

Covering the Uninsured in North Carolina

Focus Group Report

Presentation by: Kathleen Holladay

Senior Project Manager

FGI Research

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Focus Groups & Qualitative Research



While they cannot fill the role of quantitative methodology, Qualitative Research methods are designed to help researchers understand people and their social and cultural contexts.



Focus groups are an effective qualitative methodology for:

- obtaining general background information about a topic of interest;**
- generating research hypotheses that can be submitted to further research and testing using more quantitative approaches;**
- A reality check on proposed new directions;**
- stimulating new ideas and creative concepts;**
- diagnosing the potential for problems with a new program;**
- generating impressions of programs, services, institutions, or other objects of interest;**



Most focus groups consist of between 6-12 people.

– The size of a group

(1) should not be so large as to be unwieldy or to preclude adequate participation by most members

(2) nor should it be so small that it fails to provide substantially greater coverage than that of an interview with one individual.



Overview

“It’s a dilemma that we’re all going to be forced to deal with.”

FGI Research conducted 15 focus groups across North Carolina, March - May of 2005

- **Five groups with uninsured individuals**
- **Four groups with small employers (1-49)**
- **Two groups with medium employers (25-99)**
- **Two groups with large employers (100+)**
- **Two groups with insurance agents and brokers**



Purpose

This qualitative study was conducted to learn how decisions are made by individuals and employers with regard to seeking and offering health insurance, and what policy options are favored for expanding coverage by each group.

Uninsured Individuals

- **Participants were recruited from a random sample of telephone numbers within a 35-mile radius of the group location.**
- **To qualify, individuals had to answer “no” to the following question:**
 - **Do you currently have any form of health insurance? (This includes employer-based health insurance, private health insurance you buy yourself, Medicaid or Medicare, CHAMPUS or other health insurance coverage).**



Employers

- **Employers were recruited from listed business sample of specific sizes for each group.**
 - Both large and small employers were recruited within a 35-mile radius of the group location
 - The recruitment radius was extended to 50-miles for medium size employers
- **All business representatives were either responsible for managing their company's healthcare benefits or responsible for making decisions regarding whether or not to offer health insurance to employees.**



Agents and Brokers

- **Agents and brokers were recruited from listed sample within a 35-mile radius of the group location.**
- **To qualify for participation:**
 - **Health insurance had to be a major line of business**
 - **Participant had to sell to either the small group market, individuals or both**



Discussion Topics

- **Factors in deciding whether to get/offer health insurance**
- **Consequences of being uninsured/not offering insurance**
- **Willingness to pay for insurance**
- **Possible trade-offs for more affordability**
- **Policy preferences**



Key Findings

- **Cost is the main concern in decisions to buy health insurance for both individuals and employers.**
- **Low-wage individuals don't see how they could pay much more than \$50 a month for health insurance. However, most were reluctant to trade small luxuries like cable TV or cell phones for health insurance.**
- **The Emergency Room is seen as the safety net for the uninsured. While many participants recognize that the use of the ER for primary healthcare is a driver in rising healthcare costs, the uninsured often view this as a viable healthcare choice.**



Key Findings

- **Young people don't value health insurance; older people can't afford it.**
- **People with pre-existing health problems are priced out of the individual market and create higher costs for groups.**
- **Whether buying as an individual or through a group, people pay more for less coverage than they had 5 years ago.**
- **Few people want restrictions on their ability to utilize healthcare, although many see that difficult choices will have to be made if more people are to have access to health insurance.**



Key Findings

- **People need more education to empower them to make wise healthcare choices.**
- **There is recognition for increased government involvement in healthcare, although a sizable number of people express fear of a National Healthcare Plan.**
- **Many people see a need for more regulation of healthcare costs, including doctors, hospitals, pharmaceuticals and insurance companies.**

Agents & Brokers

“We’ve got problems in North Carolina right now getting the insurance industry and the insurance companies to write small groups.”

Trends in coverage

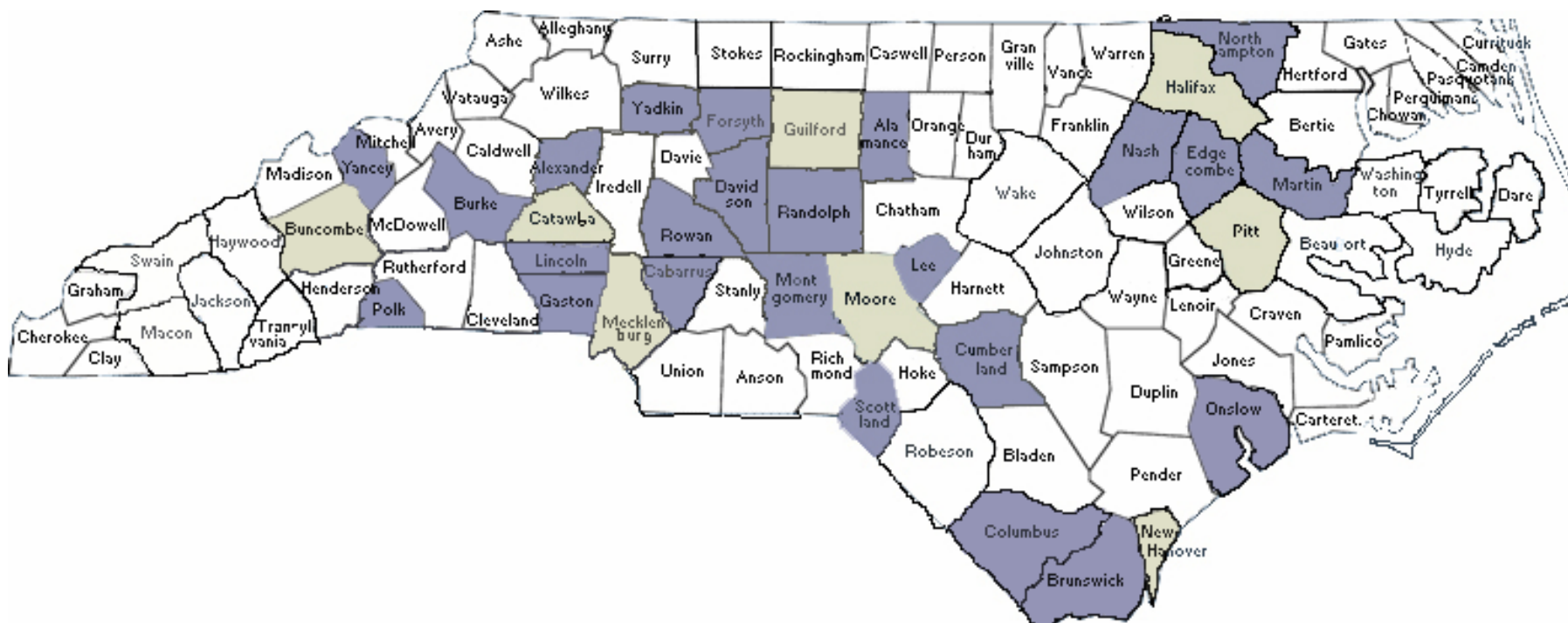
- Lack of competition across the state is driving cost upwards**
- Problems getting small groups covered**
- Smaller groups dropping coverage altogether**
- Insurance companies raising required participation rates**
- Both employers and individuals are reducing benefits to keep costs down**
- Older individuals or those with health problems send costs skyrocketing in both the group and individual markets**



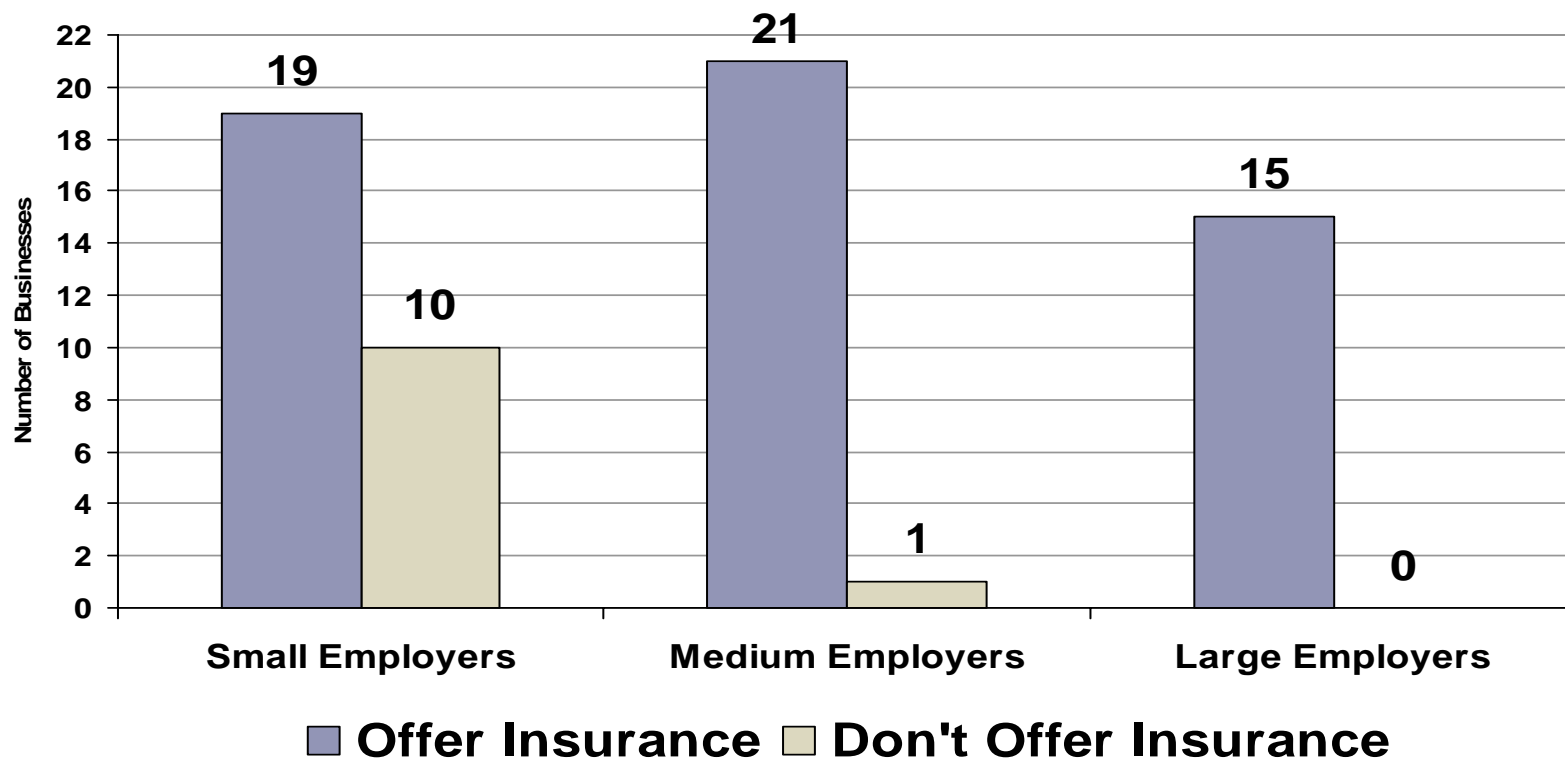
Employers

“All we have now really should be called catastrophic coverage because of all the out-of-pocket costs.”

Employer Focus Group Locations



Employer: Offer of Insurance



"The small business employer cannot pay today's costs to offer healthcare to everybody."

Employer Size and Industry

Employer	1	2 - 24	25 – 49	50 – 99	100+
Agriculture			2	2	1
Construction			1	1	6
Communications		1			
Distribution/ Tucking			2		1
Government		1	1		
Health Services		3	4	1	4
Hospitality/ Service Industry	2	11	3	1	2
Manufacturing		1	6		5
Professional Services	1	4	2	2	1

Reasons for offering Insurance

- Retention & Attraction**
- Ethical decision**

Barriers to providing healthcare

- Cost of pre-existing conditions/older employees**
- Cost of catastrophic or on-going health issues**
- Rising costs & participation rates**



Employee participation

- **Affordability**
- **Younger workers less likely to value health insurance**
- **Lower wage worker unable/unwilling to pay anything**
- **No coverage for part-time employees**

Coping with rising costs

- Decreasing plan benefits**
- Increasing employee out of pocket costs**
- Lost raises**
- Less coverage or higher costs for dependents**
- Increasing waiting periods before coverage starts**
- Switching companies to find lower costs**
- Discouraging employees from taking insurance**
- Shifting benefits, i.e. decreasing profit sharing, etc.**



Special problems

For small employers

- Underwriting and age banding

For larger employers

- Moving jobs off-shore to keep costs down

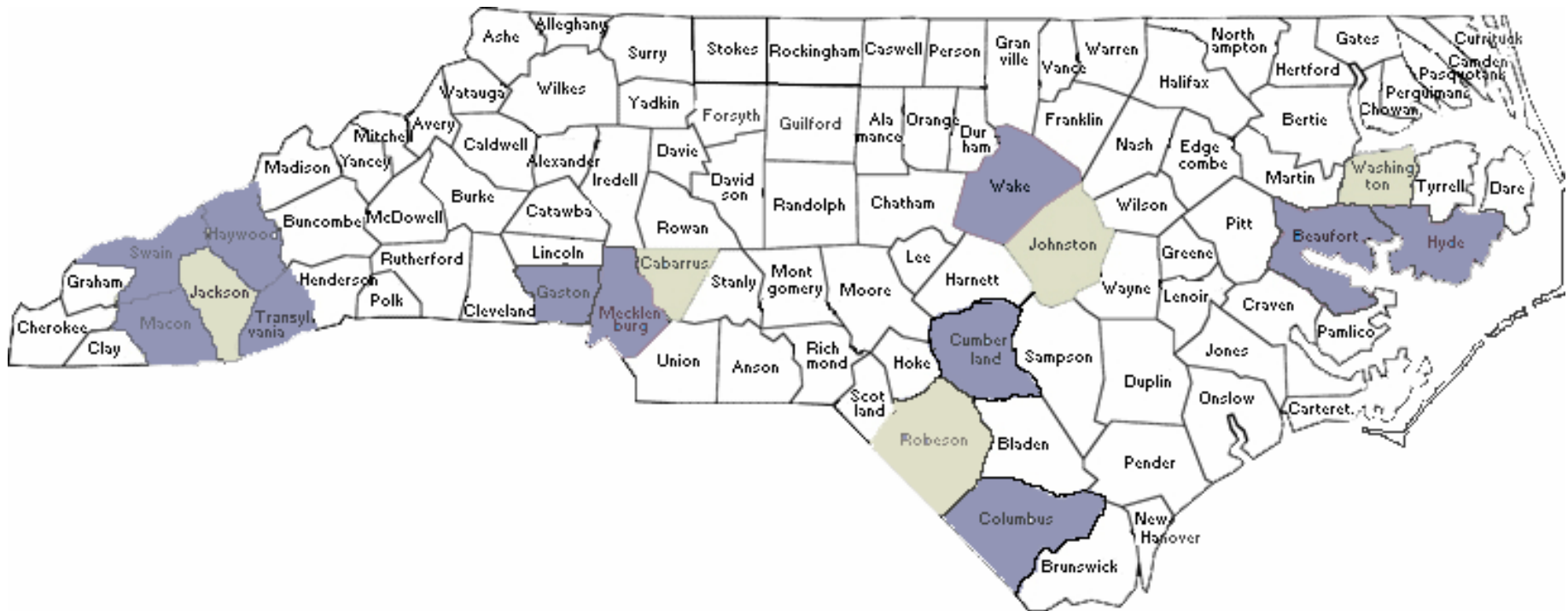
For rural employers

- Lack of competition among insurance companies and healthcare providers

Uninsured Individuals

“I don’t think getting insurance is a choice. If you don’t have insurance it’s because you can’t afford it.”

Individual Focus Group Locations

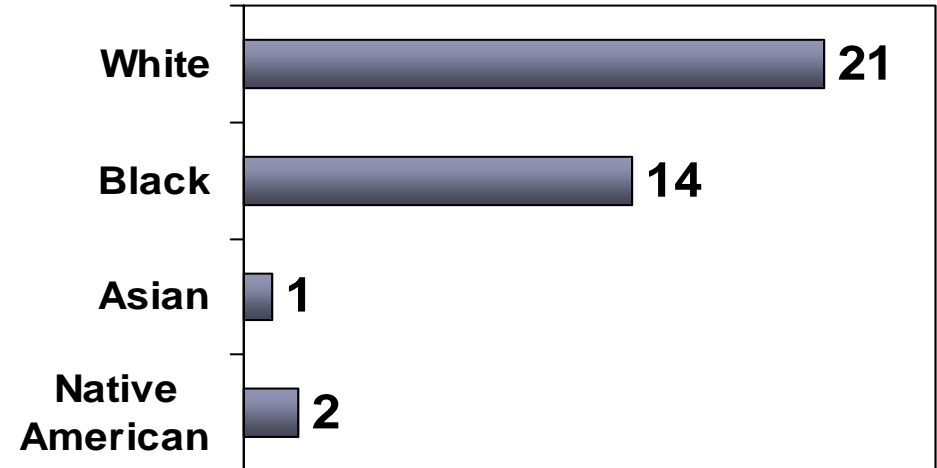
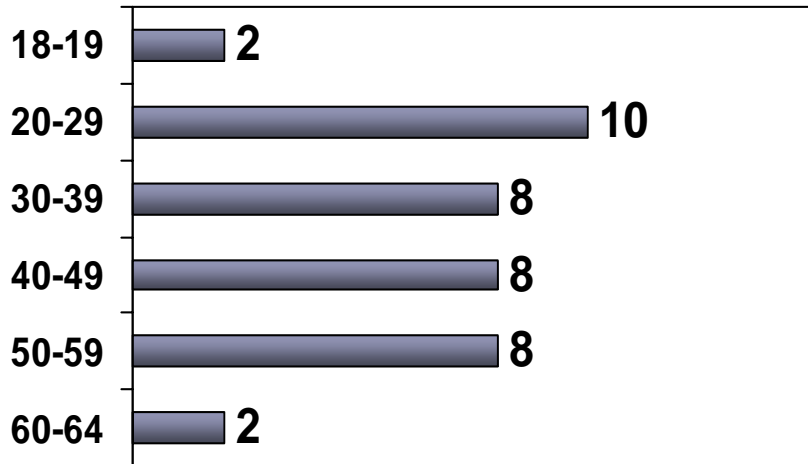


Individuals: Age, Race, Sex

Age

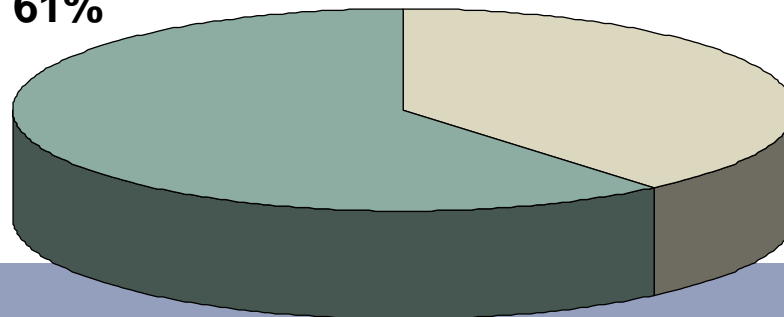
(N=38)

Race



Female
61%

Male
39%



Observations

- **The majority of uninsured individuals were employed. 25 of 38 participants were employed at least part-time.**
- **About half of the employed participants had insurance available through their employer but felt they couldn't afford the cost.**
- **Almost all answers as to what they could afford to pay per month for an individual policy fell between \$40 - \$150. The price point given most often was \$50 a month.**



Factors in coverage decisions

- Insurance as an unaffordable necessity**
- Alternatives to health insurance, safety net use**

Consequences of being uninsured

- Less than adequate treatment**
- Embarrassment/humiliation**

Possible lifestyle changes to pay for insurance

– However, most uninsured individuals were very reluctant to make these changes.

“Yeah, quit smoking, that’s a big one right there.”

“...getting rid of my cell phone.”

“I could cut back to basic cable, but it would be hard. Once you get used to things it’s hard to give them up. And taking cartoons away from a 5 year-old would be hard.”

“I’ve already cut back. I don’t have a cell phone. I shop at thrift stores. I don’t get my hair done. I haven’t had new glasses in 4 years. Sometimes you can’t cut back.”

“We’d probably have to get rid of our cats. We take care of three homeless cats that live on our porch. We live in a trailer park.”



Solutions

“People complain that National Healthcare offers a lower quality of care. Well, any quality care is more than I have right now. “

– Regulation

“I know if they could get the insurance rates dropped, they could in turn drop the cost of healthcare too.”

– Education

*“We don’t teach them all the facts about health insurance and how in most cases they can’t afford **not** to have it.”*

– Individual responsibility

“We talked to the employees about not running to the doctor every time you have a sniffle.”

– Tax credits

“Maybe there would be some tax credit to small businesses offering insurance to a person who is below the poverty line.”

“This may not work for small businesses, but for businesses of our size (over 100 employees) a 10% savings on corporate taxes would just about pay for your employees insurance.”



- **Government subsidies/insurance**

“There’s no other group that is large enough or all-encompassing enough to really put something into place in a successful way or coordinate through the private sector like the government can.”

- **Small business purchasing pools**

“Small groups should form a giant pool. It should be a trust like it was years ago.”

- **High risk purchasing pools**

“As an employer I would be willing to put my fair share into a kitty for a state run catastrophic pool. Because we could all go the next five years and not have a single worker’s comp claim.”



– Premium assistance

“Charge each employer a very small amount of money whether it’s a fixed dollar amount maybe based on the number of employees that kicks into the pool to take care of the uninsured.”

– Safety net approaches

“We have universal coverage now. Nobody gets denied at the hospital. So we have, in effect, a system that is working.”

“When I first got out of college, I could go to the Health Department and get a physical and pills for the year for almost nothing because I didn’t have a job. But now it costs \$200 in Wake County.”



Conclusions

- **Health insurance costs keep rising. All parties including agents, employers and the uninsured are concerned about affordability.**
- **There is recognition that the cost of healthcare for the uninsured has an adverse impact on insurance costs.**
- **Those needing the most immediate help with the cost of insurance include people with pre-existing conditions, dependent spouses and children, low wage workers, employees and owners of small businesses.**
- **All parties recognize that real solutions must involve all interested factions including: individuals, employers, healthcare providers, hospital administrators, pharmaceutical manufacturers, insurance companies, trial lawyers and the government.**



Appendix A:

Participant Quotes

Trends in coverage

- **Lack of competition across the state is driving cost upwards**

“You might use another company if you’re Down East or up in the Mountains. They might have a network. But there are really only four companies out there and everybody’s using those four. So it’s very hard to slip in there with something new because there’s nothing new out there.”

- **Problems getting small groups covered**

“We’ve got problems in North Carolina right now getting the insurance industry and the insurance companies to write small groups.”

- **Smaller groups dropping coverage altogether**

“The employer has to come up with 50% of the premium for the employee. So the way the rates are going up every year, the employers are getting out of it because it’s costing them so much money.”



– Insurance companies raising required participation rates

“Insurance companies have switched on their participating rates. Two years ago it was 50% and now it’s 75 %. When you go that high you eliminate a lot of people, a lot of companies.”

– Both employers and individuals are reducing benefits to keep costs down

“Over the last five years, you go over there at renewal time and it’s more premium based than benefit based... they’re increasing doctor co-pays, prescription drug co-pays, the hospital deductibles and what employees have to pay to try to keep the premiums down.”

– Older individuals or those with health problems send costs skyrocketing in both the group and individual markets

“The insurance company is not going to take any chances at all. They’re just going to max rate the policy.”



Reasons for offering Insurance

– Retention & Attraction

“A salary or a wage will get an employee to come to work for you but employee benefits will make him stay.”

“I don’t think we have a choice. I think in order to be competitive and retain our labor force we have to offer insurance.”

“If you’re hiring people for a career, health insurance is a very important factor. They know they’re going to spend a number of years and possibly the rest of their lives at this job.”

– Business Ethics

“It’s something we want to do for our employees. We feel it’s very important for them to have healthcare.”



Barriers to providing healthcare

– **Cost of pre-existing conditions/older employees**

“We looked into offering insurance, but it wasn’t even an option because you have to be healthy and not have anybody with a pre-existing condition.”

“As an employer, I know that I want insurance and I know the employee needs it too, but I look at it sometimes and say, gee, it would be easier to hire a younger person.”

– **Cost of catastrophic or on-going health issues**

“The catastrophic event, the transplant, that’s what kills you. We aren’t self-insured because that’s our first choice. We’re self-insured right now because that is our only choice.”

– **Costs & participation rates**

“I want to provide it but I just can’t because the profit margin isn’t there to allow it to happen. Insurance companies expect you to hit 75% participation in a program and they expect you as the employer to pay 50% of that cost.”



Employee participation

– Affordability

“We do surveys of why people don’t take our coverage and I haven’t had anyone say that ‘I just don’t like it.’ Every single one of them said they couldn’t afford it. It cost too much.”

“By the time they do family coverage, they’re paying over \$100 a week and that’s a lot of money coming out of somebody’s paycheck.”

“I have unskilled work for \$10 an hour with benefits, but it’s not enough. They’d rather have \$12 and no benefits.”

– Age Differences

“The younger employees want the money and the older ones will take the insurance.”

“I have a younger work force and they started to drop the insurance. They said I don’t need it. They’re astute and understand there is whole list of bill collectors calling and they can’t afford this expense.”



The uninsured/uninsurable employee

- **Lower wage worker can't afford to pay**

"I have girls working for me that if they had to pay that premium, even half of that premium, it would be 25% of what they make a month. How could they pay anything else? How could they feed their children, pay the day care so they can work?"

- **No coverage for part-time employees**

"Nobody can afford healthcare for part-timers. If GM can't afford it, how in the world can the rest of us."



Coping with rising costs

– Decreasing benefits

“All we really have now is what should be catastrophic coverage because of all the out of pocket costs.”

“It’s difficult to make benefit changes and we certainly try not to do that but at some point I think some of those things have to happen.”

– Increasing employee out of pocket costs

“Deductibles? They’re up to \$3,000 a year. And the employee is now paying 40% when we used to pay 100%.”

“The situation our company had run into was that we’ve had to constantly raise our deductible in order to keep our insurance at a level we could afford.”

– Lost raises

“We consider it part of your salary, so every time that it goes up, you get a raise. Well, insurance went up \$200 a month and that’s your raise.”



– **Less coverage or higher costs for dependents**

“We do pay some for the dependent coverage. Less than we used to, but we still put some money towards it.”

“As the cost has increased in the family coverage most of the employees have dropped out of that because they just can’t afford to pay that. So it’s only the employee that’s covered.”

– **Increasing waiting periods**

“Instead of starting benefits on the first day, we start on the 30th day.”

“... the 60th day”

“... the 90th day”

– **Switching companies**

“It seems like every time we renew, we switch companies to try to keep our employee cost down. Our insurance company put a 45% increase on it this past year, so we switched.”



– Offering different options

“With the plans that are offered, we’ll probably have to split the option so the employees can choose between the traditional plan and some can choose the healthcare savings account, which we will fund up to a certain portion.”

– Adopting new tactics

“We had to think about other innovative approaches like an HRA.”

“We are able to make it very financially attractive to get generic drugs, to go to a primary care physician.”

“The people that we identify as needing resources, cardiac health and fitness, if that person begins the program; we give them money in their HRA account. If they graduate they’ll get more so that they have an incentive to participate.”

– Discouraging employees from taking insurance

“We actually give employees an incentive so that if they have coverage elsewhere, we will give them 80% of what we would have paid for their premiums if they waive it.”

“We offer family coverage, but we discourage them from taking it. It affects their income and then they come back because they don’t have enough money for the week. It’s really a hassle.”

– Robbing Peter to pay Paul

“We’re going to keep our employees insured. Maybe we’ll cut back on the profit sharing plan that year. It’s got to come from somewhere. We might ask the employee to share some of it or whatever but I think we’d continue to pay additional premiums as long as we can keep the coverage.”

Special problems

For small employers

– Underwriting

“As a small employer the issue is individual underwriting. We’re paying enormously more for the same coverage than larger groups are.”

For larger employers

– Off-shoring

“I continually hear from our top management that if we can’t get this thing under control we can go offshore. I think that the rising costs of healthcare affects the jobs that are done in the United States and what is sent elsewhere.”

For rural employers

– lack of competition

“How many people had a 7% increase in revenue last year. This year we’re expecting a 26% increase in health insurance costs. Because we’re out in rural North Carolina, there’s only one hospital, there’s only one network. The reduction of competitive insurance companies in North Carolina is one more challenge that we face.”



Other thoughts

“It’s got to be the doctors, the hospital, the drug companies and attorneys. Get those costs down. Employers will do the right thing. They won’t be forced to do the wrong thing.”

“We don’t shop medical and dental costs. We like our doctor and we’re going to go with what that one guy tells us. You don’t buy a car that way, why do we buy healthcare that way.”

“I’m the one who has to be creative with our agent and our carriers. Basically pushing them, forcing them to come up with different ideas or giving them ideas and suggestions about doing things differently to see if it works.”

“Wouldn’t it be nice if everybody in the United States could have the same level of coverage as our federally elected officials?”



Factors in coverage decisions

– Insurance as an unaffordable necessity

“I don’t think getting insurance is a choice. If you don’t have insurance it’s because you can’t afford it.”

“It’s something that you have to have. It’s like food and shelter, we really need health insurance; it’s just a necessity.”

– Alternatives to health insurance

“If I get sick, I’ll go to the emergency room maybe one time and I’ll just pay \$190 maybe or whatever it is. It’s easier and more convenient, it appears to be that way.”

“It’s cheaper to pay a hospital bill than it is to pay an insurance company.”



Consequences of being uninsured

– Less than adequate treatment

“If you don’t have insurance, I feel like you get less than adequate care and if you have insurance, you get more than enough.”

“My primary care physician refuses to see me because I have unpaid bills. I didn’t have insurance and I couldn’t pay. It’s really hard when you can’t afford it and you start getting bills.” [23 year-old, insulin-dependent diabetic]

– Embarrassment/Humiliation

“And they’ll say ‘We can’t take any more patients that don’t have any insurance.’ I feel like nobody cares. It really breaks your heart to think that nobody cares about you. God made us just like he made the millionaire.”



Possible lifestyle changes to pay for insurance

– However, most uninsured individuals were very reluctant to make these changes.

“Yeah, quit smoking, that’s a big one right there.”

“...getting rid of my cell phone.”

“I could cut back to basic cable, but it would be hard. Once you get used to things it’s hard to give them up. And taking cartoons away from a 5 year-old would be hard.”

“I’ve already cut back. I don’t have a cell phone. I shop at thrift stores. I don’t get my hair done. I haven’t had new glasses in 4 years. Sometimes you can’t cut back.”

“We’d probably have to get rid of our cats. We take care of three homeless cats that live on our porch. We live in a trailer park.”



Appendix B:

Insurance Plans Presented

Description of Plans

PPO: Comprehensive benefit package with hospitalization coverage. Different out of pocket costs for In-Network and Out-of-network

HSA: High deductible comprehensive benefit package which can be paired with a health savings account to defray out-of-pocket costs until deductible is met. Tax advantages for portion of contributions.

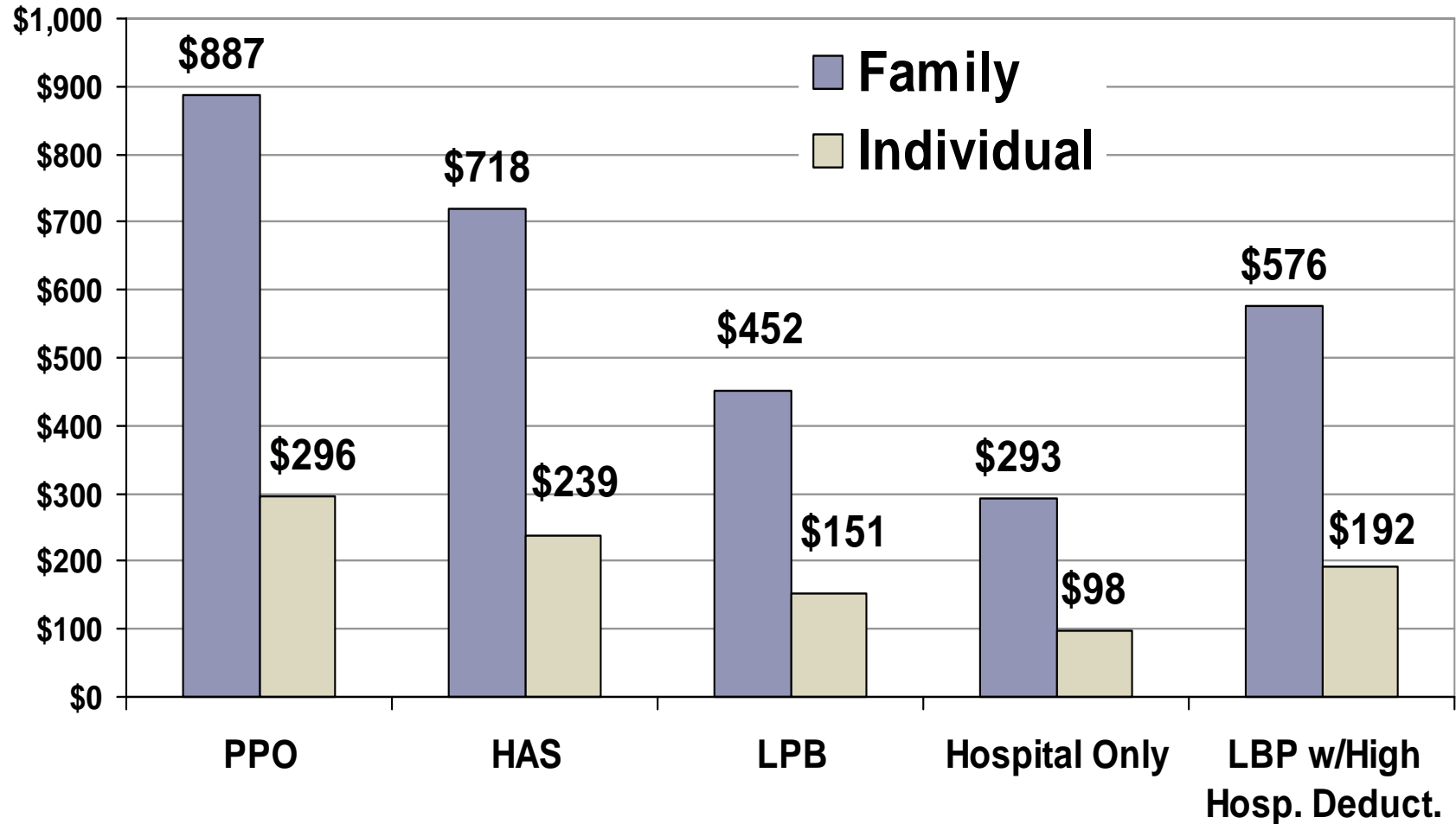
LPB: Limited benefit package covering preventive and routine care. Coverage limited to procedures conducted in primary care or specialist office setting. No hospitalization.

Hospital Only: Inpatient hospitalization only.

LPB with High Hospital Deductible: Limited benefit package covering preventive and routine care. Coverage limited to procedures conducted in primary care or specialist office setting. Hospitalization coverage has high deductible

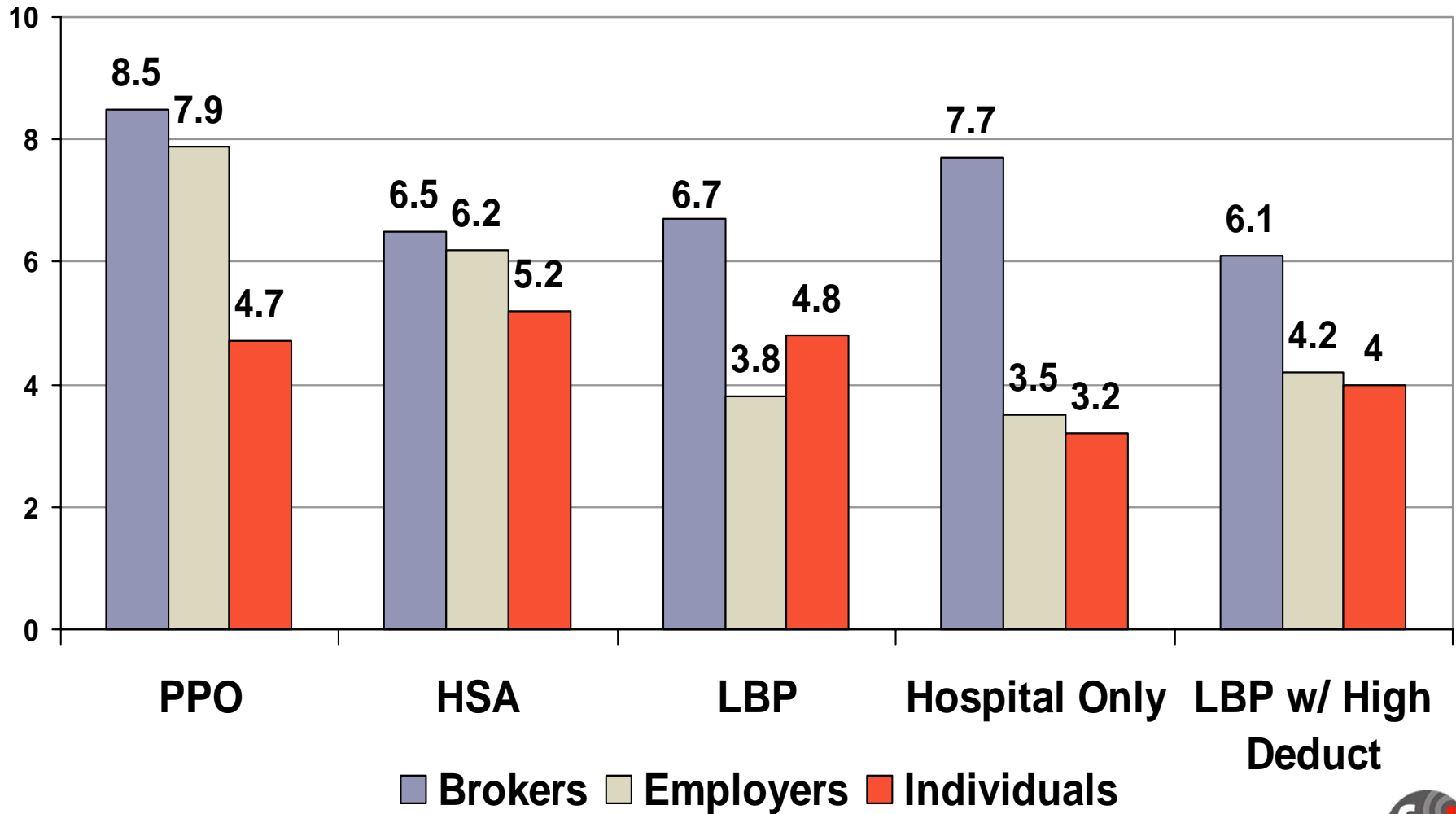


Plan Cost Comparison



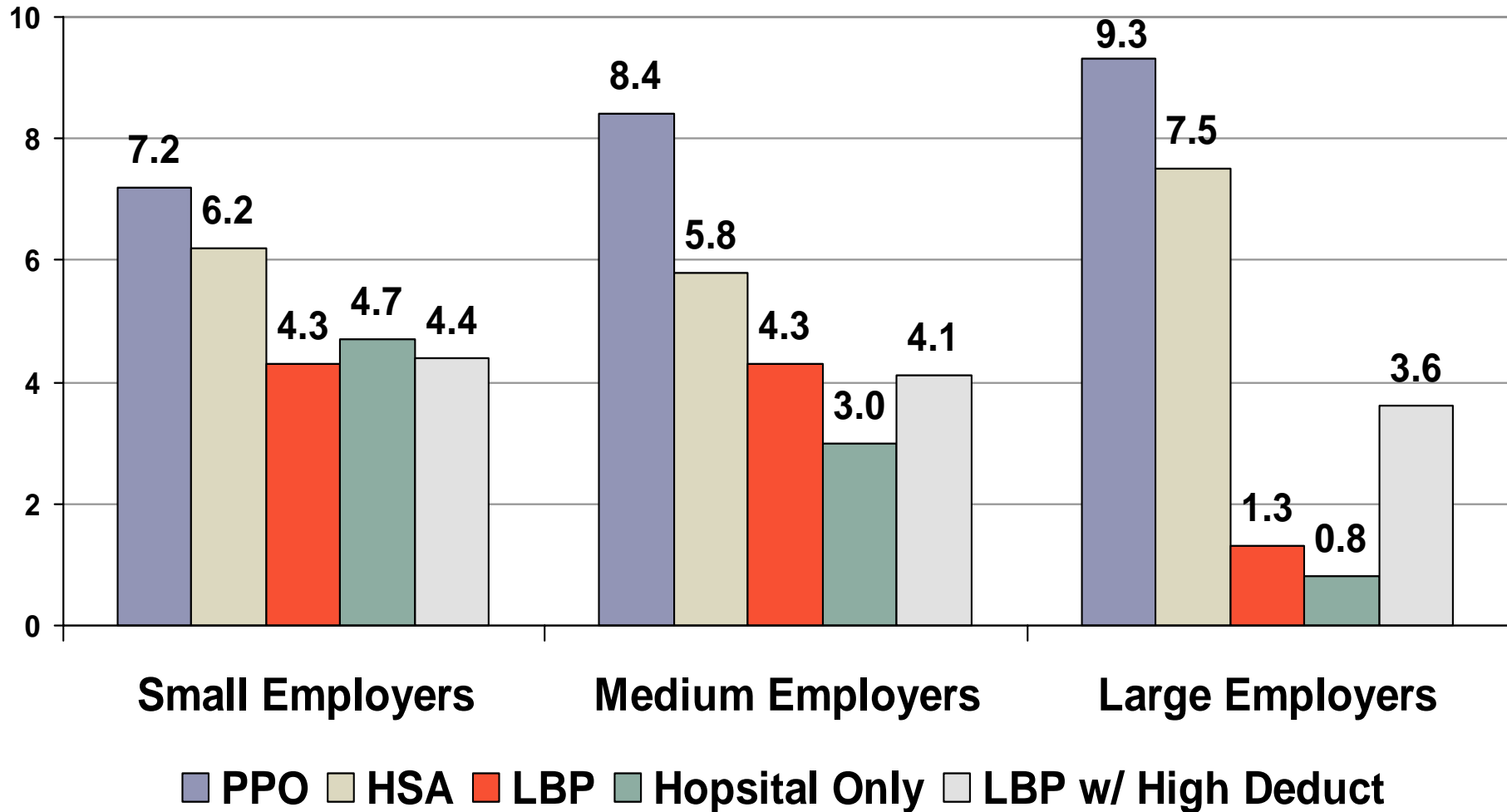
Average Ratings of Plans

Where 10 is “like it a lot” and 1 is “don’t like it at all”



Average Ratings of Plans

By Type of Employer



• Reactions to Plans

“For all the plans think in terms of a higher deductible to bring the costs down a little bit because I’m going to give them sticker shock anyway.”

“When it comes to the low income person, they’re not interested in an HSA. They don’t care about the tax saving they just want insurance.”

“If you’re going to take this limited plan, they ought to be open to more lenient underwriting. The people that can’t get through underwriting are the people that would buy this kind of plan if they know they can get in there. Then you give them incentives so they can take care of the problems and get back in shape.”

“Are any of these guaranteed issue plans?”



• Reactions to Plans

“If you don’t cover preventative care, all this is a waste of time. Preventative care just pays for itself.”

“There’s a big push in high deductible plans that start at \$1,000. If the employer does not participate in any of the \$1,000 where is that person getting the money?”

“Do we really believe that these limited benefit plans or the HSA are going to help the system or is it just going to save money to the company that is providing the benefit?”

“I don’t think our employees have the education to work with a HSA. And I think you’ll end up with more people with more serious illnesses because they have chosen not to spend the money and go in for check-ups.”

“The problem with the catastrophic plan is that people don’t do the primary stuff.”

“I want a healthcare plan where I can pick and choose what options I want. If I don’t want prescription drugs, I shouldn’t have to pay for it.”



• Reactions to Plans

“Until you get to the limited benefit plan they’re all more than my house payment. You can’t afford to pay that for coverage. With the limited benefit plans the thing that concerns me is I’ll have a heart attack or get cancer and there’s no coverage.”

“I could live with whatever deductible you want but you need to get the price down.”

“I don’t mind paying a co-pay if the premium is cheap enough.”

“I would rather pay a lower premium and be able to go to the doctor once or twice a year. But, I want them to pay for my monthly medications.”



	PPO	HSA	LBP	Hospital Only Plan	LBP w/High Deduct Hosp
General Description	Comprehensive benefit package with hospitalization coverage. Different out of pocket costs for IN network and OUT of network providers.	High deductible comprehensive benefit package which can be paired with health savings account to defray out of pocket costs until deductible is met. HSA provides tax advantages for portion of contributions toward savings account.	Limited benefit package designed to cover preventive and routine care. Covered procedures limited to those conducted in primary care or specialist office setting. No hospitalization coverage.	Provides inpatient hospitalization coverage only. No preventive or routine care benefits.	Limited benefit package designed to cover preventive and routine care. Covered procedures limited to those conducted in primary care or specialist office setting. Hospitalization coverage subject to high deductible.
Covered Services			.		
Primary Care Visits	✓	✓	✓	▪	✓
Inpatient Hospitalization	✓	✓		✓	✓ (\$5,000 deductible)
Prescription Drugs	✓	✓	✓	▪	✓
Specialists	✓	✓	✓	▪	✓
Preventive Services	✓	✓	if in physician office	▪	if in physician office
Lab, x-ray, tests	✓	✓	if in physician office	▪	if in physician office
Dental or Vision	▪	▪	▪	▪	▪
Mental health and substance abuse services	✓	✓	✓	▪	✓
Out of Pocket Costs	▪	▪	▪	▪	▪
Deductible	\$350 IN / \$600 OUT	\$3,000	\$0	\$0	\$5,000 (hospital-only)
Coinsurance	20% IN / 40% OUT	20%	n/a	n/a	n/a
Copays	\$15 physician	n/a	\$15 physician	n/a	\$15 physician
	Rx: \$10 generic / \$15 brand	Rx: \$10 generic / \$15 brand	Rx: \$10 generic / \$15 brand		Rx: \$10 generic / \$15 brand
	ER \$100 (waived if admitted)				
Coinsurance Maximum	\$1,500 IN / \$3,000 OUT	\$1,500	n/a	n/a	n/a
Monthly Premium					
Individual Only	\$296	\$239	\$151	\$98	\$192
Family Coverage	\$887	\$718	\$452	\$293	\$576
		Note: The premium prices listed here do not include any contribution to the health savings account.			