



WARD RESEARCH
I N C O R P O R A T E D

**FOCUS GROUPS AMONG HUMAN
RESOURCES DECISION MAKERS
SUMMARY OF FINDINGS**

Prepared for:

THE HAWAII UNINSURED PROJECT

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To gain an in-depth understanding of employers' roles in the issue of Hawaii's uninsured workers and to aid in the development of a statewide employer telephone survey, three focus groups were conducted July 8 and July 9, 2003. This summary of key findings presents highlights from three focus groups composed of a total of 23 human resources decision makers of small (1-19 employees), medium (20-99 employees), and large (100+ employees) businesses.

Employers in the Groups are Struggling Through a Tough Economy.

Many of the participating employers are still feeling the effects of the dampened economy caused by 9/11, the war in Iraq, and SARS. Many of the participants also offered, without direct questioning, that rising health care costs will further slow their efforts to succeed in a struggling economy. This unsettled outlook on their economic future impacts their willingness to provide health insurance to employees who work less than 20 hours per week. However, the majority of the employers represented in the groups currently offer employees working 20 or more hours per week more than what is required by the Prepaid Health Care Act (PHCA). Many pay, and expect to continue paying, 100% of the health insurance premiums and offer additional coverage (e.g. dental, drug, vision, family coverage). Some participants felt that their employees didn't appreciate the expense employers paid for their health insurance benefits and many just expect to receive health insurance because of PHCA mandates.

"Given the situation here in Hawaii right now, it's hard to offer new benefits, even if it's employee paid, or shared cost, or employer paid because it's just not the right time... I don't think companies are poised to present new benefits to employees right now."

- *Medium/Large Business Human Resource Decision-Maker*

"We cover 100% of our employees' medical benefits, but the rates have been going up every single year so it's just been tougher. A lot of our employees are seniors and it's difficult for them to just go on Medicare because there's no prescription drug coverage and right now there aren't any riders available... so it's just tough."

- *Small Business Human Resource Decision-Maker*

Small and Med/Large Employers Differed in their Attitudes.

The size of the company and the number of employees effected participants' feelings about offering health insurance to their employees. Small business participants, who were closer to their employees, felt they played a personal role in addition to an employer role in offering employees health insurance; whereas, medium and large business participants viewed the issue strictly from a business standpoint. Therefore, small business participants expressed more willingness than their counterparts in offering health insurance to employees who work less than 20 hours per week.

Employers are Willing to Devote Time and Energy, Not Dollars.

The majority of the participants expressed compassion in helping the uninsured, referring to it as their "humanitarian" side. Speaking from their "business" side, however, many felt that further increasing employer health insurance expenditures could jeopardize their business' existence. Many participants expressed that it would not be valuable to insure employees who work less than 20 hours per week because of high turnover and low employee efficiency. Some participants stated that they would prefer to hire and insure one full-time employee rather than hire and insure two part-time employees because the cost would be less for an equal amount of work.

When participants were asked if they would consider insuring employees working less than 20 hours if their overall costs for insurance decreased, most admitted that they would probably not transfer these savings to insuring *more* employees. Rather, they would prefer to redirect the savings to improve operations, to aid business growth, or to enjoy a (rare) profit. Despite the lack of financial support that participants were willing to give, some were quite willing to help out by handling administrative tasks, including paperwork and payroll deductions.

"I have a lot of minimum wage workers... In my head, I'd have to be willing to give them a raise of that [premium amount]. That could be maybe \$1 or \$2 more per hour and that's not [warranted]..."

- *Small Business Human Resource Decision-Maker*

“If it’s not coming out of my pocket, I’d be happy to handle their paperwork and all of the employees get covered. Sure, why not?”

- *Small Business Human Resource Decision-Maker*

Mixed Reactions to Eliminating PHCA But Agreement on Adding Flexibility.

Participants were asked how they would feel if Hawaii’s Prepaid Health Care Act (PHCA), which mandates employer-sponsored coverage for certain employees, was eliminated. Some participants supported this action, while others voiced concerns about employees and families that would likely be left without health insurance. Many felt that if changes were made to PHCA to include more employees, an increase in flexibility must also be given to the employer to allow for adjustments to fit individual business environments (e.g. number of employees, industry, total revenue, etc.). A number of small business participants felt especially strong about increasing flexibility.

“A mandate ought to be different for different companies. A blanket rule application doesn’t affect me as it does him (referring to another participant).”

- *Small Business Human Resource Decision-Maker*

Sliding Scales, Higher Deductibles and Basic Coverage Plans Were Suggested by Participants.

Participants were asked to offer some solutions to the problem of uninsured workers. Many of the solutions decreased the costs for employers and increased the possibility of insuring more employees. They included:

- ✓ A sliding scale for premium coverage based upon seniority or hours worked;
- ✓ Higher deductibles with lower premiums;
- ✓ “Basic” medical plans that carry lower premiums (although defining “basic” was difficult for the participants); and,
- ✓ Tax credits given to employers for insuring their employees.

“A higher deductible [lower premiums] would lessen the burden on the employer and I don’t think we have that option in Hawaii.”

- *Small Business Human Resource Decision-Maker*

Substantial Education Will Be Needed About the Uninsured Population and Health Insurance, In General.

Many participants believe that there is a problem with the number of uninsured in Hawaii. However, the majority of the participants also believe that other states have a much more serious problem “because Hawaii is the only state with mandates” such as the PHCA. When participants were asked who they thought constitute the uninsured in Hawaii, many mentioned:

- ✓ Young people who choose not to have health insurance;
- ✓ Those who have lost their jobs and cannot afford COBRA;
- ✓ Immigrants;
- ✓ Those who are jobless and/or homeless;
- ✓ Self-employed persons; and,
- ✓ Family members of covered workers who cannot afford additional coverage.

“I’ve never heard of there being any problem with the uninsured... as long as you’re working you’ve got medical at least for yourself, so it’s really not that much of a problem.”

- *Medium/Large Business Human Resource Decision-Maker*

When participants were told that over half of the uninsured population is gainfully employed, the perceptions were that they consisted of young people and those who have multiple part-time jobs (none of which provides medical insurance).

“I don’t think the part-timers desire health insurance... if they know that they only need 20 hours to get it, then they can. That’s a relatively easy number to obtain.”

- *Medium/Large Business Human Resource Decision-Maker*

Although a number of participants were very knowledgeable about health insurance, there were some who were confused about many different factors of health insurance including health care terms (e.g. deductibles), insurance providers, and health insurance, in general. In particular, some participants had misconceptions about the cost drivers of health care and how it affects health insurance rates.

It is clear from these groups that any proposed solution offered to employers will require significant information and education including:

- ✓ Facts supporting the issue of the growing number of uninsured in Hawaii;
- ✓ Costs associated with the uninsured;
- ✓ How those costs currently impact overall health care costs;
- ✓ A clear explanation of the impact on the employers; and,
- ✓ Terms, facts and general information about health insurance.

This information will be necessary in order for employers to adequately examine proposed solutions to the issue of uninsured workers in Hawaii.

Note: Focus groups are qualitative-based research and findings cannot be projected to a larger population with high confidence. However, findings described in this summary can be used for direction and can aid in further development of future concepts or strategies.

APPENDIX
Discussion Outline

DISCUSSION OUTLINE
HUP – EMPLOYERS FOCUS GROUPS
(rev. 7/8/03)

NOTE: Questions contained in this outline are used only as a guide during groups. Discussions will be open-ended in nature and will flow according to group dynamics and feedback.

Introduction of moderator, general purpose of research, ground rules

General purpose is to learn more about employer attitudes about benefits offered to employees

Introduction of participants to include:

- ✓ Name
- ✓ Organization/Position
- ✓ Activities of the organization
- ✓ Types of employees (full-time, part-time, contract, temp, etc.)

What's going on in the world of benefits? What are the trends that you see?

I. Let's start with some questions about the benefits you offer to your employees

- ✓ What types of benefits do you offer to your employees?
- ✓ How do you decide what benefits to offer to your employees?
- ✓ Do you offer all of your employees the same benefits (full-time vs. part-time)? If not, how do you decide who gets what?
- ✓ What is the role of benefits in your staffing decisions? To what extent are benefits a consideration?
- ✓ Are there any benefits that you would like to offer to employees but do not? Why is that?
- ✓ How, if at all, do you control benefit costs to the company?

II. Now let's talk about health insurance in particular

- ✓ Tell me about the health insurance that you offer to your employees.
 - ✓ What level(s) of coverage do you offer? Who do you offer health insurance to?
 - ✓ Do you share the costs with the employee? If so, how did you determine the proportion you share?

- ✓ What factors go into deciding what features are included in coverage?
- ✓ Are you familiar with the Prepaid Health Care Act? How do you feel about the Prepaid Healthcare Act?
 - ✓ Does the Act impact your handling of benefits and/or human resource issues? How?
 - ✓ Do you feel there should be any changes made to the Prepaid Health Care Act? What should they be?
- ✓ What is your opinion about the uninsured people of Hawaii? Do you think there is a cause for concern?
 - ✓ How many people do you believe are without health insurance in Hawaii? (If estimates are off, tell them that about 120,000 people are uninsured) Does this change any of your opinions?
 - ✓ Is this an issue of concern to you? What about as a member of the community? What are the impacts of the uninsured group on the community?
 - ✓ What kinds of people do you believe are uninsured in Hawaii? What would you say if I told you that over half of the uninsured are gainfully employed?
 - ✓ Any ideas of what should be done for the uninsured people in Hawaii?
- ✓ What is your opinion about part-time employees (< 20 hours/week) and their health insurance options?
 - ✓ Are your part-time employees who work less than 20 hours/week covered? If yes, how?
 - ✓ Has your organization considered offering health insurance to your part-time employees?
 - ✓ What barriers currently exist, relative to covering part-time employees?

III. Let's talk about some options that could allow more working people to obtain health insurance...

- ✓ Is there anything that you have heard from other organizations or thought about in terms of offering health insurance to employees who aren't covered by the Prepaid Healthcare Act? What do you think about them?
- ✓ What, if anything, would your company be willing to do to insure those who aren't covered by the Prepaid Healthcare Act?

HUP – Employers Focus Groups
Discussion Outline
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- ✓ Who do you feel should contribute to the costs of providing insurance to part-time employees? How much should be contributed by each party?
- ✓ Based upon what you are currently paying in premiums for your employees, what would you be willing to pay for your part-time employees? The same amount? 50% of the costs? 25% of the costs? Nothing?
 - ✓ What about in dollars – what would you be willing to pay for each part-time employee?
 - ✓ How much do you think your part-time employees would be able or willing to pay per month for health insurance?
- ✓ What types of benefits would you feel are necessary to include in a plan to be offered to part-time employees not covered by the Prepaid Healthcare Act? (Prescription, Dental, Preventative, etc.)
- ✓ Let's say that there was a plan available that would allow you to offer health insurance to your part-time employees at a cost that you believe is reasonable. How would you handle the administrative task of offering this benefit?
- ✓ If a plan was developed and funded by another party that would make health insurance available to employees not covered by the Prepaid Healthcare Act, would you be willing to assist your employees in obtaining this insurance in terms of education, paperwork, eligibility requirements, etc.?
- ✓ What about a program where the employer would withhold a portion of the employee's payroll to submit to a type of insurance pool – would this be something you may be willing to do?
- ✓ What do employers need to know about this issue?
 - ✓ Who will you want to hear from on the issue and possible solutions?
 - ✓ What kinds of information would you like to have about possible solutions for the uninsured employees?
- ✓ What if I told you that there are some efforts being made to enable more people, who are currently uninsured, to obtain health insurance? How do you think this could be done? What are some possible solutions that come to mind?
 - ✓ What would be the best way to educate companies and employers like yourself about this issue and possible solutions?
- ✓ Is there anything else you'd like to say about this issue?

Close and Thank for Participating