

Health Insurance: Employer Involvement and Defined Contribution

Americans More Confident in Employer Choice of Health Plans

Many Americans see value in their employers' involvement in selecting and financing health insurance. They are more confident in employers' choice of health plans than in their own choice (table 1).

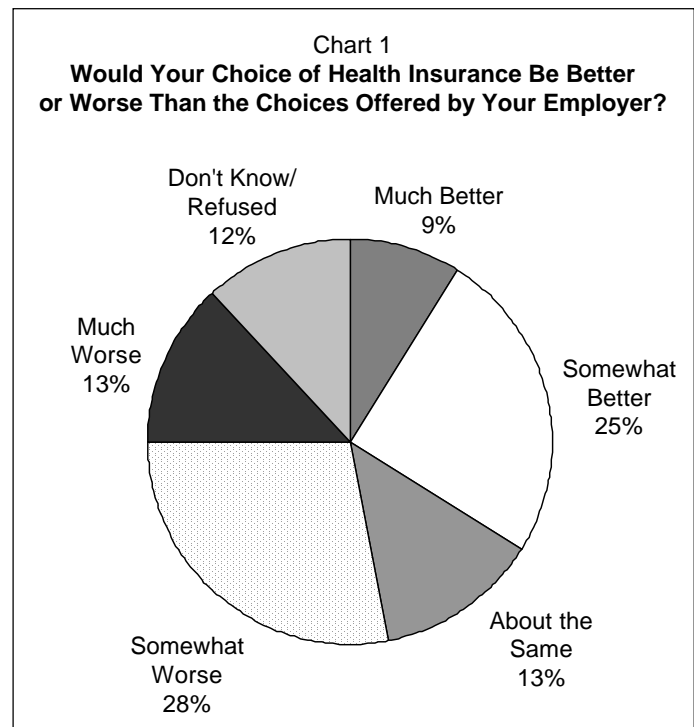
- Almost half (47 percent) of those with employment-based health coverage were extremely or very confident that their employer has selected the best available health insurance for its workers.
- Eighteen percent were not too or not at all confident in their employer's choice of health plans.
- In contrast, 37 percent of those with employment-based coverage were not too or not at all confident that they could choose the best available health insurance for themselves.
- Forty-one percent of those with employment-based coverage thought their choices in the individual market would be worse than the choices currently offered by their employer; 34 percent thought they would be better (chart 1).

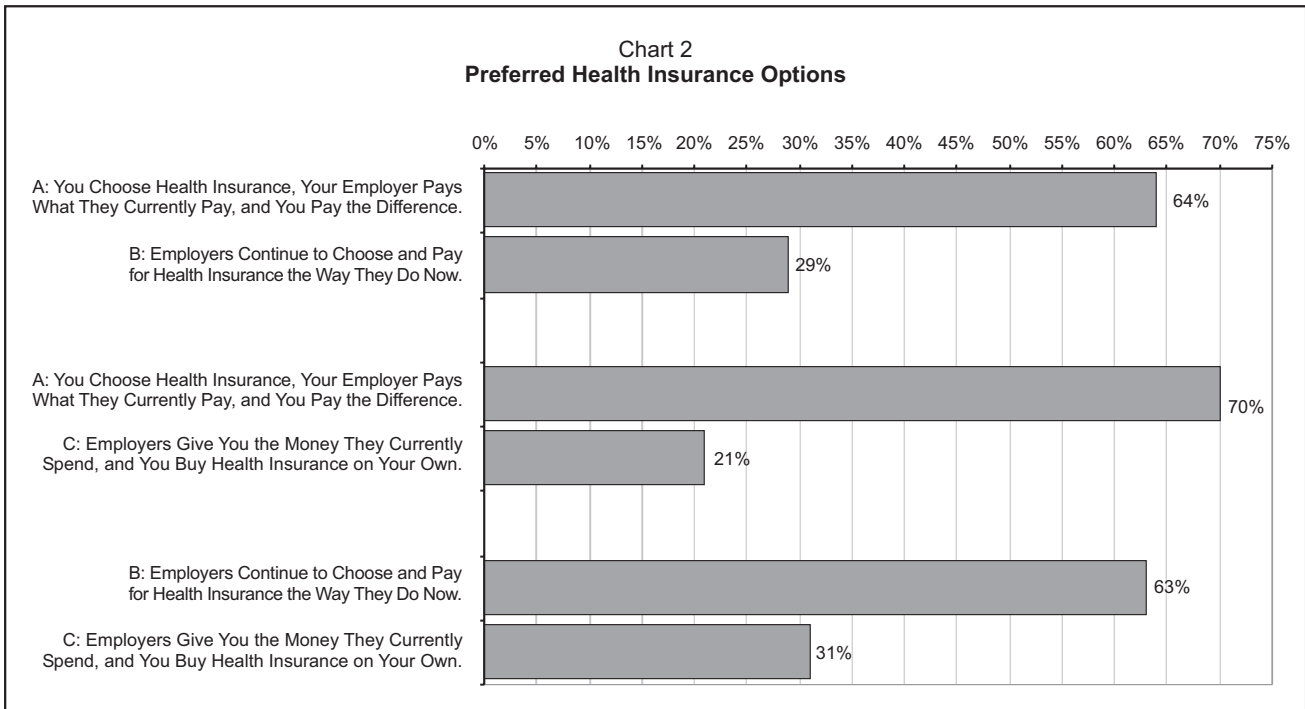
	Employer's Choice	Own Choice
Extremely Confident	14%	9%
Very Confident	33%	23%
Somewhat Confident	34%	29%
Not Too Confident	9%	19%
Not At All Confident	9%	18%

Pure Defined Contribution Model Rejected

Americans under age 65 do not support a pure "defined contribution" health plan arrangement, in which they would be given funds by their employer to purchase insurance in the individual market (chart 2).

- Respondents were asked to select their preferences among the following options:
 - A. You choose the health insurance that you want, and your employer pays the insurer the same amount that they currently spend on your insurance. Then you pay the difference if you choose a more expensive plan. (A version of defined contribution, with employer involvement.)





B. Employers continue to choose and pay for health insurance the way they do now. (The current defined benefit system.)

C. Employers give you the money they currently spend on your health insurance, and you buy health insurance on your own. (Pure defined contribution.)

- Option A rated higher than both Option B and Option C, but Option B rated higher than Option C.
- Option C (pure defined contribution) was strongly rejected in favor of continued employer involvement.

Source: 2001 Health Confidence Survey.