If there is one thing government can do, if they want to cover more people, is to pay all of their cost so that the rest of the people are not burdened [with the cost-shift that makes insurance more expensive].” Not Offering Health Insurance, Burlington

Some employers believe simply providing employers with information could help. This recommendation has two aspects. First, employers emphasized the need for standardized, easy-to-understand information so it is easier to compare different plans and rates to determine which plans are best for their employees. Employers feel the information should clearly outline what the different plans are that insurance companies offer, what various plans cover and what they do not cover, what out-of-pocket expenses would be and what the deductibles and premium rates would be. Employers feel the information should clearly state what the different plans are that insurance companies offer, including what is and is not covered, out-of-pocket expenses and premium rates.

Second, employers believe if the state were to provide information to employers, employers would be more likely to consider offering health insurance. It was implied that the information provided could clear up misconceptions about price, regulations and options available for affordable health insurance. Employers feel that some of their colleagues would find information about health insurance options helpful.

“Educate. Communicate. Let people know what the insurance is, what they are getting, what the policies are.” Medium Employer, Offering Health Insurance, Burlington

“We talked about having the Insurance Commissioner get more involved to get information out and to control costs.” Small Employer, Offering Health Insurance, Bennington

Employers also believe providing individuals with information would assist in increasing the number of Vermonters covered by health insurance plans. Employers believe it is their responsibility to encourage healthy lifestyles among their employees, educate them about the costs of health insurance and provide them with information about health issues. Employers feel the state should provide individuals with information about health insurance, specifically about the importance of being covered by insurance and their options if they feel they can not afford health insurance.

Some employers believe insurers should give bonuses or rebates to individuals who maintain good health and do not overuse the healthcare system. They said any cost savings should be awarded to those who are paying the monthly premium – split between employer and employee if they share premium costs.

“Employers offer incentives to employees to stay healthy, meaning rebates to people who do not abuse their health insurance.” Small Employer, Offering Health Insurance, Rutland

“For people who don’t abuse it, they need some incentives or rewards for those who don’t abuse, just to try to reduce abuse.” Medium Employer, Offering Health Insurance, Newport

Employers identified other tax incentives the state could provide to individuals that would facilitate more coverage. Allowing individuals a tax-free savings account that could be used to cover their out-of-pocket medical expenses was one of the ideas. Another is allowing individuals to deduct their out-of-pocket expenses, regardless of the total amount, and without having to itemize their deductions. Finally, employers suggested self-employed individuals be allowed to deduct the full cost of their health insurance.

“I think if you want to increase employee participation in coverage you have to give them the ability to feel that if they invest the money, they might get it back if it is not used. The medical savings account.” Large Employer, Offering Health Insurance, Burlington

“Right now, unless you do itemized deductions on your taxes you do not get tax credit for medical insurance. What we are saying is that the entire amount that the employee has to pay for health can be some kind of deduction, on a sliding scale, depending on their income.” Medium Employer, Offering Health Insurance, Newport

“Allow self-employed individuals the same tax treatment as corporations. Allow them to deduct the full cost of health insurance off their taxes.” Small Employer, Offering Health Insurance, Rutland

There were a few other suggestions that a small number of employers thought would help increase health insurance coverage in the state. First, a few employers recommended that health insurance be required. Some feel that the state should require employers to offer health insurance; others feel the state should require individuals to have it. However, most agreed mandatory coverage would not be an acceptable solution to most people. Second, a small number of employers recommended expanding income caps on existing state-run insurance programs such that more Vermonters would be eligible. Several participants, especially those familiar with Dr. Dynasaur, mentioned that that the program should be expanded to cover parents as well as children. Finally, a few participants mentioned they would like to see the state manage a single health insurance plan for all Vermonters.

“It must be an employer requirement to offer it.” Not Offering Health Insurance, Burlington

“We talked about mandatory coverage for employees to accept it. Like with auto insurance.” Small Employer, Offering Health Insurance, Bennington

“Nobody is going to go for that. Not the employer, not the employee.” Not Offering Health Insurance, Rutland

“To have more people insured would require a broadening of programs like Doctor Dynasaur and it would have a broader scope. In other words, rather than just children, it would have to include adults.” Medium Employer, Offering Health Insurance, Bennington

III. RESEARCH FINDINGS FROM FOCUS GROUPS WITH UNINSURED VERMONTERS

A. Attitudes toward Health Insurance Today

All participants agreed that having health insurance is very important for themselves and for their families to have. Many participants mentioned that not having health insurance made them uneasy; they worried about what might happen if they were ill or injured. Some participants mentioned that they participated in physically demanding jobs, such as landscaping or construction. Others mentioned that they had physically demanding hobbies, such as hockey or baseball. These participants noted that if they were injured during these activities they would be forced to pay the full cost of their health care cost to a hospital or private physician. Other participants noted that even simple tasks, such as climbing ladder or going down tricky steps, made them think about what would happen if they were to fall. The cost that may be incurred by injuries or illness was a concern for these participants.

“I think it [health insurance] is very important. I am an active person and I do things where I could hurt myself. I’d like to know that if I do need medical attention, there is someone to share the cost or assume the cost.” Uninsured Vermonter, Burlington

Participants noted that they often do not seek out preventive care, such as yearly physicals, dental care and eye exams. They also expressed a reluctance to search out medical care when health issues arise. Participants said that they would often wait longer than normal to see if a health issue would go away before seeking care.

“You also wait more. When I had health insurance, I would go when I needed to. Now, I wait to see if it will go away.” Uninsured Vermonter, Middlebury

The continuity of care is also something participants believe they are lacking without health insurance. Participants stated that when they do seek out care, they very rarely see anyone who has seen them before or is familiar with them. This lack of continuity meant more time explaining their medical history and a perception that quality of care decreased as a result of lack of personal knowledge between themselves and the practitioners.

Self-employed participants are especially concerned about not having health insurance. They realize that if they were to become seriously ill or have an accident, their livelihood and health would be jeopardized.

“I depend on my ability to function to make my living. If I hurt myself I’m sunk.” Uninsured, Middlebury

When participants spoke about having health insurance, it was described as a safety net they could rely on in the event of an illness or injury. Participants also stated that were they to have health insurance they would be able to do more preventative care. This would allow them to see a

physician regularly and possibly prevent a serious illness or injury. For these participants, having health insurance would contribute to a sense of security, and allow them to go through their daily lives without fear of high medical costs and failing health.

“If I have health insurance, I know I can get what I need when I need it. It’s [not having health insurance is] an extra burden that I don’t need to worry about.” Uninsured Vermonter, Burlington

Participants acknowledged that, by not having health insurance, they are gambling with their health. Participants described balancing between the hope that they would not need medical care with the uneasy feeling of what would happen if they fell ill or were injured.

“Everyday we balance it and, at the same time, we know we are gambling. I absolutely know I’m gambling. I find that unless something is really, really bothering me, I don’t go get health care.” Uninsured, Middlebury

1. Where the Uninsured Go For Health Care

When participants were asked where they prefer to go when they need medical care, the majority indicated a preference for area clinics that offer free or sliding scale fees. Many in the group believe that the quality of care at the clinics in their area is very high. Participants expressed that they appreciate that healthcare professionals at the clinics do not stereotype them as they believe some private healthcare professionals have in the past. Participants also feel that the doctors and staff at these clinics take a personal interest in their patient’s care.

“My son came here when he was very sick. The doctor knew right away what was wrong. It was a lifesaver.” Uninsured Vermonter, Burlington

“I had a couple of things come up, and they were there. They helped me out instead of showing me the door. They were really nice.” Uninsured Vermonter, Burlington

“I was really relieved to know their was an option that I could afford for when I got sick.” Uninsured Vermonter, Middlebury

Most participants agreed that if such clinics did not exist in Vermont, many uninsured people would either go without care or put off their care until they would require emergency treatment. Other participants suggested that, without affordable clinic access, more people would experiment with home remedies, or reuse old prescriptions left over from previous physician visits. Many participants agreed that without affordable health care the uninsured would have a hard time getting care when they needed it.

“It think we would find a whole lot of people very, very, ill and transmitting a whole lot of disease because they don’t have the money to go to a doctor. We wouldn’t go to the doctor unless it was absolutely life threatening.” Uninsured Vermonter, Middlebury

Other participants stated that they prefer to go to a private healthcare provider when they need treatment. These participants like the familiarity of a physician and staff at a single practice. This is especially true for those who have chronic conditions, such as asthma and diabetes.

“I like to go to a doctor that has seen me before, who is familiar with me, and who knows my condition.” Uninsured Vermonter, Burlington

A few participants stated that they regularly seek alternative preventative therapies, such as massage, herbals and energy balancing. It was noted that if a condition became serious, they would seek traditional care with a private physician or at a public clinic.

“It depends on my symptoms. I choose more alternative methods. A naturopath or homeopath.” Uninsured Vermonter, Burlington

2. Preferred Benefits for Ideal and Basic Health Insurance Plans

When participants were asked to come up with a list of services they would like to see included in a health insurance policy, regardless of the cost, the list was long and varied. The majority of the items on the list were preventive items, such as physicals, eye and ear testing, and dental care. Participants noted that these services are important to them, and could prevent them from becoming seriously ill and unduly taxing the healthcare system.

“They always say that if you catch something early, then it can be fixed easily. But if you wait, you end up in the hospital.” Uninsured Vermonter, Burlington

Participants also included more critical care items to their lists, such as sick doctor visits, prescription coverage, emergency care, hospital stays, rehabilitation services, home care and nursing home care. These items were added to the list because they are very expensive.

In an ideal world, some participants said they would also like to see items such as naturopath and homeopath visits, massage, acupuncture, midwifery, chiropractic services, mental health services, sun deprivation therapy, exercise programs, and energy work covered by health insurance plans. These services were mentioned as services that they would use in place of traditional preventative services and treatments.

When participants were asked what services they thought should be included in a basic plan, they provided a shorter list. Most participants listed services such as annual physicals, sick doctor visits, prescription coverage, emergency care, hospital stays and maternity care. Participants also mentioned that they considered yearly dental visits and routine dental work as services that should be covered by a basic health insurance plan.

3. Perception of Health Insurance Costs

The actual price of a basic health insurance policy for an individual was thought to be anywhere from \$300 to \$800 per month, depending on the services covered and the amount of the deductible.

Many thought that a plan with a \$1,000 to \$2,500 deductible would cost approximately \$300 in premiums a month. They thought that a more comprehensive plan with no deductible would cost \$800 per month in premiums.

When asked how much would be too much for them to pay in premiums monthly, their answers varied. Some participants noted that anything above \$100 or \$150 per month would be too much, while others said that the amount should be based on their income. Items such as co-pays and deductibles play a significant role in how much participants are willing to pay for their health insurance. They suggested that monthly premium payments should depend on how much an individual had to pay out-of-pocket for services.

B. Reasons for Not Having Health Insurance Coverage

A majority of participants had health insurance at one point in their lives, primarily through an employer, although some participants have participated in Medicaid or VHAP. Many participants noted that their children are covered by the Dr. Dinosaur program.

Reasons for not having health insurance varied. The majority of participants lost their health insurance coverage because either they or a spouse changed jobs and were no longer offered health insurance as a benefit through an employer. Some participants are working at part-time or seasonal jobs, which do not offer health insurance. Some chose to leave their jobs to take care of family members at home; others are self-employed. None of these participants felt they could afford private health insurance. A few participants chose not to have health insurance, as they prefer a more natural and alternative approach to healthcare.

*“I changed my job, and my new job doesn’t offer health insurance.” “Yeah, me too.”
Uninsured Vermonters, Middlebury*

“I’m self-employed for most of the year and then have seasonal work. They don’t offer insurance to us and I can’t afford to get it on my own.” Uninsured Vermonter, Middlebury

“I definitely have alternative therapeutic solutions, and they are not covered by any health insurance policy.” Uninsured Vermonter, Burlington

1. Events That Would Prompt Individuals to Acquire Health Insurance

When participants were asked what could change in their lives that would make them seek out health insurance, the most common answer was getting a big raise or working for a company that offered coverage. It was participants’ perceptions that they simply did not have the financial ability to purchase health insurance on their own. Many participants noted that, while they are uneasy about not having health coverage, they simply can not afford to purchase it.

“If I got a big raise. If I had that extra \$300 a month, I would consider it because I am nervous about not having it.” Uninsured Vermonter, Burlington

Other participants said that if there were more flexibility in insurance plans and cost, they would be more apt to purchase health insurance. These participants want to be able to choose which services go into their plans, tailoring them to their individual needs. Participants feel that if they could choose the services included in their plans they would not feel that they were paying for services that they do not want or would not use. These participants also want to be able to negotiate the cost of plans, as they do when purchasing a car or other large ticket item.

“If I had a lot more plans to choose from and the ability to tailor them, instead of package A, B or C. I want to be able to tailor it to my needs, like a salad bar.” Uninsured Vermonter, Middlebury

Another participant suggested that the philosophy of insurance companies would have to change for her to consider obtaining health insurance. This participant was not comfortable with an insurance company acting as a middleman between herself and her provider. One participant suggested that the state mandate health insurance coverage, as with car insurance. It was this participants’ view that if she were forced to pay for health insurance she would find a way. Another participant said that she would purchase health insurance if more alternative therapies were covered by health insurance plans.

C. Barriers to Acquiring Health Insurance

The main barrier the uninsured face is the cost of health insurance plans. The majority of participants are not offered health insurance through their employers and believe they can not afford to buy it privately. Not being covered distresses participants, but at the same time they can not justify the cost of the plans. It is only after all the other monthly bills are paid that participants assess their ability to purchase health insurance.

“My husband is self-employed, and it is just so expensive that we just can’t afford it.” Uninsured Vermonter, Burlington

“I think health insurance to everybody is very, very important. We all need it, but when it comes down to the mortgage, the car insurance, feeding the family and buying medications...It’s always the last thing.” Uninsured Vermonter, Middlebury

Another major barrier to acquiring health insurance is the perceived value of the plans versus their cost. Participants feel that if they add up all the money that they would pay for a health insurance plan in premiums, deductibles and co-pays, it would cost more than if they were to pay directly out-of-pocket for services actually used.

“It seems important because if I get hurt it will be there but if I don’t, then it’s like paying for something I don’t use.” Uninsured Vermonter, Middlebury

“The reality is if you have to pay [for health insurance premiums] every month for the rest of your life, chances are you are going to pay more than if you paid \$10 or \$20 out-of-pocket when you needed it.” Uninsured Vermonter, Middlebury

There was a higher comfort level with working out payment plans with healthcare providers for services used than paying a large insurance company for services that you may or may not use.

“I think it’s easier to work out a payment plan with our healthcare provider. You pay someone you know for the services they gave you.” Uninsured Vermonter, Middlebury

A few participants noted that they do not use traditional medical services and, therefore, see no value in having health insurance. These participants prefer a more natural approach to their health and seek services not covered by most health insurance plans.

“The healthcare that I seek out is not covered under any health insurance plan. I use more alternative, preventative, more natural health care. If I had health insurance, I would be paying for services that I wouldn’t use.” Uninsured Vermonter, Middlebury

D. Responsibility for Providing Health Insurance

Participants were asked to respond to two statements regarding the state government’s role in health insurance. The two statements represented extreme views of state government purview. The first statement suggested that the state government should not have a role in people’s personal lives, including health insurance. The second statement suggested that the state should be involved with people’s personal lives by protecting them from hardship and helping them with health insurance. The majority of participants identified with the second statement. They felt the state should help those who are financially less fortunate or uninsured in a variety of ways including providing health insurance. The idea of a state-funded health care system was brought up by participants as a possible solution. Expanding the open door clinic with sliding scale fees, and those of the existing VHAP and Dr. Dinosaur for all Vermonters was also mentioned.

“I think the government should help out more with people who don’t have jobs or are between jobs. I think there is an obligation of the state to help them out.” Uninsured Vermonter, Burlington

There were concerns over the amount of government involvement in people’s daily lives with a state-run health care program. Participants used the Canadian and U.K. health care models as examples of how government-run health programs have not worked as well as private care systems. Participants felt too much government involvement will make the system more confusing and harder to use than what we have now.

“Government has a tendency to create more problems than there were when they started.” Uninsured Vermonter, Middlebury

Some participants believed there is a place for government involvement, particularly, in the area of regulation of profits of insurance companies and the cost of health care. Regulation of prescription drug costs was also an area where participants thought the government can make a positive contribution.

“I think there needs to be some intervention for the government as far as regulation on profits. How is it that the pharmaceutical companies can charge outrageous prices for us but in Mexico you can go and buy the same prescription for one-tenth what it costs us here?” Uninsured Vermonter, Middlebury

When participants were asked who should be responsible for providing health insurance to Vermonters, the most common answer was a split between the employer and state government. In this situation the employer would offer plans to its employees and the state would subsidize the cost to the employers. Employers and employees would share the premiums of these subsidized plans. Participants thought such a sharing of cost would allow smaller employers to offer health insurance to its employees for a reasonable rate. This idea was not popular with self-employed participants.

“The state government would step in to provide money to employers who cannot afford to offer health insurance. Then the insurance would be affordable for the employer and the employee.” Uninsured Vermonter, Burlington

“That would be tough for me because I am an independent contractor I am both the employer and employee.” Uninsured Vermonter, Middlebury

Participants also questioned how the state would provide subsidies to employers for insurance premiums. The concern was the state might end up giving subsidies to employers who do not need them. Participants thought any subsidy should be given to smaller companies who either could not offer coverage or were having financial difficulty providing coverage.

Other participants thought responsibility for health insurance should be between individual employers and employees without any involvement from state government. It would be the employer’s responsibility to offer affordable health insurance plans to their employees and employees would share in the cost of the plans.

With regard to children, unemployed adults, those between jobs, or the financially disadvantaged, participants believe the state should bear the responsibility to offer them health insurance until they can afford to get it on their own.

“I believe the state should help lower wage people.” Uninsured Vermonter, Burlington

“The state government [responsibility] is big when I think of kids.” Uninsured Vermonter, Middlebury

When participants were asked how appealing the idea of participating in a state-sponsored health insurance program is, the answers were mixed. Those interested in the idea were drawn to it because they feel everyone should have affordable coverage no matter what. They also feel that they should have equal treatment as far as seeing healthcare providers and getting the same level of care.

“I think the best idea is for everyone to be covered under a government plan. That way everyone would be covered and everyone can get care.” Uninsured Vermonter, Burlington

Those not interested in a state-sponsored health insurance program feel there are benefits, but thought the disadvantages outweigh them. These people are concerned with the possibility of strict regulation, a lack of freedom in choosing a provider or method of care, long periods to receive care, and a decline in the quality of care. They are also concerned that health insurance will be one more thing in their daily lives that the government will control.

“People in Canada need to wait for treatment and there are all these policies that they have to follow. I don’t want that.” Uninsured Vermonter, Middlebury

“I would be afraid of government control.” Uninsured Vermonter, Burlington

When participants were thinking about a state sponsored health insurance program, some participants are uncomfortable with the state giving money to a health insurance company. Participants feel health insurance companies will only profit from the deal and will not offer a variety of plans to suit the needs of all Vermonters. These participants suggested the state give subsidies directly to the people of Vermont and allow them to purchase insurance or alternative care on their own. The feeling behind this suggestion is the state of Vermont will allow people to afford health care in whatever manner they choose to get it. If people want to purchase health insurance or directly pay their providers, including alternative care providers, they will have the freedom to do so.

“It’s a bad idea to use our tax dollars to give to a company who makes billions. They are just going to put it in their pockets and give the CEO a big raise.” Uninsured Vermonter, Middlebury

“Then we could make a choice as to what we could buy and what our needs are.” Uninsured Vermonter, Middlebury

When asked how many participants would sign up for a state funded health insurance program nearly all of them said that they would simply for the fact that they would have coverage.

“I need the coverage. It’s a security. I feel very insecure not having any coverage because anything could happen.” Uninsured Vermonter, Burlington

Many participants liked the idea of expanding existing VHAP programs to include higher income brackets. Participants were also open to the idea of the state offering insurance to those who were severely ill. They believed such a state-funded program would have to be clearly defined so Vermonters would know what their tax money was being used for. Participants liked the idea of the program being funded with a tobacco tax, although it was noted a tobacco tax was an unreliable source of income. The idea that the program would be funded with an assessment or surcharge on all insured persons’ plans was not popular with participants. Participants explained that if part of an insurance premium would go towards funding an insurance program for the uninsured it would be

difficult to sort out how much each insured person should be taxed. Participants noted that people have a wide variety of health insurance plans ranging from basic catastrophic to full coverage. These plans also vary in price and it would be unfair for the person with the catastrophic plan to be taxed as much as the person who has the full coverage plan.

“If we were all contributing a percentage of the same plan it wouldn’t be bad but right now we all have such different coverage and payments, it wouldn’t be fair.” Uninsured Vermonter, Burlington

Tax breaks for employers who offer health insurance was an idea that was well received. Participants believe tax breaks would benefit companies because health insurance is important for attracting and retaining valuable employees. Employees want coverage for themselves and their families. Participants believe if more people have health insurance coverage, there will be more competition between providers in the state, the cost of health insurance will go down, and the variety in plans will increase.

“It’s a win-win situation they [employers] are getting a tax break and they can provide service to their employees.” Uninsured Vermonter, Burlington

“More employees will bring the cost down and they would have to add more plans. It would spur competition.” Uninsured Vermonter, Middlebury

Although many believe employer-tax incentives is a good idea, participants are also concerned about this plan as well. Participants noted that even if employers offer health insurance, employees still may not be able to afford their share, especially if they are part-time or seasonal workers. Participants suggested the employee’s share of the premium be based on a percentage of the employee’s income. Also, participants want companies to offer health insurance to all employees, even if the employees are part-time, or seasonal in order to qualify for the tax incentives.

Again, participants are concerned that some employers may not need the tax incentives. Participants believe smaller companies, or companies that do not make a large profit, should be eligible for the tax incentives but large companies with large profits should not be eligible for such tax incentives.

“Look at IBM! (snicker) You want to give them a tax cut?! They have huge profits, they don’t need a tax cut to offer their employees health insurance.” Uninsured Vermonter, Middlebury

1. Attitudes toward Medicaid

In general, participants’ initial reactions to the word “Medicaid” were negative. Words and phrases such as: poor, welfare, income based, stereotyped, and people with disabilities came out. Some of the participants had been on Medicaid at some point and have mixed reactions. On the negative side, people told stories of not getting the care they needed and being turned away by health care providers.

“I have a friend who is a receptionist in a doctor’s office. She said that the doctors told her to schedule the Medicaid people way out and get the people who had insurance or were paying cash in first.” Uninsured Vermonter, Middlebury

On the positive side, some participants noted that without having Medicaid they or their children would not have gotten any care at all. Participants also see Medicaid as a safety net for those who are unable to work or are unable to get care.

“It was a saving grace for me, without it I wouldn’t have had care for my baby.” Uninsured Vermonter, Burlington

E. Recommendations for Increasing Health Insurance Coverage

Participants had a wide variety of recommendations for increasing health insurance coverage to more Vermonters. Many of the recommendations include shared responsibility between the state, employers and insurance companies.

Many participants recommend expanding the eligibility of existing state-funded health insurance programs. Participants believe this will allow more people to participate in health insurance programs. Participants also recommend the state consider each case individually, taking into account possible mortgage and car payments when looking at income caps.

“VHAP is there, why don’t we make it more accessible to people by relaxing the income requirements?” Uninsured Vermonter, Middlebury

“I’d like them to have more of an individual consideration, take into account that we pay mortgages and car payments.” Uninsured Vermonter, Burlington

Another popular recommendation is for the state to educate people about the programs that are available currently. There is a perception among participants that more people will take advantage of state-funded programs if they know what programs are available and what the eligibility guidelines are.

“There has to be education that lets people know what exists, what the availability is.” Uninsured Vermonter, Middlebury

A few participants want to have the state government and the federal government team up to reduce the cost of health insurance through regulation of profits that are made by health insurance companies. These participants believe health insurance companies are making too much profit and not providing enough services to the people they insure.

“The federal government needs to get involved with the state to regulate the health insurance companies and their profits.” Uninsured Vermonter, Middlebury

Participants also have recommendations for the insurance companies. Some participants want insurance companies to offer an incentive program for people that do not use their health insurance frequently. This program would be modeled after auto insurance policies, where, if you go for a certain amount of time without having an accident, you get a discount on your auto insurance bill. Also, with auto insurance, there is a discount for a multiple number of cars covered. With this health insurance program, you would get a discounted rate for covering your family.

“Like with your car insurance, if you go for a certain amount of time and you haven’t had an accident you would get a discount.” Uninsured Vermonter, Burlington

Participants also want insurance companies to offer more flexible plans that allow people to choose what services they want have included in their plans. This will allow people to customize their care to meet their individual needs.

“That way I could choose what I need and want.” Uninsured Vermonter, Burlington

Recommendations to employers include offering part-time and seasonal employees health insurance. It was suggested employers would base the employees’ share of the premium cost on their income.

“Employers should offer health insurance, even if it’s just basic insurance, to part-time employees.” “Employees would pay into the plan based on their salary.” Uninsured Vermonter, Burlington

One participant suggested the state should offer and fund a health insurance program for all Vermonters. The participant believes this will allow all Vermonters to be covered under the same program with the same rights and services available. Another participant suggested the state make it mandatory for citizens of Vermont to have health insurance. In this recommendation, the state would also be responsible for making sure health insurance is affordable for all Vermonters. One other participant recommends the insurance company be taken out of the scenario all together. In this recommendation, Vermonters will directly pay their healthcare provider for services.

“In an ideal system there would be no middle agent of the health insurance company. You would pay directly to your doctor.” Uninsured Vermonter, Middlebury

IV. CONCLUSION

Employers believe that health insurance is one of the most important and most valuable employee benefits. Even employers who do not offer health insurance recognize insurance as a valuable tool for recruiting and retaining employees. However, employers also stated that employees often find larger paychecks and paid time off to be more valuable than health insurance. Some employers stated that employees refuse insurance because they do not want, or cannot afford, to pay their premium splits. They also indicated that as long as employees will work without health insurance as a benefit, there will be employers who will not offer it.

Vermont employers are nervous about health insurance, a subject that touches an emotional chord with nearly all employers, from self-employed individuals to the state's largest businesses. Whether or not they are currently offering health insurance, employers expressed frustration and anxiety over the issue. They see the Vermont insurance market as volatile. As a result of changes in the market -- primarily a number of health insurers leaving the state during the past few years and the rising cost of insurance premiums -- employers feel out of control with respect to planning for health care expenditures. This perceived volatility causes those who do not offer insurance to be afraid to commit to offering a plan, and those who do offer plans (especially small employers) to be concerned that they will not be able to continue to offer benefits at their current level.

While most employers who currently offer insurance believe that they will continue to do so, more and more are shifting the cost of health insurance to the employee by increasing the employee contribution to the premium or raising deductibles and co-pays. For employees, these changes mean higher out-of-pocket health care costs, one of the primary reasons employees refuse to accept employer-sponsored health insurance.

While cost was cited as the primary barrier to health insurance access, there were non-cost-related barriers mentioned as well. Some do not see the value in paying health insurance premiums because what they would pay on an as-needed basis is less than their potential premium and co-pay costs. Employers complained that employees do not understand the full cost of offering health insurance, or believe they are entitled to it, and, therefore, do not value insurance as highly as employers think they should. For some, researching health insurance plans and finding reliable, unbiased information has proven to be an overwhelming task.

Throughout all of the focus groups, respondents repeatedly told us that health insurance needs to be financially accessible in order for more Vermonters to be covered. Both individuals and employers lament the lack of a basic, affordable health insurance plan, one that would cover preventive care, sick doctor visits and catastrophic medical needs with a "reasonable" deductible and co-pay.

Employers will not adopt a plan that their employees would not view as a benefit. Many stated that high deductible plans undermine the benefit of health insurance because employees have to pay too much money before they are covered. Additionally, employers and individuals alike said they would feel more confident about enrolling in a health insurance plan if they could anticipate the future cost or at least knew the maximum percentage increase for which to budget. Some employers who do not currently offer health insurance said they would cover at least some of their employees if they could get a plan that did not require signing up 75 percent of their eligible employees¹.

Many employers believe that health insurance needs to be made available to Vermonters who work part-time, seasonally or as contract employees. Employers are concerned that they would not be able to collect the employee portion of the premiums from such employees, or that those employees do not earn enough to afford their portions of the premiums. If there were a program that would assist employers in administering and collecting payment for health insurance from these employees, they would be more inclined to offer it.

¹ Some employers may not fully understand this restriction, as many believe that it is an insurance company rule. Others are unclear on how "eligible" is defined.

Many employers and individuals are convinced that more competition would reduce the cost of health insurance. While they conceded that other influences, such as rising healthcare cost and overuse of the system, play a role in increasing insurance premiums, many are convinced that the main reason is decreased competition among insurers. Employers also believe that state mandates regarding coverage for specific treatments and community rating have spurred lack of competition by prompting insurers to leave the state. Employers stated that there will be “*enough*” insurers in the state when they can purchase a basic policy at a reasonable premium rate.

Employers also envisioned the development of purchasing pools as a possible method of increasing the number of insured in Vermont, as pools would enable them to bargain more effectively with insurance companies for lower premium rates. Employers suggested pooling either by industry or by size of business. While some would like to see businesses do this on their own, many would like to see the state government help such groups organize themselves.

With regard to the role that government should play in providing Vermonters with health insurance, employers clearly believe that the government should start by creating a hospitable regulatory environment in which insurers can conduct business. Government should then take measures to ensure that the insurance market remains healthy and that insurers are legitimate businesses. Employers also believe that government should provide insurance for those who do not have access to it. Uninsured Vermonters see an expanded role for the government, primarily in ensuring that all Vermonters have health insurance. Despite disagreement about the extent of government involvement, most in all of the focus groups agree that government should assist people in obtaining health insurance, but not be involved in the administration of healthcare.

Employers devised numerous recommendations for increasing the incidence of health insurance coverage in Vermont. The most popular recommendation was setting up employer tax incentives for offering employees health insurance. Another popular suggestion was to subsidize premium costs for both employers and employees. The uninsured participants supported expansion of state programs so that more Vermonters could join.

Appendix I
Focus Group Discussion and In-depth
Interview Guides

**Businesses Offering Coverage
Focus Group Discussion Guide
(Draft 3, 1/5/00)**

Focus Group Objective: *What factors influence employers' decisions to offer employees health insurance, and what factors will determine whether they will continue to offer it. Discuss ways in which health insurance coverage could be expanded to those who are currently uninsured.*

1. Introductions (10 minutes)

Moderator Introduction

Welcome, my name is _____ and I'd like to thank you for taking the time to share your opinions with me tonight. We have invited you here tonight to talk about health care coverage in Vermont and the role of employers in providing health care coverage. Before we get started, I'd like to talk about our focus group tonight:

- ? Has anyone ever participated in a focus group before?
- ? I'd like you all to feel comfortable. If you need to get up, get a drink, or use the restroom, please feel free to do so.
- ? *(The moderator will point out any recording devices and talk about why we are recording.)*
- ? Everyone's participation is valuable; we need to hear everyone's honest opinions. Feel free to say whatever you think.

I work for an *independent* research company; my job will not be influenced by anything that is said here tonight.

Everyone's opinion is valuable and it is important that I hear from everyone.

I may call on you or ask for your views specifically.

I may interrupt you to move the conversation on.

I am not trying to single anyone out, or cut anyone off; I am just doing my job.

- ? There are a couple of "rules" I'd like us to follow tonight: speak one at a time, and speak up; no side conversations; and the best answers are what is TRUE for YOU.

I want everyone to "agree to disagree." Tonight we will welcome all different points of view. There are no right or wrong answers.

I just ask that we not have more than one person away from the table at a time.

General Introduction

Let's start the evening by going around the table and introducing ourselves. I'd like each of you to tell us 4 things: your first name, your current occupation, where you live and what you like to do in your spare time. *(Moderator goes last.)* Thanks for coming; lets get started with our discussion for tonight.

2. Company Benefits (5 minutes)

Brainstorming Exercise

First, could you tell me about the different benefits that a company might offer its employees?

Written Exercise

I would like you to write down on the pads of paper in front of you what you feel are the three most important benefits:

- A) From the perspective of your employees. (*i.e., Which do you feel they value most?*)
- B) From the perspective of your company. (*i.e., Which are most advantageous for your company to offer?*)

(Collect responses; brief discussion, if time allows)

- ? What company benefits do employees consider vital?
- ? Which benefits do you feel are *not* essential for companies to offer their employees?

3. Employee Health Coverage Details (20 minutes)

Let's talk for a few minutes about health care coverage at your current company. I'd like to start off with a different kind of exercise.

Creative Exercise –Facial Drawings

(The moderator will hand out sheets of paper with a blank face on them. Respondents will be instructed to draw the facial expression that best represents their company's attitude toward health coverage for their employees. Underneath the face, respondents will briefly describe the expression and their company's policy toward health coverage.)

(Discuss drawings.)

- ? What kind of facial expression did you draw? Please explain.
- ? How would you describe your company's attitude toward health coverage?

(Ask each respondent.)

- ? What types of health benefits do you currently offer employees?
- ? How many plans do you offer? [If more than one, do the plans vary by geography?]
- ? To what percentage of your employees do you offer health coverage?

-
- ? How are the costs of coverage shared between employer and employee (ratio)?
 - ? What percentage of your employees accepts the coverage?
 - Describe the types of employees who accept it
Age, family status (married, with children, single, etc.), salary
 - Which elements of the plans do you think effect whether or not an employee accepts coverage? (*Probe for: cost, benefit comprehensiveness, spousal coverage, etc.*)
 - ? What about the other employees, are they covered elsewhere or uninsured? Please explain.
 - For those who decline coverage
 - For those who are not offered coverage
 - ? For the employees not offered coverage, what are the reasons you do not offer them coverage?

4. Factors Influencing in Employers' Decision to Provide Health Insurance (20 minutes)

Brainstorming Exercise

- ? What would you say are the main reasons your company decided to offer health benefits to employees? (*Moderator will write reasons on flip chart.*)
- ? Of all of these reasons, which is the most important reason why employers offer health insurance to employees? (*Moderator will mark which reason is most important.*)
- ? How does your company benefit from offering employee health coverage?
- ? How do you think employees benefit from having coverage?
- ? Please describe a situation or an example at your company that highlights the benefits of offering health insurance coverage.
- ? What are the main drawbacks to offering coverage from the company's perspective?
- ? Please describe a situation or example at your company that highlights the disadvantages of providing coverage.
- ? How does your company respond to premium increases? Please explain.
(*Listen for reducing/discontinuing benefits; increasing copayments/employee contributions; reducing company expenses/profits; raising prices, etc.*)

-
- ? Under what conditions would your company have to seriously reassess the health coverage it offers? Please explain.
 - ? How would you consider changing the coverage offered?
(Probe if necessary: the employer/employee contribution ratio; seeking out cheaper plans; other benefit reductions, etc.)
 - ? In what situations would you not offer coverage?
(Probe as to what % of a premium increase would be unacceptable.)
 - ? What do you see as the biggest barriers to offering all employees health insurance for companies in Vermont? *(Probe for administrative costs, administrative time, cost to company, lack of employee interest, regulations, etc.)*

5. Providing Health Coverage in Vermont (30 minutes)

The aim of this section is to explore ways to increase health coverage among Vermont employees.

- ? Describe the responsibility for health coverage in Vermont that each of the following parties carries.
 - Employers
 - Government
 - Employees
- ? How has the burden of providing health coverage to employees in Vermont shifted over the years?
- ? Who do you think should be responsible for health coverage?
How should it be shared? Please explain.

Ideas to Increase Coverage

Creative Exercise - Increasing Health Coverage among Uninsured Vermont Employees

Now, I would like to put you into two small groups and have one group member jot down your key points. Let's imagine that your group has been hired by the state of Vermont to come up with ideas and practical ways to increase health coverage of Vermont employees. I would like you to spend a few minutes discussing different options and possible solutions.

Guidance

- ? During your discussions, consider the roles and responsibilities of:
 - Vermont employees
 - Individual Vermont employers
 - Vermont employers as a group

The state

? Include examples that would:

Offer Vermont employers incentives to extend coverage to all employees

Encourage Vermont employees to take advantage of employer-sponsored coverage

(Discuss each group's responses.)

? What sort of ideas and recommendations did your team come up with?

? Which one idea/recommendations do you feel will be most readily embraced:

by Vermont employers?

by Vermont employees?

(Probe as necessary.)

? How appealing is the idea of participating in a government-funded insurance program?

What would be the advantages of participating?

What would be the disadvantages of participating?

Explore what "government-funded insurance program" means to participants. *(i.e., is it similar to welfare, done through tax incentives, how would it differ from workman's compensation)*

? How do you feel about state funds being used to help make coverage more affordable to lower-wage employees in Vermont? Please explain.

6. Summary (5 minutes)

In this section, the moderator will recap the items discussed and things learned in the discussion. Respondents will be asked to recap their main points.

? Are there any additional relevant comments that you would like to make at this point?

? Is there anything that we missed? Please explain.

There is one last thing I'd like to do tonight before you collect your stipends and go home. I'd like to go around the table and have each of you tell me two things:

? What would be your final recommendation to increase coverage of Vermont employees, and should the government play a role, if so, how?

(Thanks, provide instructions on stipends, and close.)

Businesses NOT Offering Coverage
Focus Group Discussion Guide
(Draft 3, 1/5/00)

Focus Group Objective: *What factors influence employers' decisions not to offer employees health insurance. Discuss ways in which health insurance coverage could be expanded to those who are currently uninsured.*

1. Introductions (10 minutes)

Moderator Introduction

Welcome, my name is _____ and I'd like to thank you for taking the time to share your opinions with me tonight. We have invited you here tonight to talk about health care coverage in Vermont and the role of employers in providing health care coverage. Before we get started, I'd like to talk about our focus group tonight:

- ? Has anyone ever participated in a focus group before?
- ? I'd like you all to feel comfortable. If you need to get up, get a drink, or use the restroom, please feel free to do so.
- ? *(The moderator will point out any recording devices and talk about why we are recording.)*
- ? Everyone's participation is valuable; we need to hear everyone's honest opinions. Feel free to say whatever you think.

I work for an *independent* research company; my job will not be influenced by anything that is said here tonight.

Everyone's opinion is valuable and it is important that I hear from everyone.

I may call on you or ask for your views specifically.

I may interrupt you to move the conversation on.

I am not trying to single anyone out, or cut anyone off; I am just doing my job.

- ? There are a couple of "rules" I'd like us to follow tonight: speak one at a time, and speak up; no side conversations; and the best answers are what is TRUE for YOU.

I want everyone to "agree to disagree." Tonight we will welcome all different points of view. There are no right or wrong answers.

I just ask that we not have more than one person away from the table at a time.

General Introduction

Let's start the evening by going around the table and introducing ourselves. I'd like each of you to tell us 4 things: your first name, your current occupation, where you live and what you like to do in your spare time. *(Moderator goes last.)* Thanks for coming; lets get started with our discussion for tonight.

2. Company Benefits (15 minutes)

Brainstorming Exercise

First, could you tell me about the different benefits that a company might offer its employees?

Written Exercise

I would like you to write down on the pads of paper in front of you what you feel are the three most important benefits:

- A) From the perspective of your employees. (*i.e., Which do you feel they value most?*)
- B) From the perspective of your company. (*i.e., Which are most advantageous for your company to offer?*)

(Collect responses; brief discussion)

- ? What company benefits do employees consider vital?
- ? Which benefits do you feel are *not* essential for companies to offer their employees?

Let's talk for a minute about health insurance coverage.

- ? Has your company ever offered health benefits?

[If have offered] What led the company to no longer offer health insurance benefits?

[If have offered] How did employees react to the fact that the company was no longer offering coverage? Please explain.

[If never offered] Why doesn't your company offer insurance to employees?

- ? Are your employees covered elsewhere or uninsured? Please explain.

3. Factors Influencing in Employers' Decision Not to Provide Health Insurance (20 minutes)

Brainstorming Exercise

- ? What would you say are the main reasons your company decided NOT to offer health benefits to employees? (*Moderator will write reasons on flip chart.*)
- ? Of all of these reasons, which is the most important reason why employers DO NOT offer health insurance to employees? (*Moderator will mark which reason is most important.*)

-
- ? What do you see as the main:
 - advantages to not offering coverage?
 - drawbacks to not offering coverage?

 - ? What do you see as the key benefits for a company providing health coverage?
 - How do you think the employees benefit from having coverage?

 - ? Discuss the role of each of the following in the decision not to offer health insurance coverage:
 - The cost of the plan per employee (premium rates and employer/employee contribution ratio)
 - Administrative time/paperwork
 - Integration of health insurance with business insurance
 - Pre-existing conditions limitations
 - Are there any other factors critical to your decision we should discuss?

Coverage Barriers and Triggers

- ? Which factors pose the biggest barriers to offering coverage in Vermont?
 - What do you see as the reasons for this?

- ? Under what conditions would your company consider offering health coverage? Please explain. (***Probe as necessary.***)

4. Providing Health Coverage in Vermont (30 Minutes)

The aim of this section is to explore ways to increase health coverage among Vermont employees.

- ? Describe the responsibility for health coverage in Vermont that each of the following parties carries.
 - Employers
 - Government
 - Employees

- ? How has the burden of providing health coverage to employees in Vermont shifted over the years?

- ? Who do you think should be responsible for health coverage?

How should it be shared? Please explain.

Ideas to Increase Coverage

Creative Exercise - Increasing Health Coverage among Uninsured Vermont Employees

Now, I would like to put you into two small groups and have one group member jot down your key points. Let's imagine that your group has been hired by the state of Vermont to come up with ideas and practical ways to increase health coverage of Vermont employees. I would like you to spend a few minutes discussing different options and possible solutions.

Guidance

? During your discussions, consider the roles and responsibilities of:

- Vermont employees
- Individual Vermont employers
- Vermont employers as a group
- The state

? Include examples that would:

- Offer Vermont employers incentives to extend coverage to all employees
- Encourage Vermont employees to take advantage of employer-sponsored coverage

(Discuss each group's responses.)

? What sort of ideas and recommendations did your team come up with?

? Which one idea/recommendations do you feel will be most readily embraced:

- by Vermont employers?
- by Vermont employees?

(Probe as necessary.)

? How appealing is the idea of participating in a government-funded insurance program?

What would be the advantages of participating?

What would be the disadvantages of participating?

Explore what "government-funded insurance program" means to participants. (*i.e., is it similar to welfare, done through tax incentives, how would it differ from workman's compensation*)

? How do you feel about state funds being used to help make coverage more affordable to lower-wage employees in Vermont? Please explain.

5. Summary (5 minutes)

In this section, the moderator will recap the items discussed and things learned in the discussion. Respondents will be asked to recap their main points.

-
- ? Are there any additional relevant comments that you would like to make at this point?
 - ? Is there anything that we missed? Please explain.

There is one last thing I'd like to do tonight before you collect your stipends and go home. I'd like to go around the table and have each of you tell me two things:

- ? What would be your final recommendation to increase coverage of Vermont employees, and should the government play a role, if so, how?

(Thanks, provide instructions on stipends, and close.)