

UNIVERSAL HEALTH CARE FOUNDATION OF CONNECTICUT

Affordable Health Insurance for Small Businesses

**Highlights of Community Surveys on Health Insurance
Conducted by
Members of the Small Business Health Care Network
a program of the
Universal Health Care Foundation of Connecticut, Inc.**

**Prepared by
Community Catalyst**



**For
Universal Health Care Foundation of Connecticut, Inc.**

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Introduction

Small businesses and their employees have difficulty obtaining quality affordable health coverage. Research shows that compared to large employers, small businesses pay more for health insurance of comparable value, and typically have policies with higher cost-sharing and fewer benefits. Small business owners have also been more likely to respond to the double digit growth of premiums by reducing benefits, increasing employees share of premiums, or dropping coverage altogether.

The Universal Health Care Foundation of Connecticut is committed to working with small businesses to find solutions to this problem. The Foundation has begun by joining with organizations that represent women and minority business owners to learn more about how health insurance issues affect these communities in Connecticut. Four business associations currently comprise the foundation's Small Business Health Care Network (SBN). They are: the Grand Avenue Village Association (GAVA) (New Haven), Spanish American Merchants Association (SAMA) (Hartford, New Haven, Meriden, New Britain), Greater New Haven Business and Professional Association (GNHBPA) (New Haven), and the Connecticut Chapter of the National Association of Women Business Owners (NAWBO)(Connecticut Statewide.) The SBN is funded by Universal Health Care Foundation of Connecticut as part of its mission. The Foundation is an independent, nonprofit charity whose stated mission is: To promote health in Connecticut and serve as a catalyst that engages people and communities in shaping a health care system that provides universal access to quality care.

To gain greater insight into the impact of health insurance issues on small minority- and women- owned businesses in the state, each association developed and administered a survey in its respective community. While the survey questions varied, all associations used in-depth, one-on-one interviewing methods. Small business owners who spoke Spanish and did not speak fluent English were administered surveys and interviewed in Spanish. Members of the SBN this year surveyed close to 300 such businesses in Hartford, New Britain, Meriden and Greater New Haven. Universal Health Care Foundation of Connecticut invited Community Catalyst, a national nonprofit health care advocacy organization, to analyze the findings of these surveys in the context of state and national small business trends. Surveys results suggest that minorities and women who own small businesses in Connecticut face even greater difficulties than the average Connecticut small business owner in obtaining health care coverage.

Key Findings

Minority and women small business owners who responded to the surveys indicated that they were:

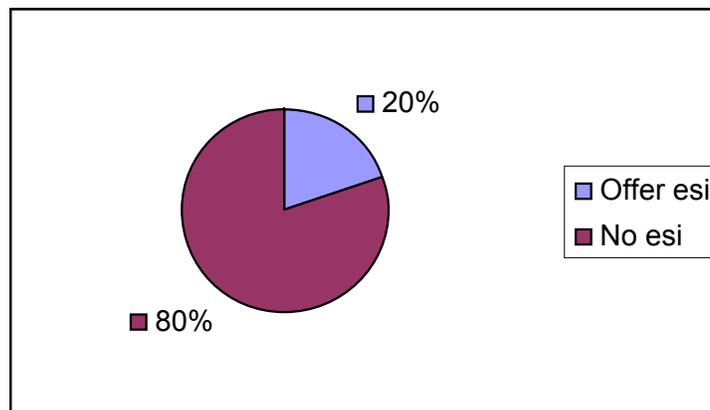
- Less likely than average to offer health insurance
- More likely to cite affordability as a barrier to offering coverage; and
- More likely to be uninsured

In addition, the surveys showed that African-American and Latino-owned small businesses were particularly less likely to offer coverage and that a large percentage of business owners consider obtaining affordable coverage to be among the greatest challenges their business faces.

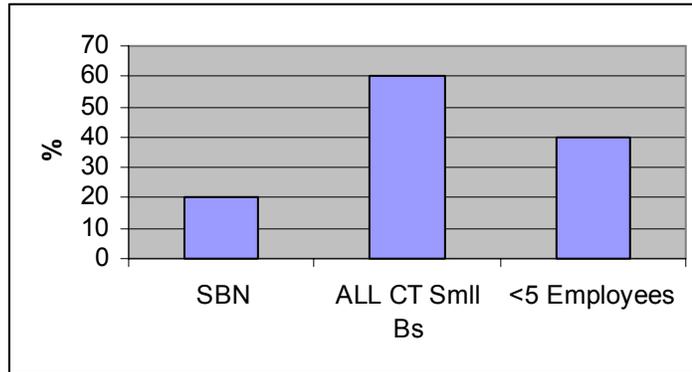
Respondents were less likely than average to offer health insurance

The minority and women-owned businesses who participated in the survey were much less likely than the typical Connecticut small business to offer coverage. Only 20 percent of the respondents who were asked the question—“do you offer health insurance through your business—answered “yes”. By comparison, the average offer rate for all Connecticut small businesses is 61percent. Even 41 percent of the smallest businesses, those with fewer than five employees, offer coverage.

Percent of SBN survey respondents who offer at least some employer sponsored insurance (esi)



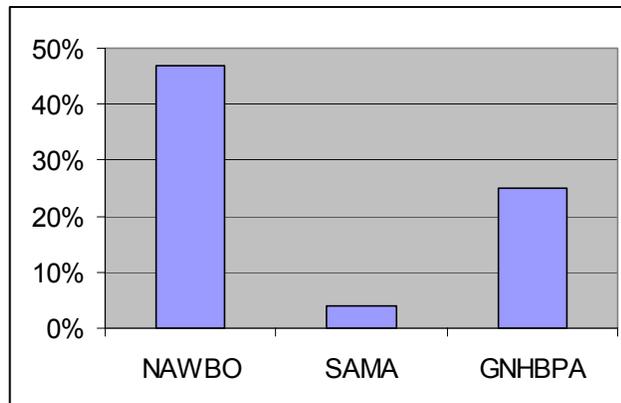
**Comparison of SBN to statewide average:
percent offering coverage**



Likelihood of offering coverage varies greatly within the sample

Among the survey respondents, there were large differences in the likelihood that they would offer coverage. Respondents to the NAWBO survey were the most likely to offer coverage (47 percent) while of the largely Latino respondents who responded to the survey administered by SAMA, only 4 percent offered coverage. Twenty-five percent of the largely African-American respondents to the GNHBPA survey offered coverage. This is consistent with the high rates of uninsurance among African Americans and Latinos in general—twice the rate of the white population in Connecticut.

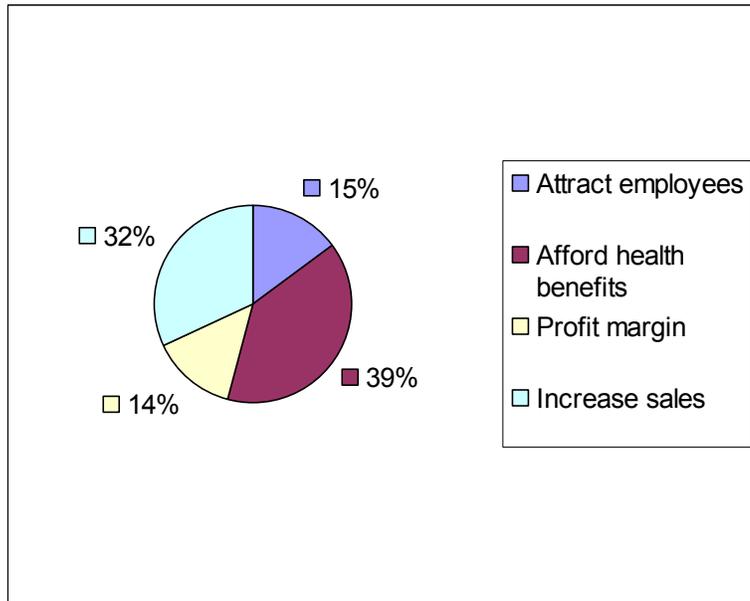
**Differences in offer rates within
the survey population**



Obtaining affordable coverage is a significant challenge

The affordability of health benefits was the number one challenge reported in the GNHBPA and SAMA surveys. Thirty- nine percent said that affording health care was their biggest challenge. Increasing sales was the second most commonly selected problem (32 percent) followed by attracting employees and maintaining profit margin.

Greatest challenge facing your business*

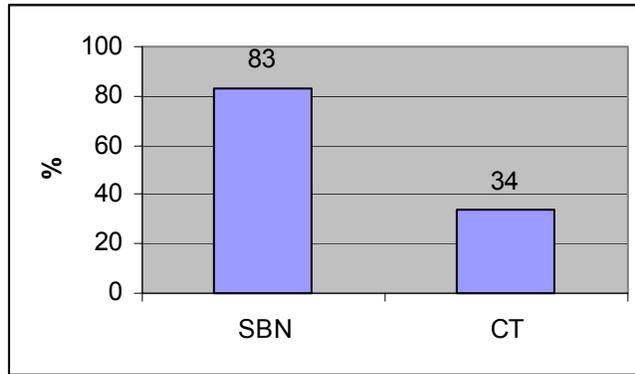


*some respondents chose more than one answer

Cost/ affordability is the main barrier to offering coverage

Although survey participants listed a number of reasons why they did not offer coverage, by far the most common reason was they could not afford it (51 percent). Other cost related reasons, such as employees being unable to afford their share, accounted for another 32 percent while all other barriers accounted for only 17 percent. In contrast, in a recent statewide survey of Connecticut small businesses only 34 percent said that cost was their main reason for not offering coverage.

SBN responses versus CT statewide



In a similar question that NAWBO asked, cost was also by far the leading health care concern among those asked to choose from a list of possible concerns about health care for themselves and their employees. 87.3 percent indicated that cost was a key concern. Other concerns that were frequently mentioned included quality and choice of providers. A third tier of concerns included out-of-pocket expenses, knowledge for informed decisions and paperwork.

Key health care concern

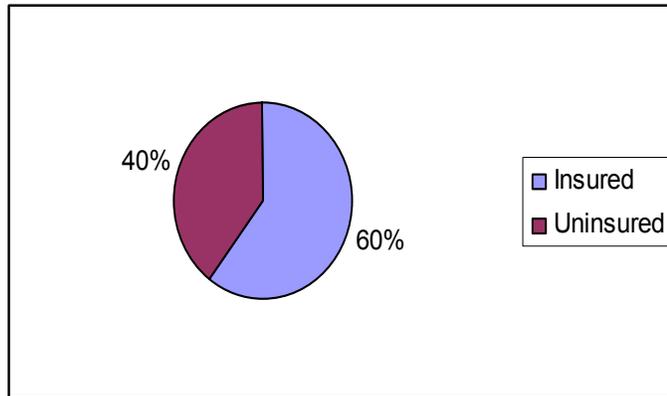
Health care concern mentioned	#	% of people
Cost	48	87.3
Quality	27	49.1
Choice of Providers	25	45.5
Employee Out of Pocket Expenses	16	29.1
Knowledge for Informed Decisions	16	29.1
Insurance Paperwork	14	25.5
Convenient Access	12	21.8
Good Customer Service	11	20.0
Reliable Agent/Broker	9	16.4
Government Programs and Subsidies	5	9.1
Timely, Objective Information	4	7.3
All others	3	5.5

Note: percentages do not add to 100 because respondents chose more than one answer

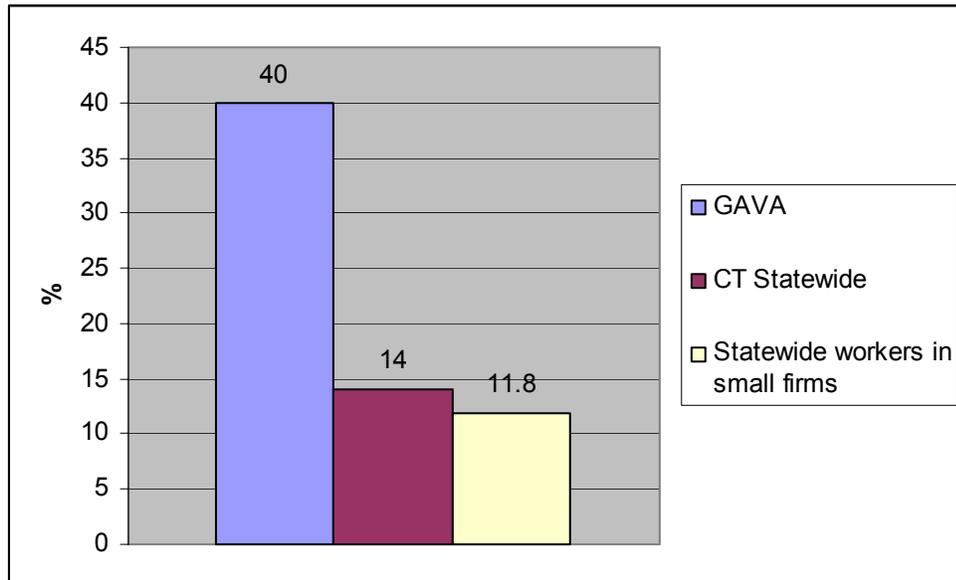
Lack of coverage prevalent among at least a portion of respondents

One organization, GAVA, asked respondents about their own coverage and found very high rates of uninsurance. Fully 40 percent reported having no coverage. This is roughly **three times higher** than the uninsurance rate for working-age adults in the state of Connecticut overall and more than three times the rate typically found within small businesses.

Coverage status of GAVA small business owners



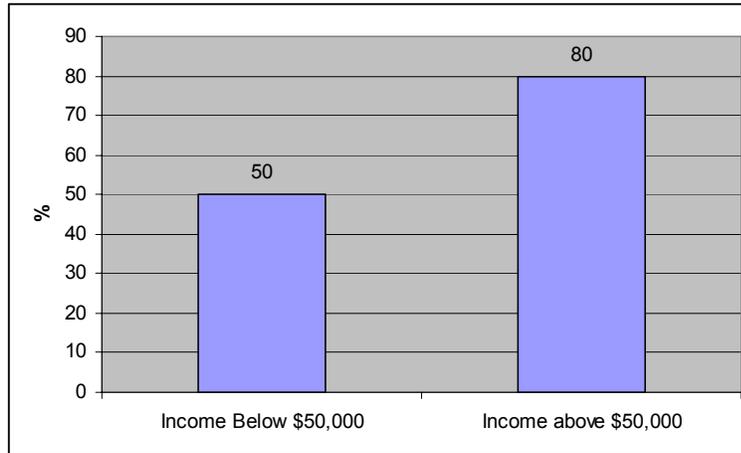
Comparison of GAVA small business owners to statewide coverage rate: percent uninsured



Lower income households much more likely to lack coverage

Not surprisingly, those with higher income were more likely to be insured. Fifty percent of respondents with household income below \$50,000 had health insurance compared to 80 percent of those with income above \$50,000.

Insurance Status of GAVA small business owners by Household Income: % insured



Conclusion

The findings of the small business surveys sponsored by the Universal Health Care Foundation of Connecticut underscore the difficulties that many business owners face offering and obtaining health insurance. Survey respondents were less likely than Connecticut businesses as a whole to offer coverage and many are themselves uninsured. A large proportion of respondents consider lack of affordable coverage to be one of the biggest problems confronting their businesses. Compared to small businesses as a whole, respondents were more likely to cite cost and affordability as the main reason they did not offer coverage.

Consistent with national and state-wide data, minority and lower income respondents were much less likely to offer or have coverage. This is particularly disturbing, given the importance of coverage to the goal of eliminating health and economic disparities.

With the majority of our nation's uninsured consisting of working people and their families, and with a significant proportion of those workers employed in small businesses, it is critically important to solve the problem of unaffordable health coverage among this group of residents. The community surveys conducted by organizations representing minority and women owned businesses in Connecticut illuminate many of the difficulties faced by some members of the small business community in obtaining coverage. At the same time, they lay the groundwork for future collaboration and serve as an important first step in finding effective solutions.

This report was prepared for the Universal Health Care Foundation of Connecticut by Community Catalyst, 30 Winter Street, Boston, MA 02108, 617-338-6035, FAX 617-451-5838, www.communitycatalyst.org.