

Small Business Focus Groups
Report to the Access HealthColumbus Insurance Committee
Prepared by Community Research Partners
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INTRODUCTION

Access HealthColumbus (AHC), a non-profit organization whose mission is to assure access to health care for vulnerable populations in Franklin County, is exploring ways to increase access to health insurance through small businesses. In order to inform potential strategies, AHC asked Community Research Partners (CRP) to conduct focus groups with small businesses in Franklin County.

DESCRIPTION OF FOCUS GROUP PARTICIPANTS

A total of 22 small business professionals participated in four focus groups in August-September 2005. Participants were recruited primarily through the Columbus Chamber of Commerce. Sixteen employers currently offered health insurance while six did not. Employers ranged in size from 0-100 full-time staff and 0-100 part-time staff, with total sizes ranging from 3-165 employees. Businesses not currently offering health insurance were notably smaller than other businesses, ranging from only 3-14 total employees.

Employers who participated in focus groups represented a range of employees.

- Fifteen employers had at least one African American employee. For five employers, more than 50% of their employees were African American.
- Eight employers had at least one Hispanic employee, with two having more than 50% Hispanic employees.
- Sixteen employers had at least one lower wage employee (\$12/hour or less). For 12 employers at least half of their employees were lower wage workers.
- Fourteen employers reported that at least one of their employees does not currently have health insurance.

Focus group participants reported functioning in a variety of roles in their businesses.

- Eleven participants are the primary or only decision-makers in their businesses.
- Six participants make decisions with some input from others.
- One participant reported that others in the business make decisions with some input from them.
- Four participants are part of a group that works together to make decisions.

ANALYSIS

CRP typed focus group notes and entered them into a qualitative data management software program for analysis. Audiotapes of the focus groups were used to transcribe direct quotes. All comments were given codes, and the codes were combined into themes with a focus on identifying themes that might help AHC develop strategies.

In the findings, three different types of phrases are used to describe the “strength” of the themes or ideas. First, some ideas are described as coming primarily from one or a few participants. Second, some ideas are described as coming from some, or several

participants. This means that the theme reflects more than just a few participants' comments, but all participants did not necessarily actively agree with the idea. Finally, some ideas are described as coming from many or most participants. This means that when the idea was discussed, many participants appeared to actively agree. Issues about which participants disagreed are also noted throughout the report.

AFFORDABILITY

Employee contributions

- **Cost is a primary barrier to employee participation in health insurance.** Although there are reasons besides cost for why employees do not participate in health insurance, cost was generally felt to be a primary barrier. Some participants discussed personal experiences or knew of other businesses where employees either did not participate in health insurance due to cost or dropped health insurance when employees' costs were raised.
- **Families are hardest hit.** Many participants discussed higher rates for employees who are insuring their families as opposed to singles, due in part to the fact that employers often contribute the same amount to family as to single coverage. When describing their employees and their unique insurance needs, several participants mentioned families' needs for health insurance, especially single parent families.
- **Many lower income employees can afford \$50-\$100 per month for health insurance.** Participants were asked to consider "lower income" as about \$12/hour or less. Participants estimated that lower wage employees could contribute between \$40 and \$100 per month, noting wide variation in the other financial obligations that lower wage employees face that affect what they could pay for health insurance. There was more agreement about lower wage employees being able to contribute \$50 per month. However, many lower wage employees are living "paycheck to paycheck" so other costs – especially those that are likely to be higher in plans with lower premiums (e.g., deductibles) – must be considered in addition to the monthly premium.
- **Even if health insurance cost \$5 per month, there are employees who would not enroll.** Many participants said that many employees do not think that they will get sick or do not prioritize health insurance. Other employees feel that their employer should provide health insurance at no cost to the employee. One participant suggested that some employees do not take health insurance because if they get sick they will go to the emergency room and receive "free" care as a "charity case."

"I've got one guy who didn't show up today because he didn't have gas money." (Participant #2)

"We have some people live paycheck to paycheck and that extra \$50 or extra \$20, whatever it is, means a lot." (Participant #4)

"I would say for our part-time employees, if they could pay probably \$10 a week or \$40 a month, I think they would probably jump on it because that's like one meal, if they can translate it into, that's one take-out meal I don't have to eat. That's doable for them, especially for part-time." (Participant #20)

“If you’re single, [our health insurance is] a good deal. But if you’re a family we’re only paying a percent of what your single coverage would be.” (Participant #13)

“Regardless of what kind of coverage they’re buying, it depends on what their expenses are at home. Someone who’s working for us making \$12 an hour, 50 bucks a month for single coverage is great but someone who’s making \$12 an hour and is a single mother and has four kids at home, that \$50 a month is a lot out of their pocket even after taxes.” (Participant #10)

“For a lot of people they don’t take [health insurance] because they’ve been to the ER and didn’t have to pay because they didn’t have anything to lose or they just don’t think they’re ever going to get sick. If it was \$5 a paycheck, I think I’ve got a whole slew of people who wouldn’t do it. \$5 is a pack of cigarettes.” (Participant #17)

Employer contributions

- **Most employers would contribute some amount to health insurance.** The majority of participants who do not currently offer health insurance either said that they would contribute something to health insurance for their employees or gave a specific dollar amount that they would be willing to contribute. The amount that employers would contribute varied considerably (from \$30-\$500 per employee per month). However, many participants felt that it is important for employees to contribute something in order to increase their accountability.
- **Employers who already offer health insurance do not start by thinking about what is affordable.** Some participants talked about making cuts elsewhere in the budget to compensate for the cost of health insurance. Several did not see dropping health insurance as an option because they would lose employees.
- **Employer contributions are likely to impact employees’ wages or wage increases in the future.** Paying for higher wages versus health insurance premiums were trade-offs that some participants discussed in the context of what they currently pay or would pay for health insurance. The point was made that “the money has to come from somewhere”.

“I feel bad. I want my people to have health insurance. It means they show up to work. It means they’re loyal, they’re there a long time, I don’t have to re-train people. It’s cost-effective to keep people.” (Participant #22)

“If I started with what I could afford we’d be in big trouble. What’s the best deal I can possibly cut for the company and the employees.” (Participant #1)

“Once you’ve started offering health insurance you can’t take it away from your employees. You need to try to get the best rate for the best plan but as far as affordability goes you just grin and bear it.” (Participant #4)

“I had an employee leave because I offered full coverage on her benefits. She was over 60 and so her insurance was over \$600 a month. I pay that, so I can’t give her a raise because I’m paying for her insurance. She’s like, well I can go to Lowe’s and work there, and make a little bit more money, and they’ll cover half of my insurance, so the bottom line was she was making more money.” (Participant #18)

Small risk pools

- **Small businesses feel that their small risk pools significantly affect the cost of health insurance available to them.** The three specific areas that arose repeatedly were higher costs for older employees, women of childbearing age, and pre-existing conditions. A few participants even said that they think about these issues when they are interviewing candidates, even though they should not.

“So if I’m looking at two relatively equal candidates for a position, I’m thinking about, one of them is a woman, one of them is older, so consequently they’re rates will be higher if they need health insurance. I don’t want to be going there, it isn’t fair for me to be making decisions about who I’m hiring based on how much their health insurance is going to cost, that’s insane. Should I say that louder?” (Participant #17)

“Here’s another problem which I think is a really big problem. We’re all assuming that our employees are in good health. But, if you have an employee that perhaps is not in good health, or is disabled, that will knock you out of any pool quicker than anything... You don’t want to deny somebody employment, basically discriminate, but you know what, that can happen because they’re just dragging the rest of the employee pool down to allow you to get into any group health insurance.” (Participant #19)

ACCESSIBILITY OF HEALTH INSURANCE

Complexity of looking for health insurance

- **Employer time and resources.** Many participants talked about the extensive amount of time that they spend “shopping around” for health insurance. Even those who already offer health insurance invest a significant amount of time most years to try to find better rates or better benefits for the same rate. A few participants said that after switching to a company with a lower increase one year, the rate increased even more than the previous rate the next year.
- **Rules and regulations.** Most participants discussed the many rules or regulations related to health insurance that they had experienced. They felt that no matter how long they work with health insurance companies they will not fully understand the insurance system and are at the mercy of the insurance companies to get them the “best deal”. They also perceived that they are subject to more rules because they are small businesses. Specific rules included:
 - Having to contribute at least a certain percentage of the premium (e.g., 50 or 60%)
 - Only permitted to talk to one broker from a specific insurance company
 - Having to provide life insurance with health insurance
 - Having to have a certain percentage of employees on the plan to be able to offer it (e.g., 51%)
 - Not being able to access claims information from insurance companies
 - Limited to offering one insurance plan or level (in some cases)
- **Lack of employee understanding.** Another result of the complexity of health insurance is that employees do not understand different types of financial contributions for which they are responsible (e.g., premiums, cost sharing, co-pays, deductibles). A few participants shared stories such as employees agreeing to a plan with a lower premium, but only later fully realizing the implications for

other costs. A few participants had received questions from employees about why they received a bill in the mail after paying a co-pay. Employees also often do not understand the implications of pre-existing conditions.

“Unfortunately what happens most of the time is that you change providers, you have a lower increase, 10% or something instead of the original 30%, so you switch insurance companies and the next year they give you a 40% increase.” (Participant #14)

“It takes a tremendous amount of time to do the comparisons, to make sure you’re getting the best deal, even within a particular company, the packages that they offer and will they be tailored to your employees.” (Participant #1)

“[Employees] didn’t complain about having to pay that \$25 a week [for a “low tier” plan], but then I think they didn’t understand the coverage that came with that \$25 a week so they were complaining about things that weren’t covered.” (Participant #11)

Making compromises

- **Paying more for less.** As insurance costs continue to increase, most small businesses can only pass on so much of the insurance premium to employees because of insurance regulations (see above) or because their employees cannot afford higher costs. Therefore, these businesses make compromises in the benefits that they offer. Some talked about making small changes to affect costs such as raising a co-pay or deductible or not offering dental insurance. A few mentioned discount programs (e.g., vision, prescriptions) as substitutes for insurance coverage in those areas, saying that they like to be able to say that they have something to offer employees.
- **Exploring alternatives to traditional health insurance.** Some participants talked about looking into different kinds of insurance programs in order to save money, or to be able to offer *something* to employees. Health Savings Accounts (HSAs) were discussed in detail, and Flexible Spending Accounts were mentioned. HSAs were generally perceived as attractive for younger, healthier employees but not for older employees or those with serious health problems. Employers liked the idea of HSAs encouraging employee accountability but felt that it would be difficult for many employees to save enough money to cover their expenses. A few participants had looked into reimbursement accounts or high deductible plans, all in the interest of saving money. One participant who had switched to a high deductible plan said that it had not really saved the company any money. One participant said that after some employees used reimbursement accounts successfully, others were more willing to try.

“I had offered a high deductible [medical savings account] just to be able to say that I’ve got something.” (Participant #2)

“That’s one of the things I liked about the healthcare savings plan, that there was an incentive for them to take care of themselves and kind of accumulate that money for times when it’s really needed or maybe for healthcare things that aren’t covered under the plan.” (Participant #9)

“Looked at HSAs for employees, but with a \$3000-5000 deductible, they’re not going to be able to afford it. That’s great if you’re a \$30-40,000 a year employee and they can do an HSA relatively young and don’t have many health expenses and you can probably get a family rate for \$400-500 per month. Long term financially, those build up. But short-term if you’re older or get sick a lot, HSAs aren’t the way to go.” (Participant #22)

Important healthcare services

As part of the focus group, participants were asked to rank the top five most important healthcare services for their employees from a list. Then they were asked to discuss the reasons for their rankings. Based on the percent of participants who ranked each service in the top five most important, the most important categories were:

- Primary care (100%)
- Hospitalization (80%)
- Emergency care (70%)
- Pharmacy (70%)
- Outpatient (33%)
- Urgent care (33%)
- Specialty care (33%)

The following themes came from the discussions that participants had about why they did or did not rank certain services.

- **Taking care of daily or more frequent healthcare needs.** Many participants ranked some healthcare services as most important because employees use them frequently (e.g., primary care, pharmacy, urgent care). Being able to support employees’ daily healthcare needs was also perceived to positively influence productivity because employees are less likely to miss work.
- **Prevention.** Some participants ranked certain healthcare services as important because they focused on prevention, such as primary care and dental. A few participants felt that urgent care could also be used for preventive services.
- **Avoiding most expensive services.** Many participants ranked some healthcare services as most important because they were perceived as costing the most (e.g., hospitalization, emergency care, outpatient, specialty care). A few participants mentioned the potential for bankruptcy from the cost of these services.
- **Specific employee needs.** Participants ranked remaining services primarily according to specific employees’ needs, which varied by business. For example, employers with many women of childbearing age or young families ranked maternity services. Some said that their employees always ask about dental services, so they ranked that. Or, they have many employees on prescription medication, so they ranked that.

ROLE OF SMALL BUSINESSES

- **Small businesses currently offer health insurance for a variety of reasons, including:**
 - **Attract and retain “quality employees.”** The most common reason for offering health insurance was to attract better employees. Many participants felt that employees who value health insurance are more likely to think of the job as a career, and will be more likely to stay long term.

Secondarily, health insurance is a way to invest in or keep quality employees. However, one employee felt that employees sometimes stay longer than they should because she offers health insurance.

- **Personal needs for health insurance.** Several participants said that their primary motivator for offering insurance was that as a small business owner they and/or their spouse needed coverage. Alternatively, other participants admitted that they would probably have to offer health insurance (or they were not sure what they would do) if they did not have insurance through a spouse.
 - **Need to keep up with the competition (usually bigger businesses).** A few participants said that it was expected that health insurance was offered in their line or work, but indicated that this was more difficult for them as small businesses compared to their larger competitors.
 - **Benevolence.** A few participants wanted to help employees because they were “like family” or they cared about employees and their families.
 - **Desire to grow their company.** A few employers who do not currently offer health insurance felt that lack of health insurance might limit their ability to grow the company.
- **Small businesses should not be responsible for offering health insurance.** Some participants felt that they have been “stuck” with providing health insurance because it is not feasible for most individuals to obtain on their own, and no other entities have stepped forward. Several employers shared very strong opinions on this issue.
 - **Employers want to do something to improve the accessibility and affordability of health insurance.** Most employers want to provide health insurance if it is affordable and accessible. Many are willing to participate in innovative programs, pilot interventions, or preventive education programs (especially if these lower premiums), and knew of other businesses that would be interested as well. A few participants are already involved in activities to increase access to health insurance for small businesses (e.g., Short North Business Association, franchise insurance committee).
 - **The smallest of small businesses (e.g., less than 20 employees) face the most barriers to health insurance.** Most small businesses between 20-200 employees can at least find something to offer (evidenced in part by the fact that no employers larger than 20 employees who did not currently offer insurance responded to the focus group invitation). However, many participants with very few employees have nothing to offer despite shopping around and in some cases, limited cost constraints. These employers also have the fewest resources to commit to looking for or administering health insurance because they are responsible for conducting all aspects of their business.
 - **Employees need to take more responsibility and accountability.** Many employers felt that employees should take more responsibility and accountability for their health and health insurance. A few participants said that employees expect their employers to provide health insurance so it is less of a true benefit. Several other participants felt that by getting health insurance through their employers, employees have to do little work to find or access health insurance and

are far removed from the *real* costs of healthcare and health insurance. Therefore, they do not realize the full amount of the benefit and do not have incentives to keep their healthcare costs down (e.g., going to urgent care rather than the ER, personal behaviors and choices such as smoking or physical activity).

- **Small businesses need a voice.** A few participants felt that their current situation of being “stuck” providing health insurance with little or no “bargaining” power is inconsistent with the important role that they play in the local and national economy. They do not have the clout to influence insurance companies because insurance companies have little to lose if one small business leaves.
- **Systemic issues.** A few participants discussed systemic issues that limit the influence that small businesses can have. An example is the number of tests that doctor have to run in order to “cover their asses” from lawsuits. Another participant mentioned the high cost of healthcare resulting from improved technology. One participant said that solutions to the problem of health insurance are outside of the realm of small businesses and would have to be “horribly dramatic” to be effective.

“You can get better employees by having [health insurance] available. When I interview people and they ask if I have any health benefits and I say ‘no,’ they’re moving on to the next one.”
(Participant #7)

“...a college kid will not often purchase health insurance. But the person who’s coming in and looking at the job as a career or maybe looking at it as something they want to do for a while, they want to purchase health insurance unless they have it elsewhere. Usually those are your good employees, the ones who will be there for a while, the ones who will do a good job.”
(Participant #16)

“At this point I’m covered under my wife’s policy and that’s one of the main reasons that she is still working. My staff is covered under their spouse’s policies so at this point it’s not a big issue. But I don’t want my wife to work forever and to be there just to provide health insurance is a burden, really.” (Participant #8)

“Part of the problem is that if you don’t provide [health insurance], it’s extremely difficult for somebody to find it on their own. Maybe if there were more plans available to individuals it wouldn’t put such a burden on small businesses...you always hear the president saying, all of the politicians saying that small business is driving our economy but I feel like we’re really getting hit hard.” (Participant #5)

“If we don’t do something about it, it will come to a point where employers cannot afford anymore because employers are in business to make profit, not to lose.” (Participant #15)

“I think the role of a small employer...should be to develop new ideas and get people employed and that should be the role. We should really concentrate on building our businesses to make and employ as many people as we can in this area and get them jobs and get them working. For me to have to worry about healthcare, it keeps me from building my business...There is no place for me to turn that I can see at this point, even joining the Chamber. So I don’t want to pass the responsibility but I also think it takes away so much from my focus which should be to employ more people.” (Participant #19)

“I feel like as a small business you’re kind of between a rock and a hard place because who ever decided that it’s the businesses responsibility to pay for this, you can’t afford it as an individual anymore. You have to go for the group rates. And as a small business, because I’m personally involved with my employees, and their husbands and their families and who’s sick, you feel that you have to because you care about these people, they’re not just Joe Shmoe employee.”
(Participant #10)

INNOVATIVE IDEAS

- **Pooling individuals or small businesses into larger groups.** Several participants talked about joining the Columbus Chamber or looking into other small business associations in hopes of finding a “larger pool” of which to be a part. None had found a situation where their hopes materialized. United Way organizations are part of larger group that does the research and negotiation for them, but one participant felt that this group was still not a pool.
- **America’s Urgent Care Membership Program.** One focus group participant was from America’s Urgent Care and shared information about a new membership program that they just started. This program is available to individuals and organizations but they are targeting advertising to small businesses. Membership costs \$50 per month, with a \$10 co-pay per visit and no deductible. Additional family members are \$45 each. All urgent care facilities and services are covered by the membership program, including access to board-certified physicians, X-rays and basic lab work. Some prescription medication is available on-site for additional costs. There are seven urgent care centers in the Columbus area (all except Upper Arlington and Westerville are outside of 270).

The eight other small business professionals in the focus group where this program was described were extremely interested in the program. Additionally, another participant mentioned the program in a subsequent focus group – he had recently heard of it and thought that it sounded like a good alternative to traditional health insurance for his employees (low income, part-time, physically strenuous work).

- **Government program such as expansion of Worker’s Compensation.** One participant suggested expanding Worker’s Compensation to include personal healthcare needs instead of being limited to work-related injuries. He felt that the infrastructure was already in place, and the expanded access could be primarily for lower-income workers.
- **Incentive-based program that lowers healthcare costs for employers and/or employees.** Another comparison to Worker’s Compensation was related to the success of this program in the area of prevention, i.e., requiring certain preventive education or policies that have been very successful. Several participants suggested offering comprehensive prevention opportunities to businesses and employees. However, the key would be for participation in these opportunities to be linked to lower premiums, which they are not felt to be currently.