

Health Insurance Decisions of Small Firms in DC

Findings from a telephone survey

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The Urban Institute

State Planning Grant Advisory Panel Meeting

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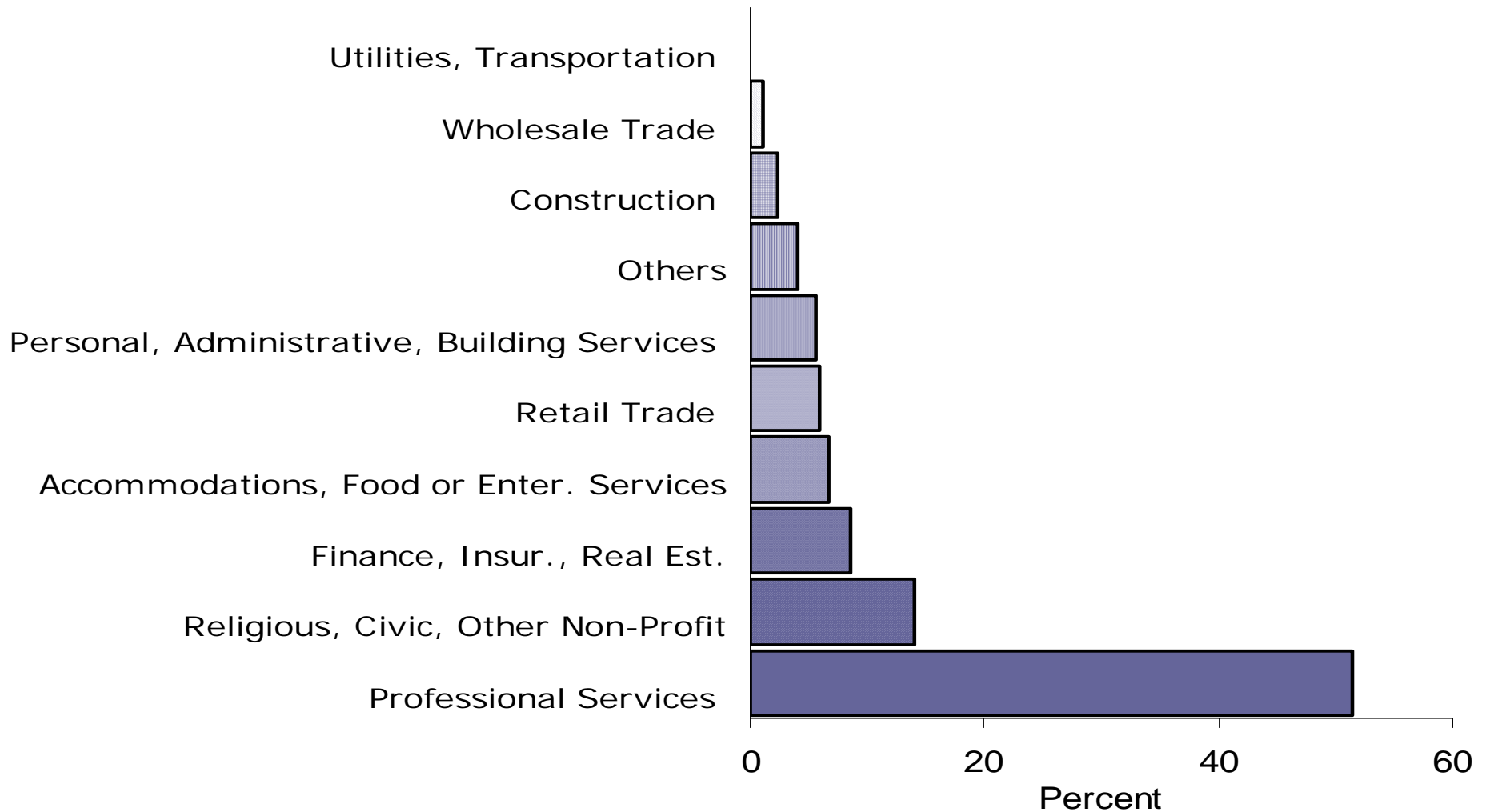
DOH State Planning Grant



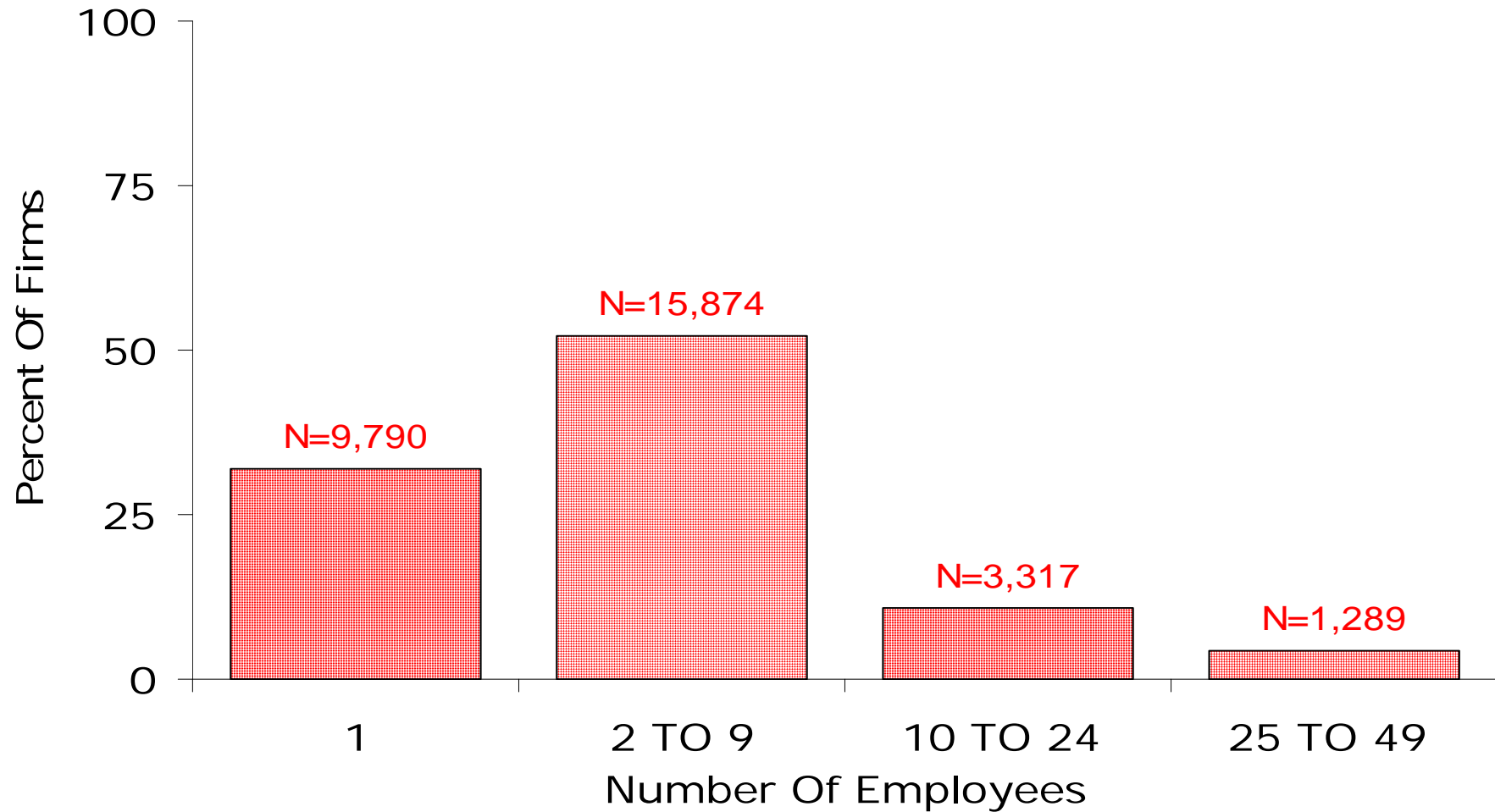
Background on the Survey

- Small firms with 1 to 49 employees
- Chosen from the 30,570 listed by Dunn & Bradstreet based on size, industry, and years in business
- Telephone interviews, August-September 2005 with about 400 firms
- Advance letter from the DC Chamber of Commerce helped improve the response rate

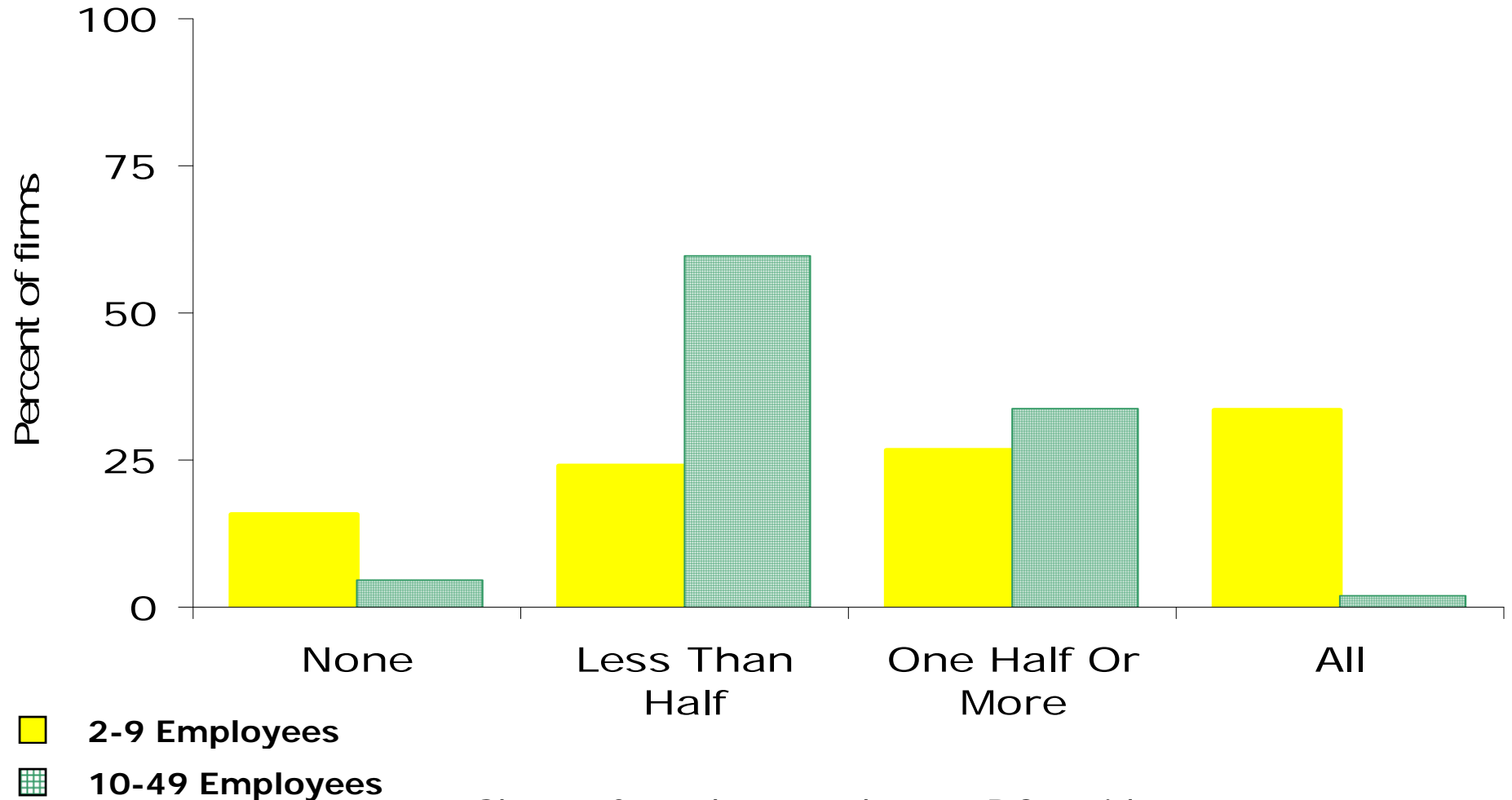
Small firms in DC work in a variety of sectors



Most small firms are very small



Smaller firms have a larger share of D.C. residents



Share of employees who are DC residents

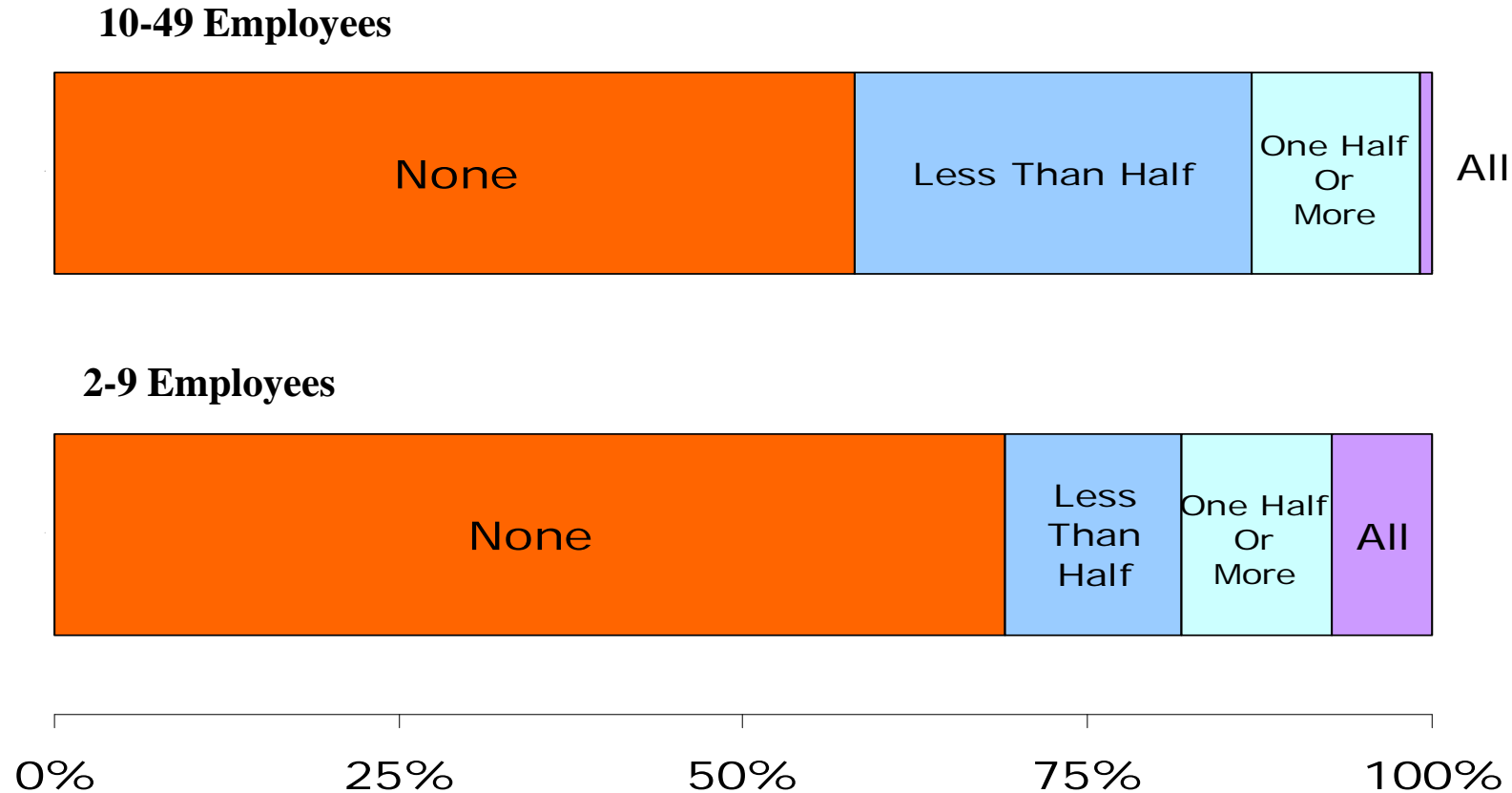


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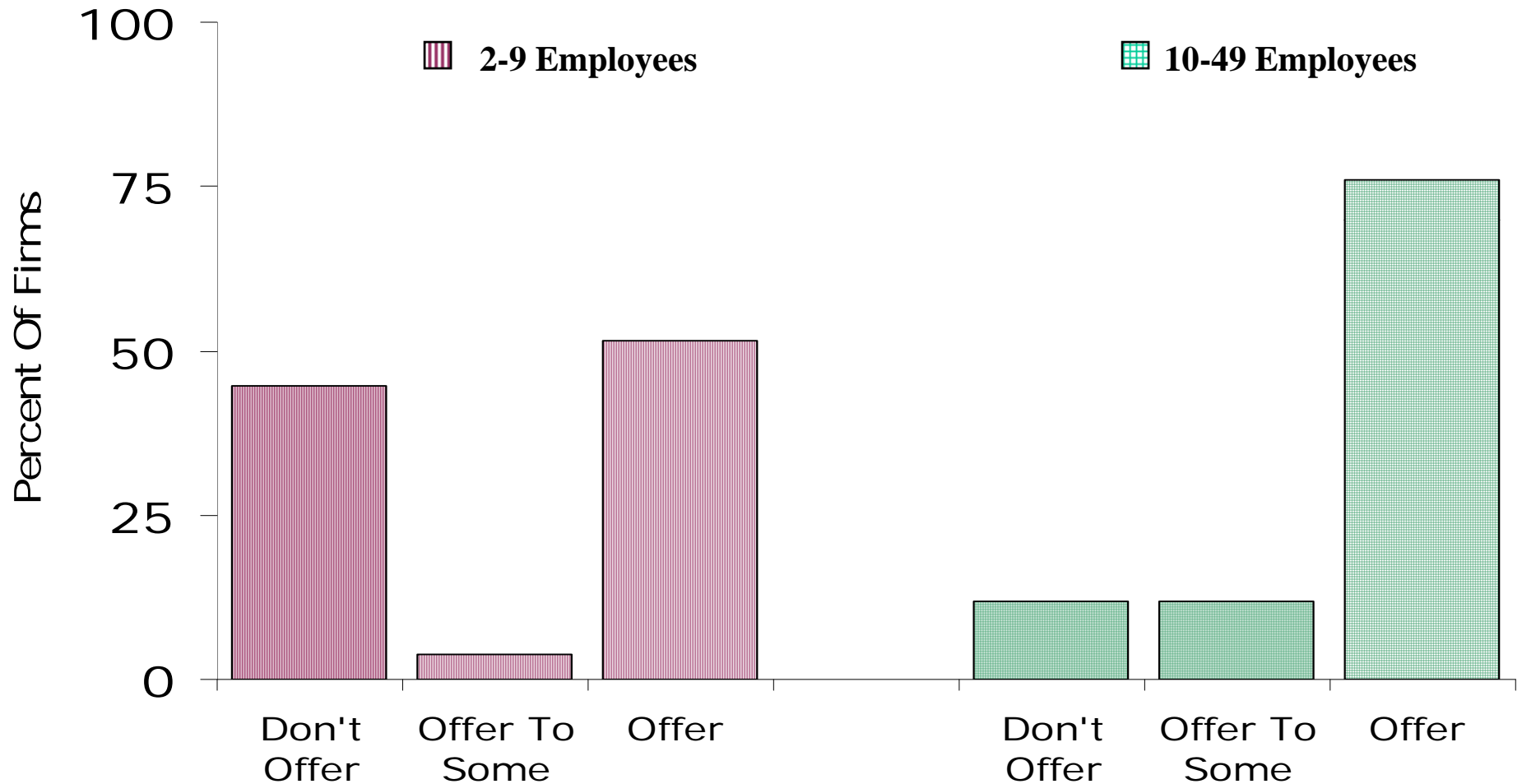


A small share of employees earn less than \$25,000

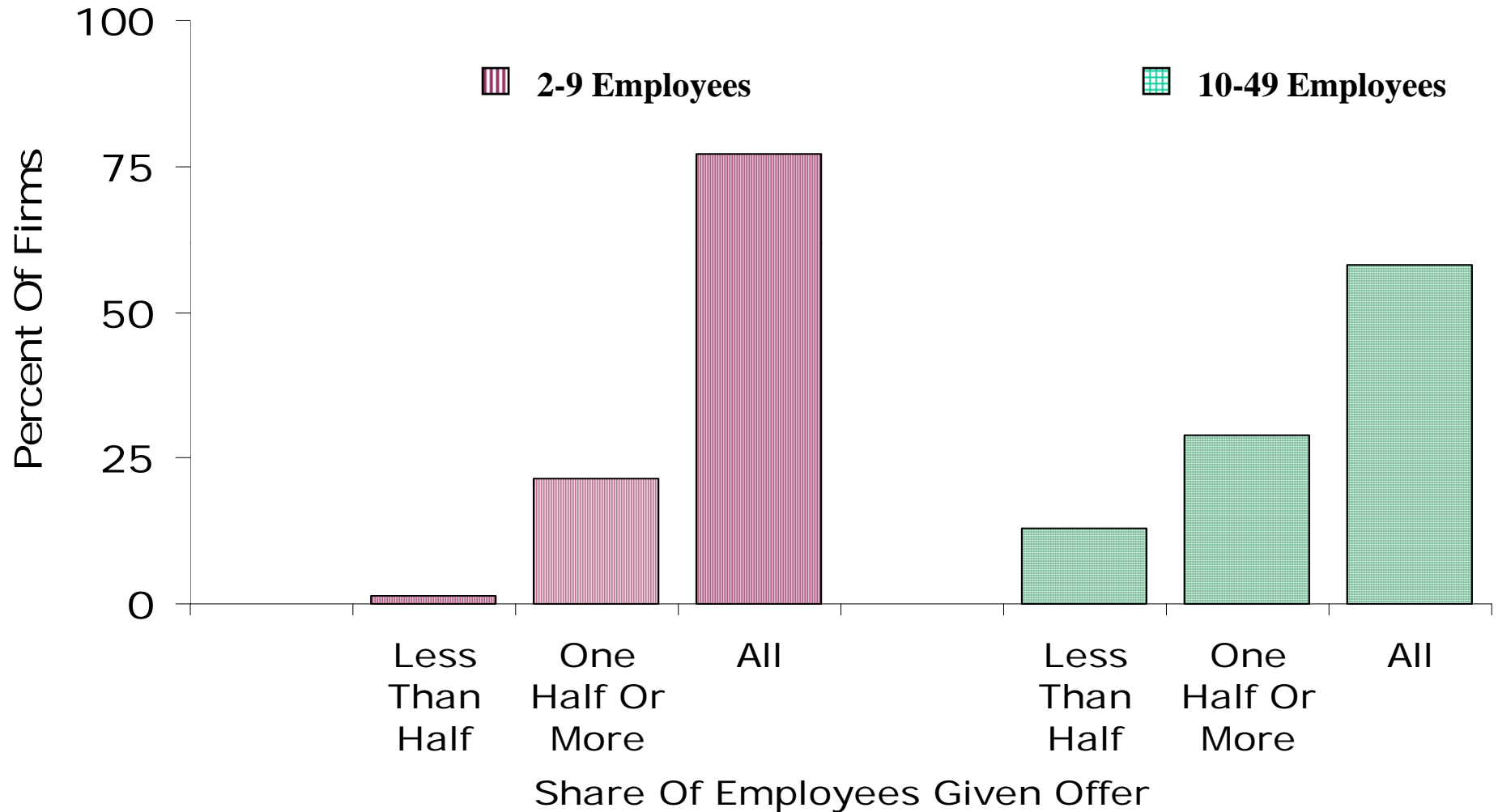


Percent of firms by share of employees earning <\$25,000

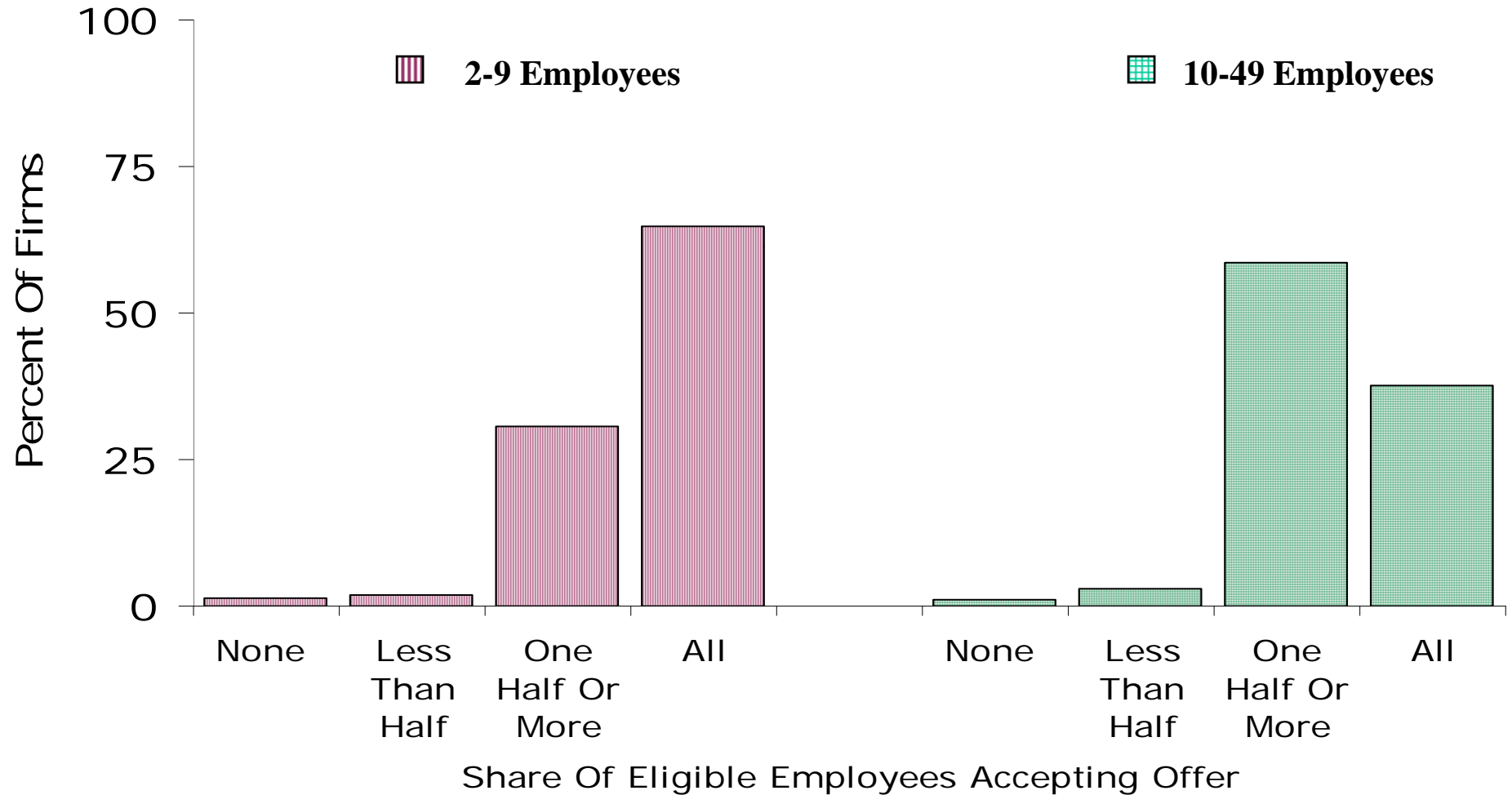
The majority of small firms offer health coverage



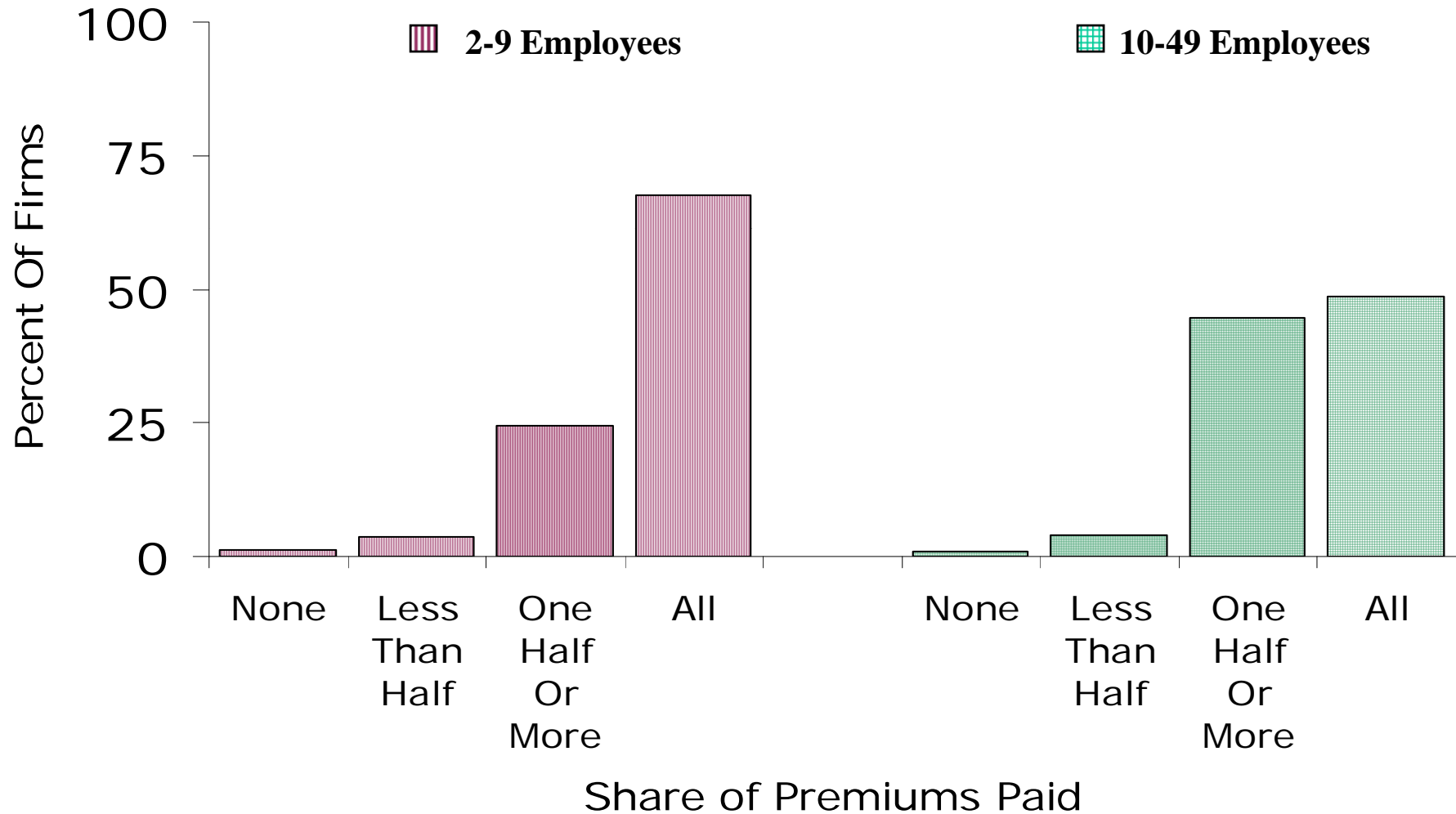
Most offering firms offer to all employees



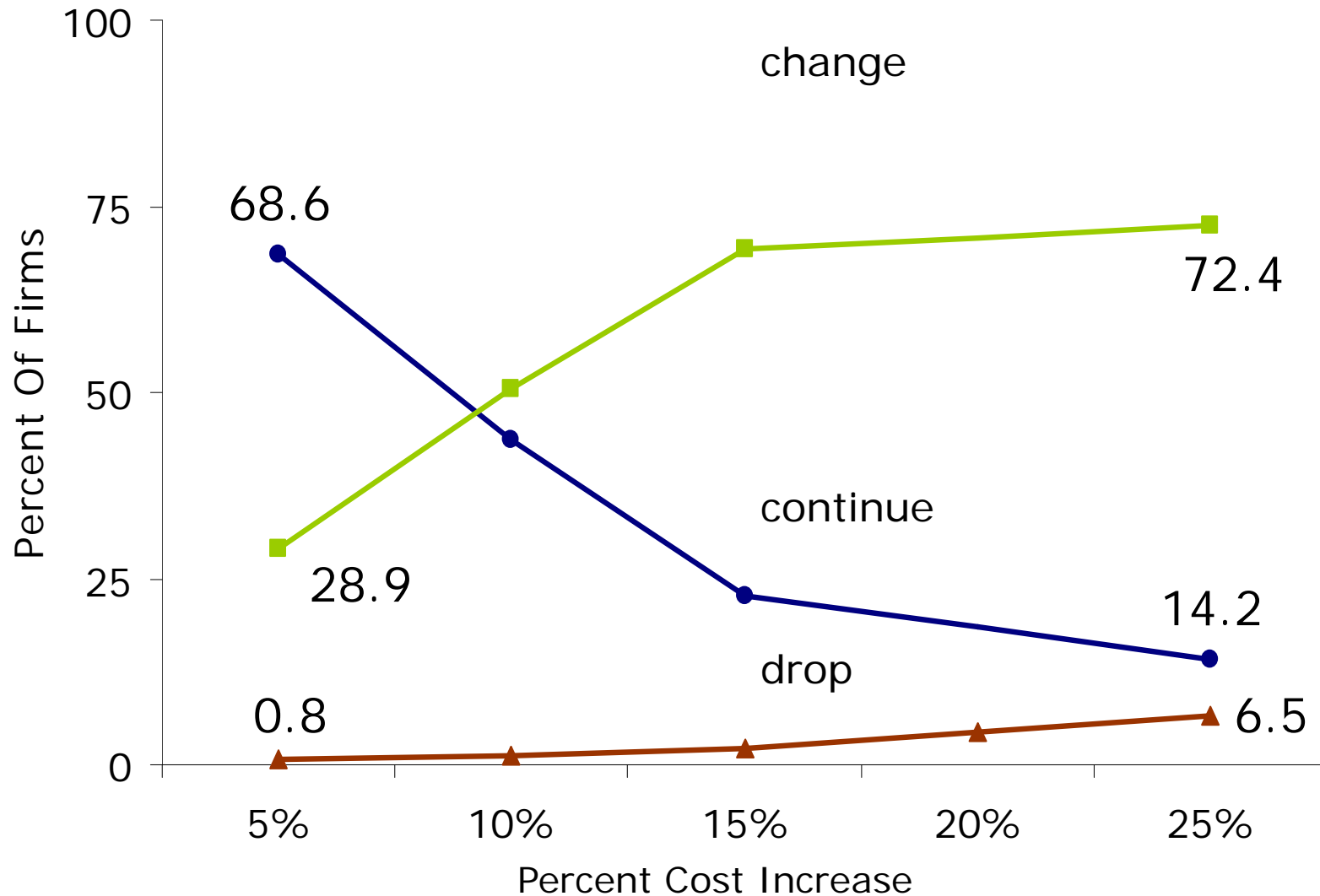
Most eligible employees accept offered health coverage



Smaller firms more likely to pay all of the premium for employees



How would firms react to an increase in costs?



Reasons firms offer coverage

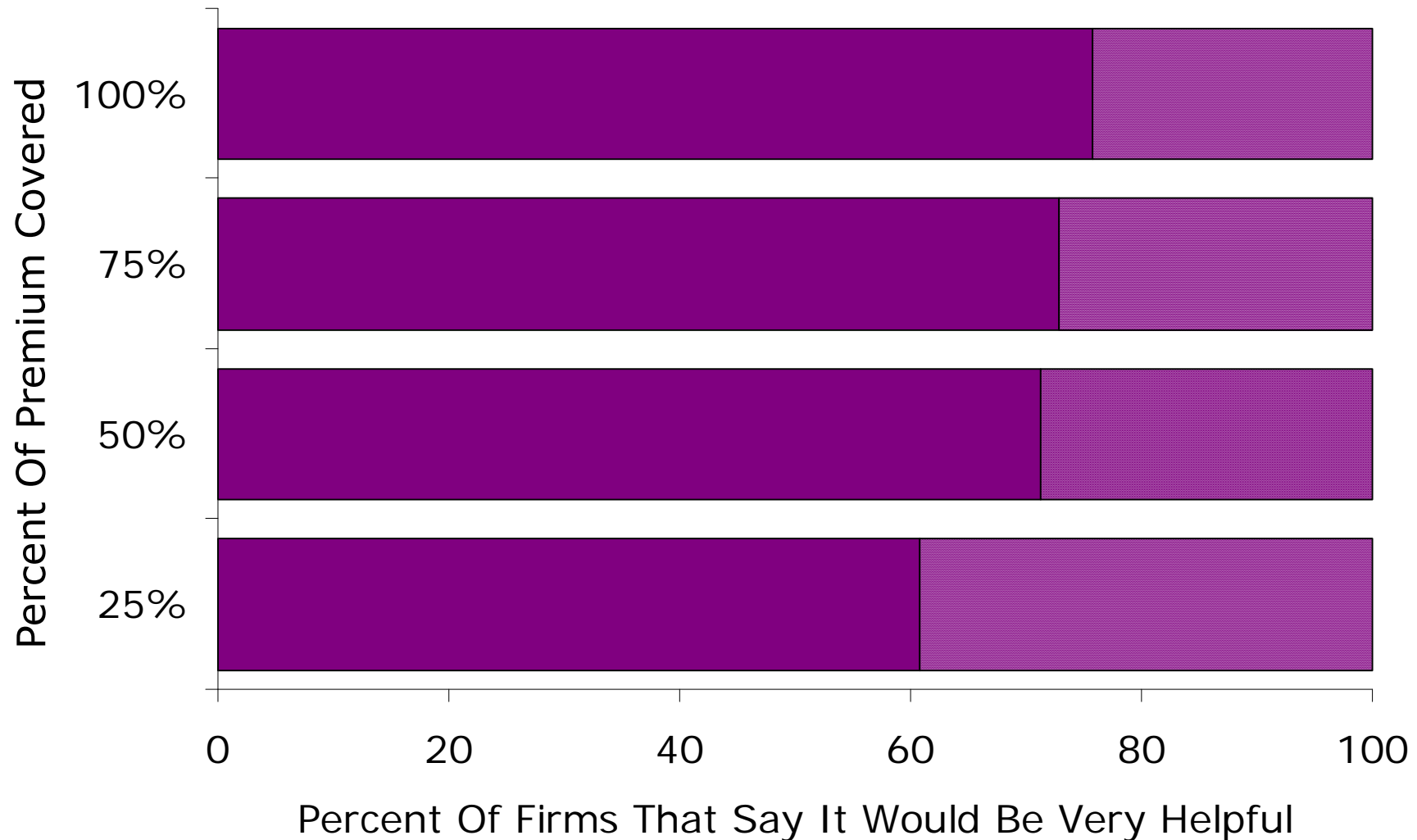
% of firms saying ...

	Major Reason	Minor Reason	Not A Reason
Recruitment and Retention	78%	14%	8%
Increases Productivity	48%	38%	13%
Employees Demand It	48%	35%	15%
Owners Want Group Coverage	43%	26%	28%
Right Thing To Do	88%	8%	3%

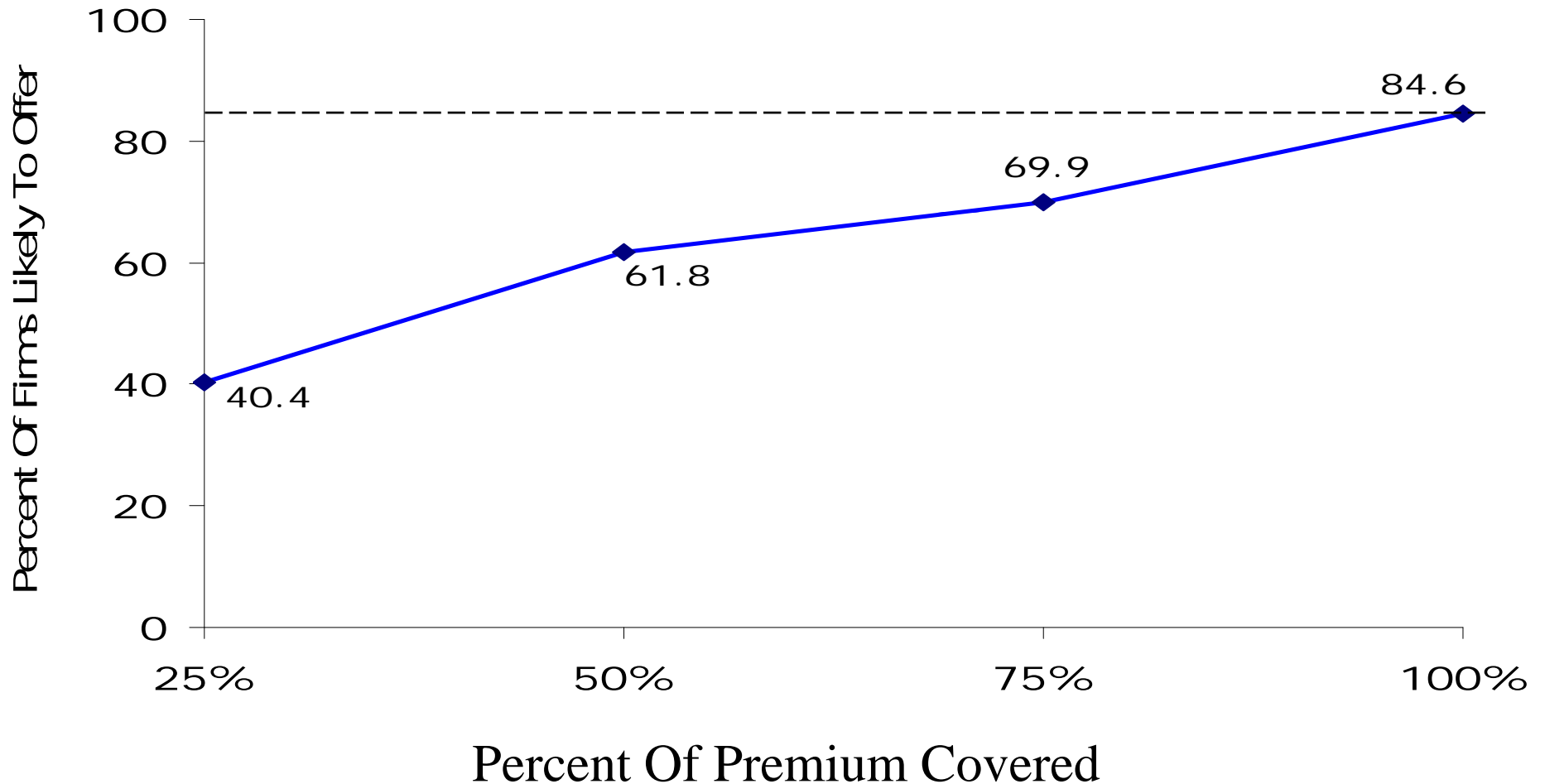
Reasons firms do not offer coverage

	Major Reason	Minor Reason	Not A Reason
Cannot Afford To Offer	74%	6%	20%
Insurance Cost Too Unpredictable	54%	16%	30%
Information Hard To Get	16%	42%	42%
Too Much Time To Administer	19%	30%	48%
Employees Prefer Other Benefits	35%	27%	34%
Can Get Employees Without Benefit	34%	33%	33%
Turnover Too High	22%	31%	48%
Coverage Thru Spouse	43%	27%	26%
Public Program Coverage	12%	36%	41%
Affordable HC Without Coverage	18%	18%	50%

How helpful would premium subsidy be?



As subsidy increased, more firms would likely offer coverage



How helpful would other possible interventions be?

	Very Helpful	Somewhat Helpful	Not At All Helpful
For Firms Now Offering Coverage			
Develop central information center	56%	33%	9%
Provide insurance counselors	54%	30%	14%
Rated benefits/price structure of plans	64%	26%	8%
Establish a collection of plans	71%	23%	4%
Implement policy to stabilize premiums	77%	16%	6%
For Firms Not Now Offering Coverage			
Develop central information center	40%	24%	34%
Provide insurance counselors	48%	19%	31%
Rated benefits/price structure of plans	48%	20%	30%
Establish a collection of plans	51%	29%	18%
Implement policy to stabilize premiums	58%	16%	24%