

Summary of Findings

1998 Health Confidence Survey

■ Overview

The 1998 Health Confidence Survey finds Americans are satisfied with the health care they receive, but confused about the type of health insurance coverage they have and concerned about their health care in the future.

Health care in America today is rated highly by a majority of respondents, and significant numbers are highly satisfied with the care they themselves have received in the past two years as well. While managed care participants are less satisfied than others with their current health plan overall, there are few differences between managed care participants and traditional fee-for-service enrollees on evaluations of most specific aspects of their own health care. However, managed care participants express significantly less satisfaction with their ability to choose a doctor, the quality of care available, and the treatments they have received.

Although a majority of Americans label their plan as a health maintenance organization (HMO), a preferred provider organization (PPO) or a point-of-service plan (POS), very few believe they are currently enrolled in a “managed care health plan.” Even among those who are currently enrolled in health insurance plans with HMO-type features, more than two out of five do not believe they are in managed care.

While Americans may not relate “managed care” with their current health insurance plan, many believe managed care deserves high ratings. A majority of Americans believe the quality of care in managed care programs is excellent, very good, or good. The lowest rated aspect of managed care plans is access to experimental treatments. Interestingly, more than one-half of Americans say their opinions of managed care are based on what they have seen or heard in the media or heard from family or friends.

Americans are seriously concerned about future health care costs. Less than one-quarter are confident they will be able to afford health care without suffering financial hardship in the next 10 years, while more than two in five are **not** confident they will be able to afford health care. These fears are even higher when Americans consider future health care under Medicare—one-half of Americans believe they will not be able to afford health care under Medicare without financial hardship.

Significant proportions of Americans believe that health care issues warrant policymakers’ attention. A majority believes the health care system is in need of major changes. While three out of four Americans favor requiring health insurance plans to contain a minimum level of benefits, only one in five would favor a government regulation of health plans that increased costs by \$50 a month.

When considering proposals to guarantee universal access to health insurance, three out of four support requiring employers to offer health insurance to all employees and two-thirds favor allowing the uninsured to buy into Medicare. One-half would support a 1 percent increase in taxes for health insurance companies or employers’ payroll tax.

When forced to make hard choices about options to reform Medicare in order to guarantee its solvency, it appears that Americans favor increasing payroll taxes for current workers over any decrease in Medicare benefits or increase in the eligibility age.

■ Satisfaction With Health Care and Insurance Is High, But Managed Care Participants Feel Differently

A majority of Americans rate health care in America today highly and indicate that they are satisfied with their health insurance plan. Significant proportions rate various aspects of the care they have received in the past two years highly as well.

In general, 52 percent say that health care in America today is excellent, very good, or good. One-third rate it as fair (32 percent) and just one in seven says that America's health care is poor (14 percent). Similarly, a majority say they are extremely or very satisfied with their own current health insurance plan (53 percent), while more than one-third report they are somewhat satisfied (36 percent). Only one in ten is not satisfied with his/her current health care (10 percent).

Americans are satisfied with most aspects of their recent health care, except for cost. Almost one-half report they are highly satisfied with the health care they have received in the last two years (46 percent extremely or very satisfied). Majorities are satisfied with the quality of care they have received (59 percent), their ability to choose their doctor (54 percent), and treatments they have received (54 percent). Around two out of five report high satisfaction with benefits covered by their health insurance plan (43 percent), hospitals they have used (43 percent), and claims processing (38 percent).

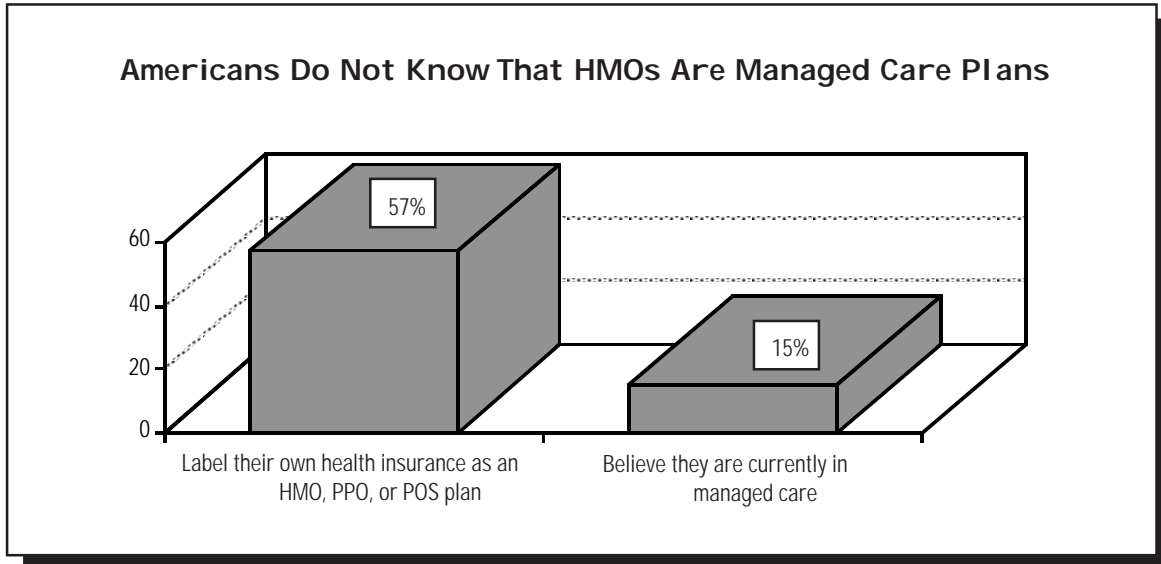
Americans are least satisfied with the cost of their health insurance and their out-of-pocket health care costs. Just one-third report high satisfaction with insurance costs (32 percent); even fewer express satisfaction with out-of-pocket costs (22 percent). One-third indicate they are not too or not at all satisfied with insurance costs (33 percent); while 37 percent are not satisfied with out-of-pocket health care costs.

Overall, managed care participants are less satisfied with their current plan than are those enrolled in traditional fee-for-service plans. However, there are differences on ability to choose their doctor (45 percent highly satisfied versus 77 percent of fee-for-service enrollees), the quality of care they have received (58 percent versus 71 percent) and treatments received (54 percent versus 66 percent).

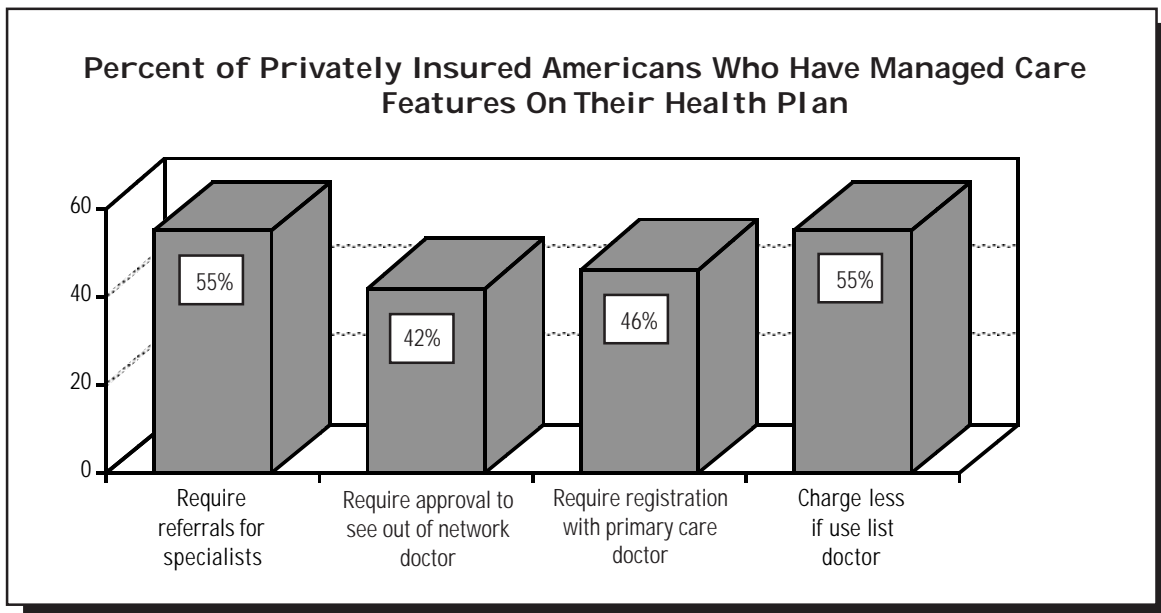
■ The Managed Care Conundrum: Most Do Not See Their Health Insurance as “Managed Care”

Despite the fact that more than four out of five workers with health insurance coverage are in some form of managed care, majorities in the 1998 Health Confidence Survey report that they are not now, nor have they ever been, in a managed care health plan. Insured Americans are aware of the rules and regulations of their health plan and may know the label applied to their health insurance, but few understand that the rules and regulations they abide by constitute “managed care.” In fact, very few Americans claim to be extremely or very familiar with managed care (16 percent), while one-half indicate they are not too familiar or not at all familiar with it (50 percent).

Many Americans label their plan as a health maintenance organization (HMO, 31 percent), a preferred provider organization (PPO, 24 percent) or a point-of-service plan (POS, 2 percent). One-third label their current plan as traditional health insurance (32 percent). The confusion begins when Americans are asked if they participate in “managed care” plans. Two-thirds believe they have **never been** in a managed care plan (63 percent); even 56 percent of those currently in managed care say they have never been in one. Only 15 percent believe they are currently enrolled in a managed care plan.



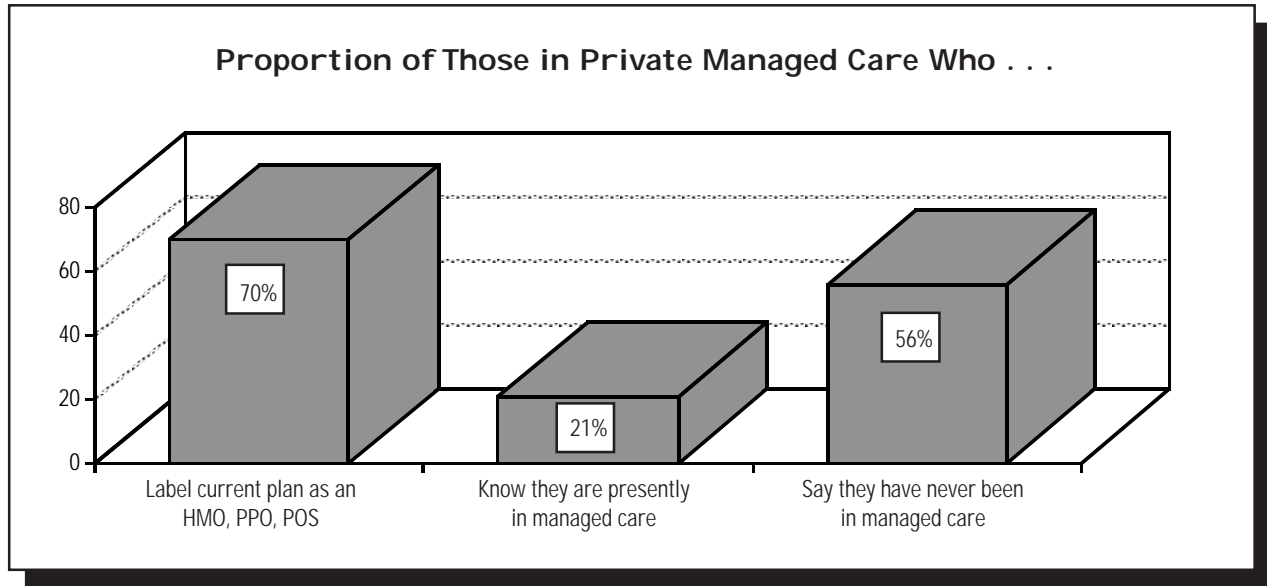
In order to categorize respondents by the type of health insurance they are covered by, we asked a series of questions regarding current plan design. A majority of Americans are required to obtain a referral prior to visiting a specialist or are charged less when they get their health care from a pre-approved list of providers (55 percent each). Just less than one-half of Americans must register with primary care providers (46 percent) or must get approval to see a doctor not on a list of preferred providers for their plan (42 percent).



Individuals who indicate all four of these plan regulations apply to them were categorized as “HMO-type” plan participants (19 percent of Americans). Individuals whose plan has at least one of these regulations are considered “PPO-type” plan participants (33 percent of Americans). Only individuals whose plans do not require any of the mentioned regulations are considered “traditional, fee-for-service” plan participants (11 percent of Americans). (Note: All respondents over 65 are considered to be Medicare participants (21 percent).) According to this calcula-

tion, 83 percent of Americans with private health insurance coverage are in some type of managed care.¹

Among only those Americans calculated as participating in managed care, 70 percent label their current plan as an HMO, PPO, or POS plan. However, just one in five correctly identifies him- or herself as currently participating in managed care (21 percent). A majority of those currently in managed care programs say they have never been in managed care (56 percent). Not surprisingly, those who must follow many rules, the HMO-type plan participants, are more aware of being in managed care than those who have less regulation—29 percent believe they currently are in managed care, compared with 16 percent of PPO-type participants. Still, this leaves significant proportions of both plan types reporting they have never been in managed care (44 percent of HMO-type participants and 63 percent of PPO-type participants).



■ “Managed Care” is O.K., Few Have Negative Opinions

Despite the fact that most Americans are clearly confused about what managed care is, most have opinions about it. One-quarter use their own personal experience as the basis for their managed care opinions (28 percent). A majority state that their opinions about managed care are based on secondhand information—either from the media (29 percent) or from family and friends (23 percent).

Managed care receives the highest positive ratings for the quality of care available (52 percent rate it excellent, very good, or good). Other aspects which many Americans believe managed care does well include: choice of hospitals (47 percent), access to specialists (46 percent), choice of doctors (45 percent) and access to preventive care (42 percent). The lowest rated aspects of “managed care” are cost (37 percent) and access to experimental treatments (22 percent).

Respondents who participate in HMO-type plans rate the quality of care available in managed care higher than others (61 percent). Significantly fewer PPO-type participants and traditional insurance participants rate managed care quality that high (52 percent and 51 percent, respectively). HMO-type enrollees also rate access to preventive care higher than others (52 percent v. 42 percent of all Americans).

No more than 14 percent of Americans say managed care’s performance on these aspects is poor. One exception is access to experimental treatments, which one-quarter rate as poor (25 percent).

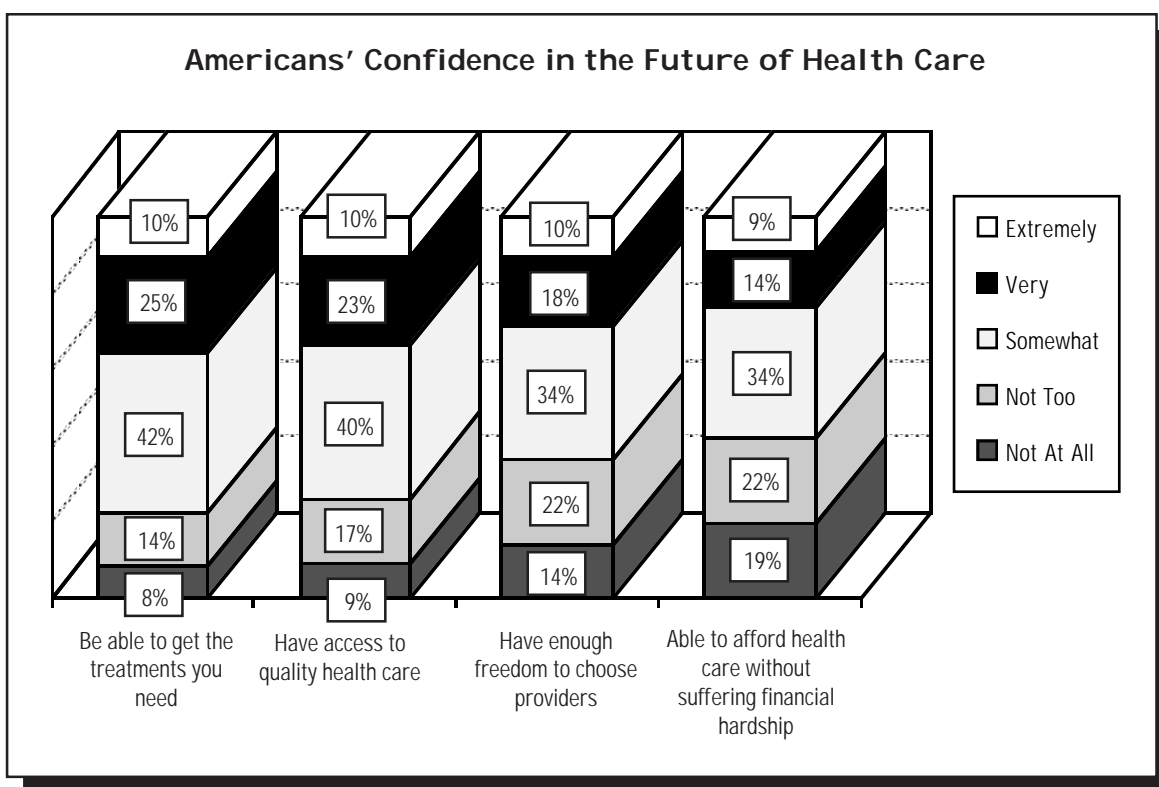
¹ The results of this categorization are consistent with plan participation findings from The 1997 National Survey of Employer-Sponsored Health Plans by William M. Mercer Companies, Inc.

■ Concerns about the Future of Health Care

Despite high levels of current satisfaction, fears about rising costs may be driving Americans' concerns about future care. Less than one-quarter of Americans are confident that they will be able to afford health care without suffering financial hardship during the next 10 years (22 percent). Indeed, nearly twice as many indicate they are **not confident** about their ability to afford health care in the future (41 percent).

Another significant concern is the freedom to choose a doctor. One-quarter are confident in their future freedom to choose their health care providers (28 percent), but more than one-third are not confident about that (36 percent). One-third indicate they have high confidence they will be able to get the treatments they need (35 percent) and that they will have access to quality health care (33 percent). Around one-quarter of all respondents are not confident about those aspects of health care (22 percent and 25 percent, respectively).

Managed care enrollees are more concerned about the future of health care than others. About one-fifth of managed care enrollees report that they are not confident they will be able to get the treatments they need in the next 10 years (21 percent); only 12 percent of fee-for-service enrollees feel the same. They are also more concerned about future access to quality care—26 percent are not confident, compared with 16 percent of fee-for-service enrollees. Americans in HMO-type plans are the least confident about their freedom to choose their medical providers in the future (46 percent are not confident). Only about one-third of those in PPO-type plans and one-fifth in traditional plans are not confident about that (36 percent and 23 percent, respectively).

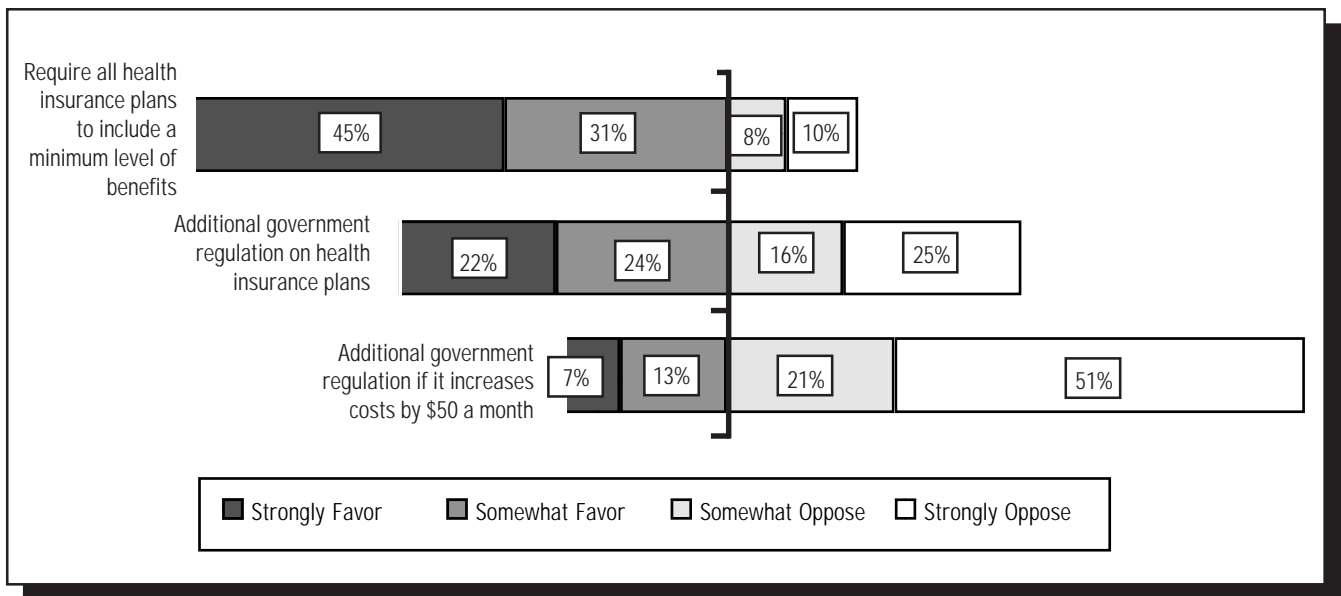


■ Americans Say Health Care Issues Need Policymakers' Attention

Health care may not rate as the most critical issue in the country today, but Americans view health care as a more critical issue than the economy or the deficit. Four out of five Americans believe that the cost of health care has gotten worse in the past five years (81 percent). More than one-half believe that the state of health insurance coverage has gotten worse (57 percent).

Nearly all believe that America's health care system needs some type of changes. A majority indicate that the system needs major changes (59 percent). Another one-third believe minor changes are needed (36 percent). Only 3 percent think the system does not need to be changed at all.

The 1998 Health Confidence Survey attempted to determine what types of changes Americans would approve. Three out of four indicate they would favor requiring all health insurance plans to include a minimum level of benefits in the plans they offer (76 percent). Despite this initial showing of support, less than one-half of respondents would support additional government regulation of health insurance plans (46 percent), and one-half as many would support government regulation if it increased health insurance costs by \$50 a month (20 percent). A majority would *strongly* oppose government regulation that increased costs by \$50 (51 percent).



■ Americans Concerned for the Future of Medicare, Choose Higher Taxes Over Cutting Benefits as Means to Keep the Program Solvent

Only 11 percent of Americans express high levels of confidence that Medicare will continue to provide benefits equal to the value of benefits received by retirees today. One-third express some confidence about this (34 percent). A majority of Americans indicate they are not confident about the continuation of Medicare at its present benefit level (32 percent not too confident, 21 percent not at all confident).

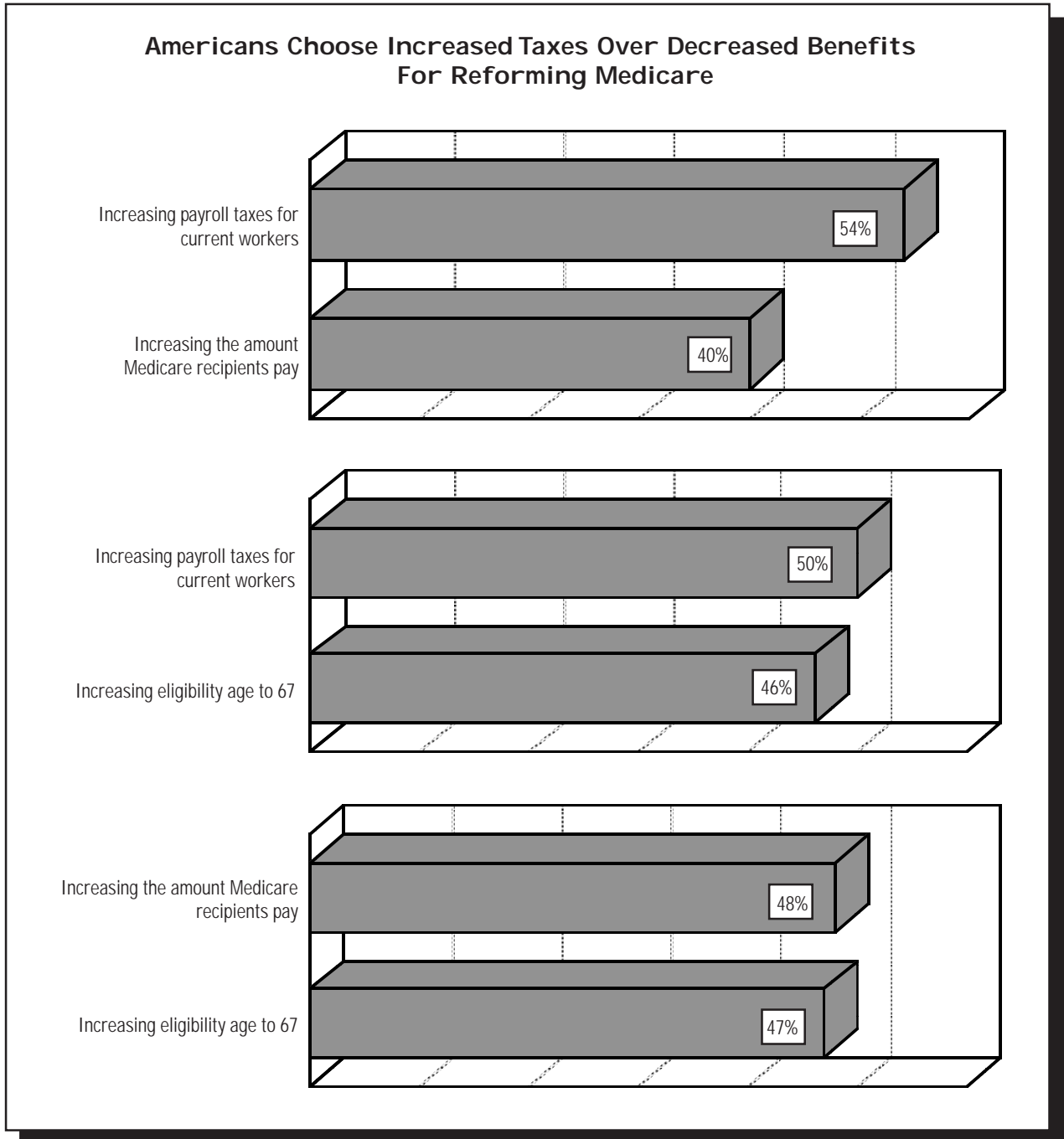
Working Americans are more concerned about Medicare's ability to support them than are those who are currently retired. A majority of working Americans do not believe that the Medicare program will be able to provide them with health insurance throughout their retirement (56 percent). Only 15 percent of retirees share this concern about themselves. Four out of five current workers believe they will need private health insurance in addition to Medicare (82 percent); currently seven out of ten Medicare recipients have additional coverage (70 percent).

When considering future health care in the Medicare system, one-half of Americans under age 65 indicate they are not confident they will be able to afford their health care when they are eligible for Medicare without suffering financial hardship (51 percent). Around four out of five are not confident that under Medicare they will have enough freedom to choose their health care providers (46 percent), be able to get the treatments they need (39 percent), or have access to quality care (38 percent). No more than one-fifth express high degrees of confidence about any of these aspects of care once they are in Medicare.

The 1998 HCS asked Americans to make hard choices about options for reforming Medicare. Respondents

were asked to choose which of two options they would prefer, if changes must be made to guarantee the solvency of Medicare. When choosing between increasing payroll taxes for current workers and increasing the amount Medicare recipients pay for co-payments and deductibles, Americans choose increased taxes by a 14 point margin (54 percent to 40 percent).

When weighing increased payroll taxes against increases in the eligibility age for Medicare (from 65 to 67), the margin narrows; however, increased taxes is still the preferred method of change (50 percent to 46 percent). Americans are evenly split when choosing between increasing the amount that Medicare recipients pay and increasing the eligibility age (48 to 47 percent).



■ The Uninsured and Proposals to Guarantee Health Insurance Access

Twelve percent of respondents indicate they are not covered by any form of health insurance. Among the uninsured who are working, one-half report that their employers do not offer health insurance to any employees (54 percent), and another 39 percent say their employer offers a plan to some of the employees. However, only one in eight considers lack of access to an employer plan the most important reason he or she does not have health insurance.

For one-half of the uninsured, cost is the major reason they do not have insurance (48 percent). One in five says he or she would obtain coverage if the cost were lowered a bit (21 percent), but for almost twice as many, the cost of insurance would need to be cut in half (37 percent).

Nine percent of the uninsured say the most important reason they are without coverage is that they are not currently employed. Seven percent do not have coverage because they do not believe they need it, and just 3 percent are uninsured because they have been denied coverage.

Most Americans underestimate the number of uninsured in the country. A majority say there are less than 40 million without any form of health insurance (57 percent). Eight percent correctly estimate between 40 and 50 million uninsured. (*Note: According to EBRI estimates based on the Census Bureau's March 1997 Current Population Survey, there were 41.7 million Americans without health insurance in 1996, the most recent data available.*) One in five overestimates the uninsured at 50 million or more (20 percent). Six out of ten believe that the number of uninsured people will increase in the next 10 years (61 percent).

More than three out of four support requiring all employers to offer health insurance to all of their employees as a means of guaranteeing access to insurance to all Americans (77 percent). In fact, almost six out of ten indicate they would *strongly* favor such a proposal (59 percent, another 19 percent would *somewhat* support). Two-thirds favor allowing the uninsured to buy into Medicare (68 percent), but just three in ten *strongly* favor that proposal (31 percent; 37 percent *somewhat* support).

Respondents were also asked about a series of 1 percent increases in various taxes as a means of ensuring health insurance access. A majority would support a 1 percent increase in health insurance company taxes (57 percent) or a 1 percent increase in payroll taxes for employers (53 percent). Just less than one-half would support tax increases for doctors and hospitals (48 percent). Not surprisingly, the least popular tax increase is an increase in income taxes; however, 42 percent indicate they would support a 1 percent income tax increase for all to ensure access to health care.

The 1998 Health Confidence Survey (HCS) was sponsored by the Employee Benefit Research Institute, a private, nonprofit, nonpartisan public policy research organization based in Washington, DC, and Mathew Greenwald & Associates, Inc., a full-service market research and consulting firm based Washington, DC.

The survey was conducted in February 1998, through 20-minute phone interviews with 1,002 individuals ages 20 and older. The survey is representative of the United States population when compared to data from the U.S. Census Bureau. The margin of error for questions asked of all respondents is approximately +/-3 percent.

The 1998 HCS was underwritten by the following 18 private and public organizations: American Association of Health Plans, American Association of Retired Persons, American Compensation Association, American Hospital Association, American Medical Association, AT&T, BlueCross BlueShield Association, CIGNA Corporation, Citibank, Eli Lilly and Company, Highmark, Inc., IBM, JP Morgan, Kaiser Family Foundation, Lucent Technologies, Mutual of Omaha Companies, The Commonwealth Fund, William M. Mercer.

For more information on the survey, visit the HCS online at <http://www.ebri.org/hcs/>.