

# Public Attitudes on the U.S. Health Care System: Findings from the 1999 Health Confidence Survey

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Issue Brief

- This *Issue Brief* presents the findings from the 1999 Health Confidence Survey (HCS), which focuses on Americans' satisfaction with the health care system today and their confidence in the system's future. It compares findings from the 1999 HCS with those from the 1998 HCS, the first year the survey was conducted. In addition, it includes recent findings from the EBRI's 1999 Health Insurance Preference Survey.
- The 1999 HCS finds that, in many ways, Americans appear happy with their experience of the health care system. Among those respondents who have received care in the past two years, 57 percent are extremely or very satisfied with the quality of the medical care they received; 32 percent are somewhat satisfied. More than one-half (53 percent) are extremely or very satisfied with their ability to choose their doctor, while 23 percent are somewhat satisfied. Close to one-half are extremely or very satisfied, and 41 percent are somewhat satisfied, with the care they received in general. One-half of Americans with health insurance are extremely or very satisfied with their current health insurance plan. Almost four in 10 are somewhat satisfied.
- Confidence in many aspects of the health care system is high: 74 percent of Americans are extremely or very confident that their pharmacist will fill their prescription correctly, and 20 percent are somewhat confident. Almost six in 10 are extremely or very confident, and 33 percent are somewhat confident, that they will be able to see a health care specialist if they need one. Just under one-half are extremely or very confident that they are able to choose their own doctor or hospital (48 percent confident, 34 percent somewhat confident); that their doctor's treatment will be based on their health care needs rather than on cost (46 percent confident, 36 percent somewhat confident); and that doctors are up-to-date on information about medicine and medical conditions (46 percent confident, 41 percent somewhat confident).
- The results of the HCS also reveal several areas of concern. First, there is a great deal of confusion about what managed care is and whether or not individuals are enrolled in managed care programs. As a consequence, many Americans' opinions of managed care are based on what they have been told by others, rather than on their own actual experience with managed care.
- A second area of concern is that several key groups tend to be less satisfied and less confident about the American health care system. These include individuals in managed care, those in poorer health, and women.
- While many are satisfied with the health care they have recently received, Americans do not rate the overall health care system highly. They are concerned about escalating health care costs, and they lack confidence in the future of health care in America.

Paul Fronstin of EBRI wrote this *Issue Brief* with assistance from the Institute's research and editorial staffs. Any views expressed in this report are those of the author and should not be ascribed to the officers, trustees, members, or other sponsors of EBRI, EBRI-ERF, or their staffs. Neither EBRI nor EBRI-ERF lobbies or takes positions on specific policy proposals. EBRI invites comment on this research.

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## Introduction

The United States is spending an ever-increasing amount of money on health care. National health expenditures were \$1.1 trillion in 1997, representing 13.5 percent of Gross Domestic Product (GDP), up from \$700 billion and 12.2 percent of GDP in 1990 (Levit et al., 1998). Health care spending is expected to double and consume 16.2 percent of GDP by 2008 (Smith et al., 1999).

Health care spending is one of the largest industry-specific components of GDP, affecting the lives of all Americans. While the majority of Americans are generally in good health or better, most also have contact with the U.S. health care system, either directly or indirectly through an immediate family member.<sup>1</sup>

Americans have reasons to be both satisfied and dissatisfied with the current state of health care. For example, they can be increasingly satisfied with the U.S. health care system because it appears that at least some aspects of many workers' health benefits package is improving. Recent research has shown that, on average,

Americans are paying an ever-decreasing share of health care expenditures out of pocket, with third-party payers, such as private health insurers, employers, and governments, paying the balance.<sup>2</sup> In contrast, Americans also have reason to be dissatisfied with the U.S. health care system. Although U.S. per capita health care spending was between 69 percent and 174 percent higher than that of other developed countries in 1992, the United States ranked 18<sup>th</sup> for life expectancy among females and 23<sup>rd</sup> for males (Kindig, 1997).

Americans spend a large amount of money on health care relative to other industrialized countries. They spent an average of \$4,095 per person on health care in 1997, substantially more than in other industrialized countries, such as Switzerland (\$2,611), Japan (\$1,760), or the United Kingdom (\$1,391).<sup>3</sup> However, 43.9 million nonelderly Americans did not have health

insurance coverage in 1998 (Fronstin, 1999b). For all these extra costs, Americans have complex attitudes toward their health delivery and financing system—while current satisfaction with health care appears to be high, evidence suggests the public is greatly confused about managed care, and that confidence in the future of the system is low.

This *Issue Brief* presents the findings from the 1999 Health Confidence Survey (HCS), which focuses on Americans' satisfaction with the health care system today and their confidence in the system's future.<sup>4</sup> The HCS is co-sponsored by the Employee Benefit Research Institute (EBRI), Mathew Greenwald & Associates, Inc., and the Consumer Health Education Council (CHEC), and is underwritten by 15 private organizations. It compares findings from the 1999 HCS with those from the 1998 HCS, the first year the survey was conducted. In addition, it includes recent findings from the EBRI's 1999 Health Insurance Preference Survey.

## Summary

The 1999 HCS finds that, in many ways, Americans appear happy with their experience of the health care system. Satisfaction with health care received and with current health insurance plans remains high, showing little change from last year.

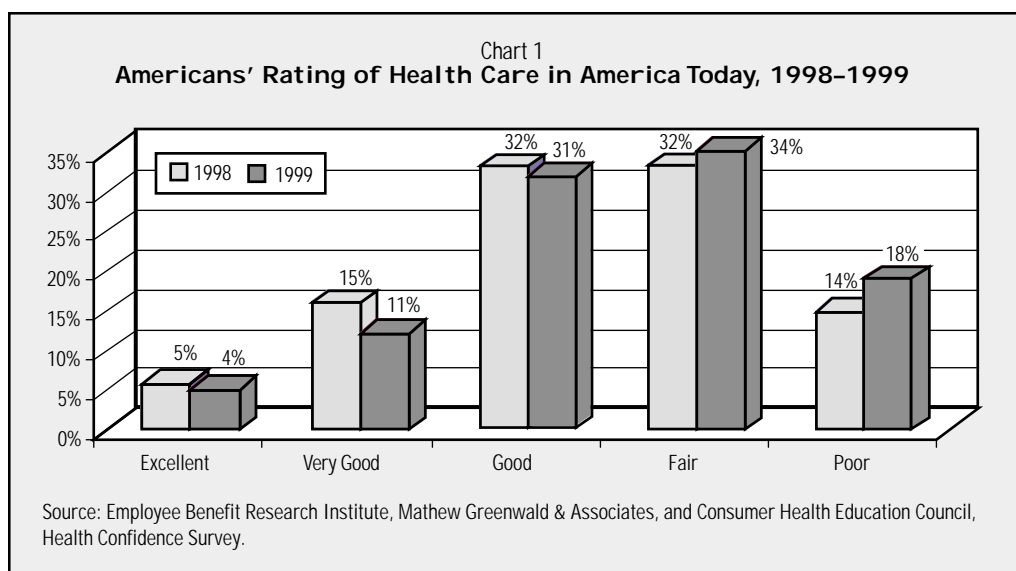
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<sup>1</sup> Kraus et al. (1999) found that 75 percent of Americans made at least one visit to either an office-based or hospital-based health care provider in 1996.

<sup>2</sup> According to Fronstin (1998b) and unpublished updates of the data presented in Fronstin (1998b), since 1989 fewer workers with health insurance are subject to a deductible. In addition, fewer workers are required to pay coinsurance at 20 percent, more workers are required to pay coinsurance at 10 percent, and lifetime limits have been increasing.

<sup>3</sup> [www.oecd.org/els/health/fad15.htm](http://www.oecd.org/els/health/fad15.htm)

<sup>4</sup> For a listing of numerous other surveys, with a range of findings, see [www.ebri.org/hcs/1999/](http://www.ebri.org/hcs/1999/)



- Among those respondents who have received care in the past two years,
  - Almost six in 10 (57 percent) are extremely or very satisfied with the quality of the medical care they received; one-third (32 percent) are somewhat satisfied.
  - More than one-half (53 percent) are extremely or very satisfied with their ability to choose their doctor, while nearly one-fourth (23 percent) are somewhat satisfied.
  - Close to one-half (46 percent) are extremely or very satisfied, and four in 10 (41 percent) are somewhat satisfied with the care they received in general.
- One-half (51 percent) of Americans with health insurance are extremely or very satisfied with their current health insurance plan. Almost four in 10 (38 percent) are somewhat satisfied.

Furthermore, confidence in many aspects of the health care system is high:

- Three-quarters (74 percent) of Americans are extremely or very confident that their pharmacist will fill their prescription correctly, and two in 10 (20 percent) are somewhat confident.
- Almost six in 10 (57 percent) are extremely or very confident, and one-third (33 percent) are somewhat confident, that they will be able to see a health care specialist if they need one.
- Just under one-half are extremely or very confident that they are able to choose their own doctor or hospital (48 percent confident, 34 percent somewhat confident); that their doctor's treatment will be based on their health care needs rather than on cost (46 percent confident, 36 percent somewhat confident); and that doctors are up-to-date on information about

medicine and medical conditions (46 percent confident, 41 percent somewhat confident).

At the same time, the results of the HCS reveal several areas of concern. First, there is a great deal of confusion about what managed care is and whether or not individuals are enrolled in managed care programs. As a consequence, many Americans' opinions of managed care are based on what they have been told by others, rather than on their own actual experience with managed care.

A second area of concern is that several key groups tend to be less satisfied and less confident about the American health care system. These include individuals in managed care, those in poorer health, and women.

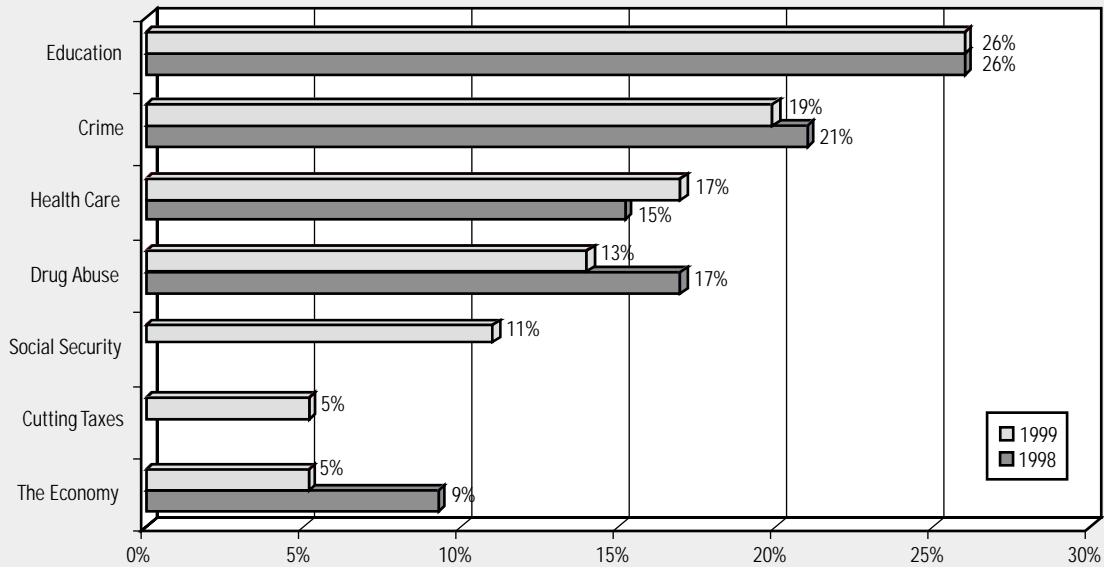
While many are satisfied with the health care they have recently received, Americans do not rate the overall health care system highly. In particular, they are concerned about escalating health care costs, and they lack confidence in the future of health care in America.

## Overview and Trends

Despite the fact that the United States spends more on health care per person than any other

industrialized nation, only 4 percent of Americans give an excellent rating to health care in America today, according to the 1999 HCS (chart 1). However, while just under one-half of respondents rated health care as excellent, very good, or good, more than one-half (52 percent) rated it as fair or poor. This is an increase from the 1998 HCS, which found that just under one-half (46 per-

Chart 2  
The Most Critical Issue in America Today



Source: Employee Benefit Research Institute, Mathew Greenwald & Associates, and Consumer Health Education Council, Health Confidence Survey.  
Note: The 1998 Health Confidence Survey did not include Social Security and taxes as choices. Instead, reducing the deficit and global warming were used.

cent) rated health care in America today as fair or poor.

While many Americans give a poor rating to the U.S. health care system, only 17 percent consider health care to be the most critical issue in America today (chart 2). This is little changed since 1998, when 15 percent cited health care as the most critical issue in America.

About four in five of the respondents consider something other than health care to be the most critical issue, although they may still think health care is a critical issue, just not *the most* critical issue. This juxtaposition of health care with other national issues is important, as policy-makers debate legislation concerning managed care

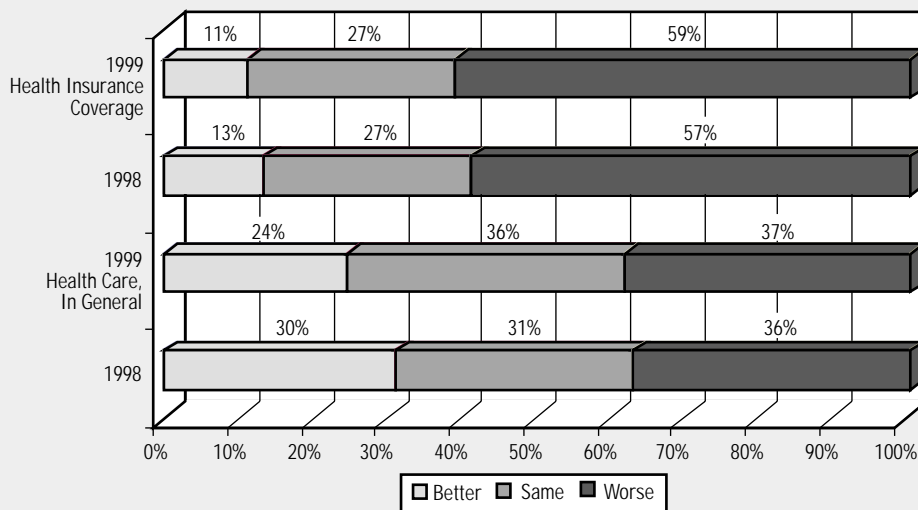
consumer protection issues and the uninsured.

Americans perceive that the health care system is breaking down. In both 1998 and 1999, more than 35 percent reported that health care, in general, has gotten worse over the last five years (chart 3). Furthermore, in both 1998 and 1999, almost 60 percent of Americans reported that health insurance coverage had

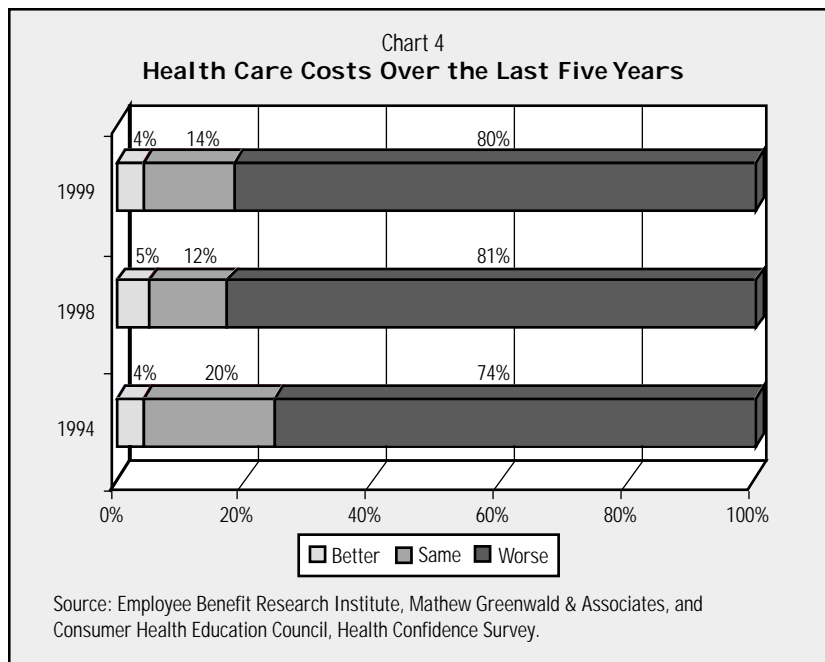
gotten worse over the last five years. In 1999, 24 percent of survey respondents reported that health care had improved over the last five years, while 11 percent reported that health insurance coverage had improved.

Americans also perceive increases in

Chart 3  
Health Care Over the Last Five Years



Source: Employee Benefit Research Institute, Mathew Greenwald & Associates, and Consumer Health Education Council, Health Confidence Survey.



health care costs. In 1998 and 1999, about 80 percent of survey respondents reported that health care costs had gotten worse during the last five years (chart 4). In fact, during the five-year period ending in 1997 Americans experienced some of the lowest rates of health care cost increases. Premiums barely increased, out-of-pocket spending was at an all-time low, and the worker share of the premium was relatively stable. Although health care cost inflation barely increased between 1993 and 1997, more Americans today think that these costs have gotten

worse than thought this in 1994. When the same question was asked in an EBRI/Gallup survey in 1994, 74 percent reported that health care costs had gotten worse. However, there is evidence of an increase in health care costs in 1998 and 1999.

Almost 60 percent of respondents who report that health care costs have gotten worse say they believe so because the cost of their health insurance has increased (chart 5).

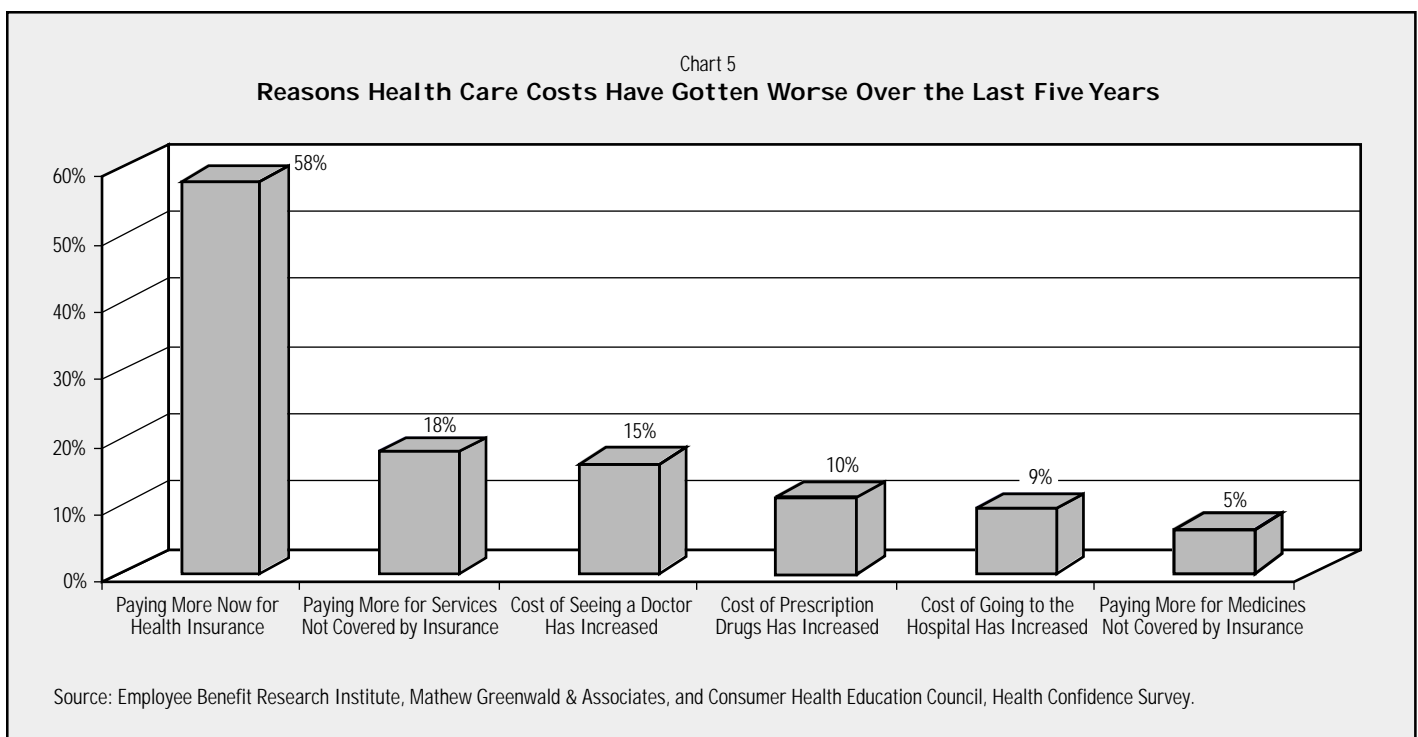


Table 1  
Confidence in Aspects of the Health Care System

Aspect of Health Care	Extremely or Very Confident		Somewhat Confident		Not Too or Not at All Confident	
	1998	1999	1998	1999	1998	1999
Your pharmacist will fill your prescription correctly	74%	74%	20%	20%	4%	4%
Ability to see health care specialist	57	57	33	33	10	10
Ability to choose own doctor or hospital	48	48	34	34	17	17
You clearly understand what benefits are and are not covered by your health plan	47	47	36	36	16	16
Doctor's advice based on needs of patient rather than on the cost of care	46	46	36	36	17	17
Doctors are up-to-date on information about medicine and medical conditions	46	46	41	41	12	12
Doctors will advise you of all possible treatments regardless of what is covered by health plan	44	44	35	35	19	19
Your medical records are confidential	44	44	28	28	25	25
Hospitals deliver quality medical care	43	43	46	46	10	10
There is a system in place that will allow you to get a fair review if health insurance coverage is denied	22	22	44	44	28	28

Source: Employee Benefit Research Institute, Mathew Greenwald & Associates, and Consumer Health Education Council, Health Confidence Survey.

## Health Confidence

Overall, most Americans are at least somewhat confident about most aspects of

health care today, in the next 10 years, or once they reach Medicare eligibility age.

In terms of confidence in health care today, pharmacists get high marks, followed by access to specialists and choice of provider. Americans are least confident about a fair review system when health care is denied (28 percent). Some are not confident about how insurance may affect advice they will receive from doctors (19 percent).

Americans are more confident that their pharmacist will fill their prescription correctly than they are about any other aspect of health care. Only 4 percent of Americans said they were not confident that their pharmacist would fill their prescription correctly (table 1).

Almost 60 percent of Americans report that they are extremely or very confident that they will be able to see a health care specialist if they need one. Another

33 percent are somewhat confident.

Less than 50 percent of Americans report that they are extremely or very confident that their doctors will offer advice based on their health care needs, rather than on the cost of care, or advise them of all possible treatments, regardless of their health plan; 36 percent are somewhat confident, and 17 percent are not too or not at all confident.

Twenty-five percent of Americans are not confident that their medical records are confidential; 28 percent are not confident that there is a system in place that will allow them to get a fair review if health insurance coverage is denied.

Americans are generally confident about various aspects of health care in the next 10 years. Slightly more than one-third are extremely or very confident that they will be able to get the treatments they need during the next 10 years (table 2).<sup>5</sup> An additional 41 percent are somewhat confident, 24 percent are not confident that they will be able to get the treatments they need. One-third of Americans are not confident that they will have

<sup>5</sup> Individuals ages 55-64 were asked about their confidence between now and the time they become eligible for Medicare.

Table 2  
Confidence in Health Care Over the Next 10 Years

	Extremely or Very Confident		Somewhat Confident		Not Confident	
	1998	1999	1998	1999	1998	1999
	You will be able to get the treatments you need	35%	34%	42%	41%	22%
You will be able to afford health care without suffering financial hardship	22	24	34	36	41	38
You will have enough freedom to choose who provides your medical care	28	27	34	37	36	34

Source: Employee Benefit Research Institute, Mathew Greenwald & Associates, and Consumer Health Education Council, Health Confidence Survey.

Table 3  
**Confidence in Health Care Once Eligible for Medicare, Persons Ages 21 and Over**

	Extremely or Very Confident		Somewhat Confident		Not Confident	
	1998	1999	1998	1999	1998	1999
You will be able to get the treatments you need	18%	18%	41%	43%	39%	38%
You will be able to afford health care without suffering financial hardship	13	12	33	36	51	50
You will have enough freedom to choose who provides your medical care	15	14	35	39	46	45

Source: Employee Benefit Research Institute, Mathew Greenwald & Associates, and Consumer Health Education Council, Health Confidence Survey.

enough freedom to choose their health care provider (34 percent not confident), or that they will be able to afford health care without suffering financial hardship (38 percent not confident).

## Medicare

Nonelderly adults (under age 65) are about as confident in the future of health care in the next 10 years as the general population. However, the nonelderly population is less confident about health care once they become eligible for Medicare. For example, between 12 percent and 18 percent are extremely or very confident about the three aspects of health care discussed above once they are eligible for Medicare (table 3), compared with 24 percent to 34 percent who are extremely or very confident in health care in the next 10 years (table 2). Nonelderly adults are especially less confident about their freedom to choose their health care provider (45 percent not confident) and their ability to afford health care without suffering financial hardship (50 percent not confident). These results are in large part unchanged from 1998.

## Gender

Significant differences were found in confidence levels between men and women. In general, women are less confident than men about various aspects of health care during the next 10 years. Specifically, 30 percent of women are not confident that they will be able to get needed treatments, compared with 18 percent of men. Similarly, 39 percent of women are not confident that they will have enough freedom to choose their health care provider, compared with 29 percent of men. Furthermore, 43 percent of women are not confident that they will be able to afford health care without suffering financial hardship, compared with 33 percent of men.

## Managed Care

Persons enrolled in managed care plans are less confi-

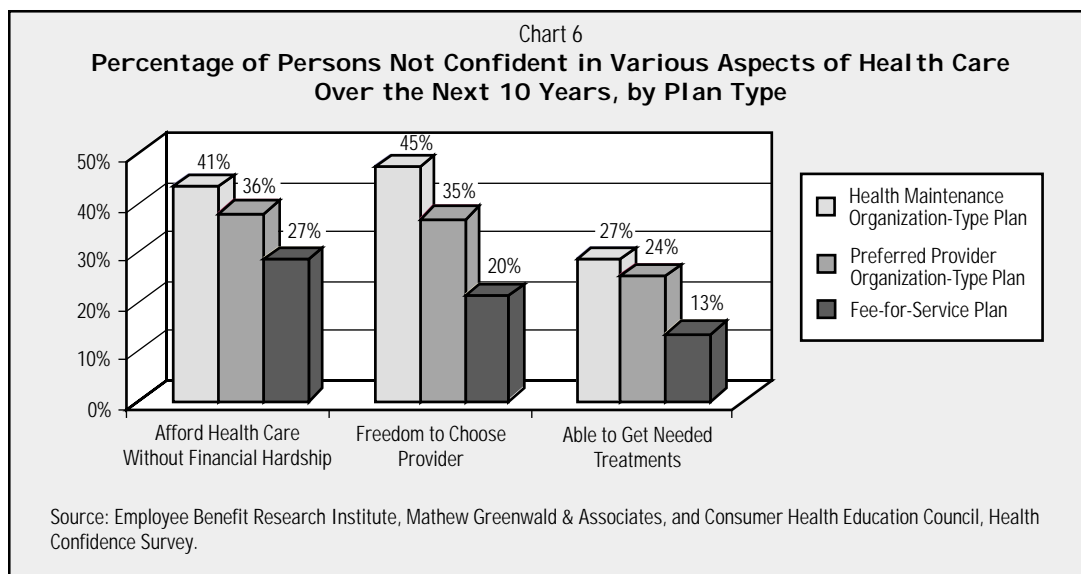
dent about various aspects of health care today and in the future than those enrolled in fee-for-service plans. Fee-for-service enrollees are more likely than managed care enrollees to report that they are confident that their pharmacist will fill prescriptions correctly, that they will have access to specialists, that they will have a choice of health care provider, that their treatments will be based on health needs and not the cost of care, and that hospitals will deliver quality medical care. Fee-for-service enrollees are also more likely than HMO-type plan enrollees to report that they are confident that their doctor will present all treatment options, regardless of insurance coverage, and that there will be a system for fair review in place if they are denied expected health care benefits.

Forty-one percent of those enrolled in health maintenance organization (HMO)-type plans and 36 percent of those in preferred provider organization (PPO)-type plans report that they are not confident they will be able to afford health care in the next 10 years without suffering financial hardship (chart 6). This compares with 27 percent who are not confident among fee-for-service enrollees. Similarly, persons enrolled in HMO-type plans and PPO-type plans are less confident than fee-for-service enrollees that they will be able to get the treatments they need.

The biggest difference in confidence levels between managed care enrollees and fee-for-service enrollees concerned the freedom to choose their own health care provider. Persons enrolled in HMO-type plans and PPO-type plans are less confident than fee-for-service enrollees that they will have enough freedom to choose their health care provider over the next 10 years (45 percent, 35 percent, and 20 percent, respectively, not confident).<sup>6</sup>

<sup>6</sup> Among those extremely confident in their freedom to choose their own provider, the results were 16 percent for HMOs, 21 percent for PPOs, and 40 percent for fee-for-service; for those somewhat confident, the results were 45 percent for HMOs, 35 percent for PPOs, and 20 percent for fee-for-service.





With respect to the nonelderly population, managed care enrollees are also more likely than fee-for-service enrollees to be not confident that they will be able to get needed treatments and will be able to afford health care without financial hardship once they are eligible for Medicare.

## Health Status

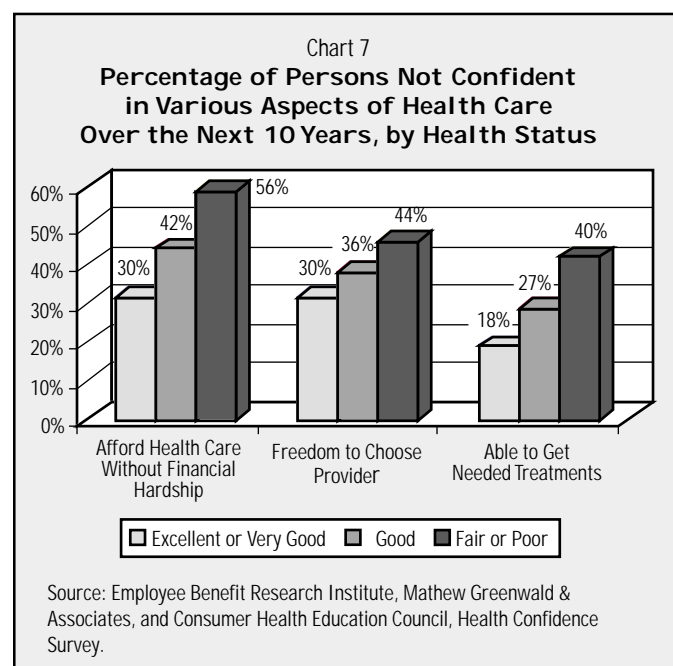
One of the major issues with the U.S. health care system is that people with serious health problems are less satisfied with the health care they have received than healthy persons. This may indicate that the health care system is not meeting the needs of unhealthy persons. However, it may also mean that unhealthy persons are simply frustrated with their health status and that medicine is not an exact science with consistently predictable outcomes. Findings from the HCS reveal a number of differences in opinion by health status. With respect to confidence in various aspects of health care in the next 10 years, the survey found that unhealthy persons are generally less confident than healthy persons. Specifically, 56 percent of persons in fair or poor health are not confident they will be able to afford health care without financial hardship over the next 10 years, compared with 30 percent of persons in excellent or very good health (chart 7). Similarly, 40 percent of persons in fair or poor health are not confident that they will get needed treatments in the next 10 years, compared with 18 percent of persons in excellent or very good health.

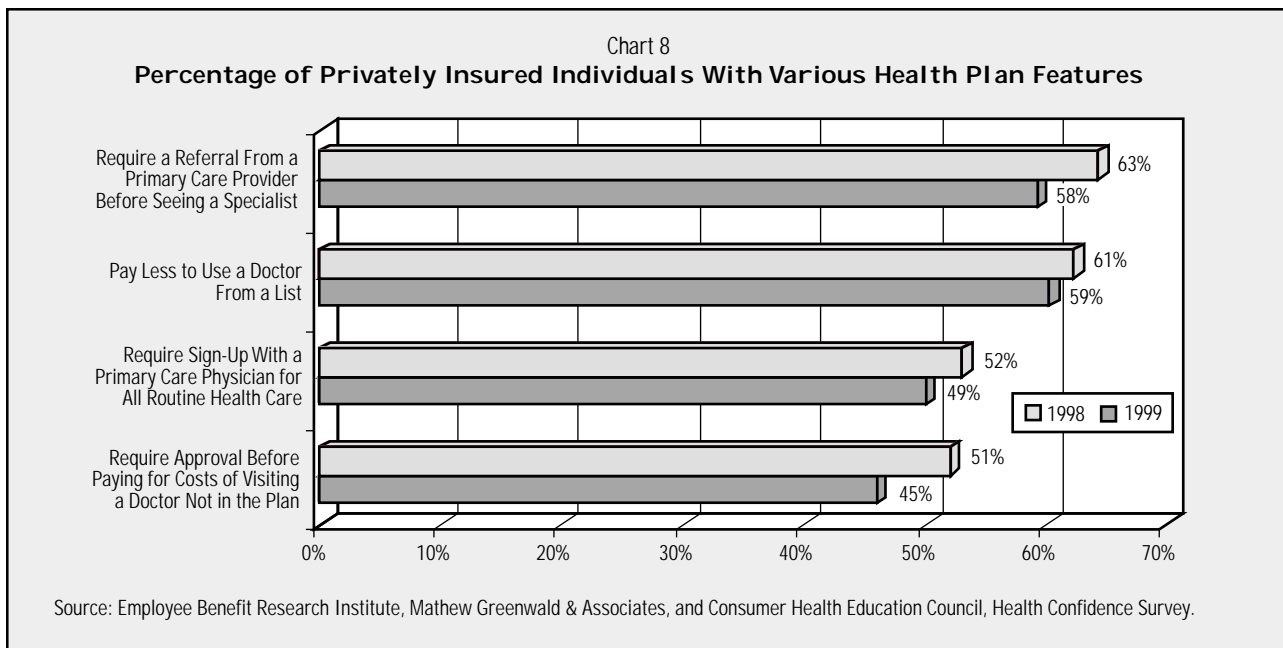
Nonelderly persons in fair or poor health are also more likely than persons in excellent or very good health to be not confident that they will be able to afford health care without suffering financial hardship once they are eligible for the Medicare program.

## Massive Confusion

Despite the fact that 87 percent of American workers with health insurance coverage currently are in some form of managed care (William M. Mercer, 1999), the HCS found that most individuals in managed care plans do not know that they are in this type of plan. Americans with health insurance coverage are aware of managed care plan design features that may require them to have a primary care physician, obtain a referral before seeing a specialist, or get prior approval before seeing a health care provider who is not participating in their plan. For example, 63 percent of

Despite the fact that 87 percent of American workers with health insurance coverage



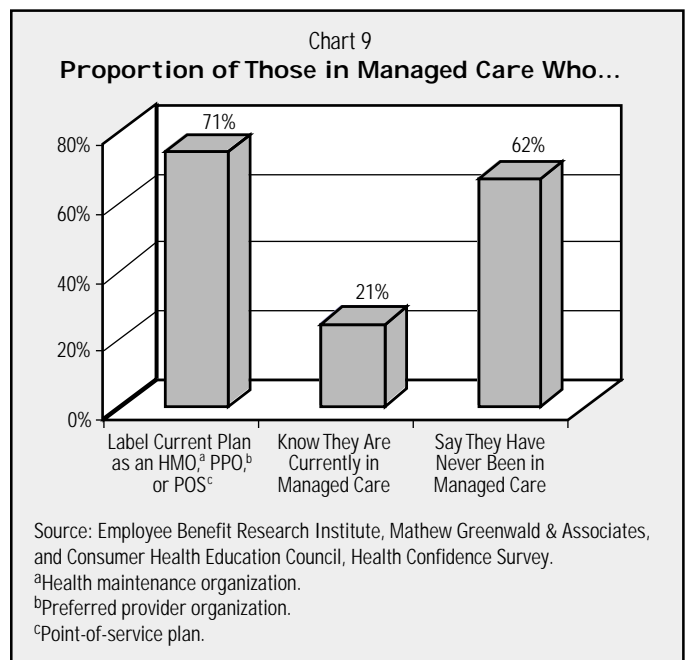


individuals with health insurance coverage reported that they are required to get a referral from their primary care provider before seeing a specialist (chart 8).

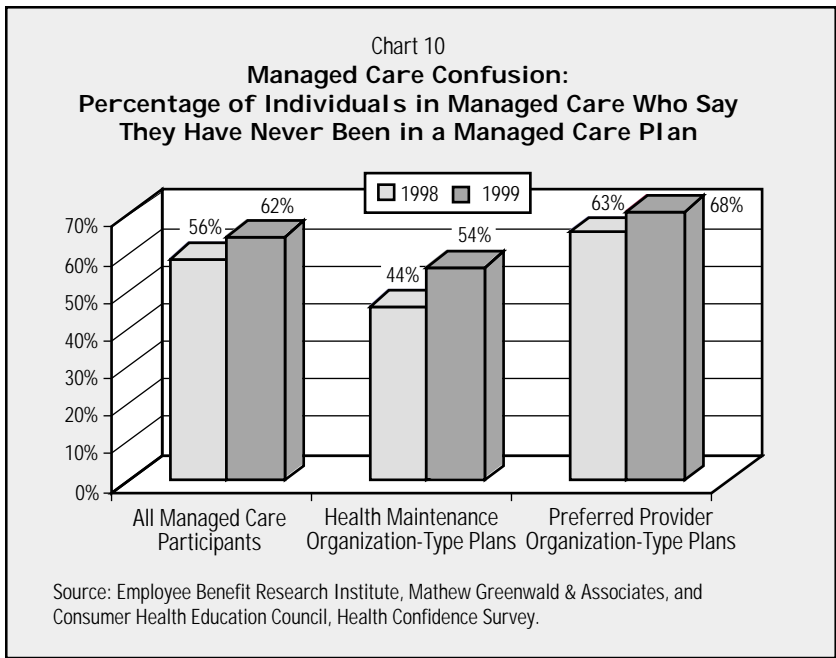
Persons with insurance may also know the correct “label” to describe their health plan (i.e., HMO, PPO), but few understand that these plans are types of managed care. This is because the names many employers and insurers give to their health insurance plans may or may not describe the “type” of plan they are offering. In order to categorize survey respondents by the type of their health insurance plan, the HCS asked respondents four questions regarding plan design features concerning referrals to specialists, need for prior approval to see out-of-network health care providers, the use of a primary care physician, and lower charges related to the use of in-network health care providers (the results from these questions are shown in chart 8). Individuals whose plan has three or four of the plan design features are categorized as HMO-type plan enrollees. Individuals whose plan has one or two of these plan design features are categorized as PPO-type plan enrollees. Individuals without any of the above mentioned plan design features are considered to be enrolled in traditional fee-for-service health plans. Using this methodology, it was determined that 85 percent of individuals with private health insurance in the survey are enrolled in some form of managed care.<sup>7</sup> (This closely tracks measurements of the population as a whole, as noted above, which find that 87 percent of

American workers with health insurance coverage currently are in some form of managed care.)

Another follow-up question was asked to determine if respondents thought they were, or had ever been, enrolled in a managed care plan. The results suggest that Americans continue to be clearly confused about the meaning of managed care and whether they are enrolled in a managed care plan. While 71 percent of those who were determined to be enrolled in a managed care plan label their plan as a PPO or HMO, only 21 percent report that they are currently enrolled in a managed care plan (chart 9). Individuals in PPO-type plans are more likely than those in HMO-type plans to think that they have



<sup>7</sup> Individuals ages 65 and older are assumed to have Medicare coverage. They are not coded as having private health insurance coverage, even if they report some type of supplemental plan.



never been enrolled in a managed care plan (68 percent vs. 54 percent) (chart 10).

Between 1998 and 1999, the percentage of managed care enrollees reporting that they have never been enrolled in managed care increased from 56 percent to 62 percent. However, this increase should not be attributed to increased confusion, as the percentage of managed care enrollees reporting that they are enrolled in a managed care plan remained constant between these years. Instead, the apparent increase in confusion should really be interpreted as more accurate reporting, because fewer managed care enrollees reported that they did not know if they had ever been enrolled in a managed care plan. These data should be a wake-up call indicating that managed care enrollees do not understand that they are in managed care—a significant finding, since the majority of Americans receive their health care through a managed care plan.

Despite the fact that most Americans are clearly confused about what managed care is, they have opinions about it, most of which are not based on personal experience. In 1999,

almost 30 percent of Americans form their opinions about managed care based on their own personal experience, 23 percent do so based on what they learn from family and friends, and 29 percent do so based on what they hear or see in the media (chart 11). Despite an additional year of experience with managed care and a full-blown (and well-publicized) managed care debate in the U.S. Congress, these results are unchanged from 1998.

What may have changed is the public's own perception of familiarity with managed care. In just one year there was a 3 percentage point increase in the percentage of Americans reporting that they were either extremely or very familiar with managed care (chart 12).

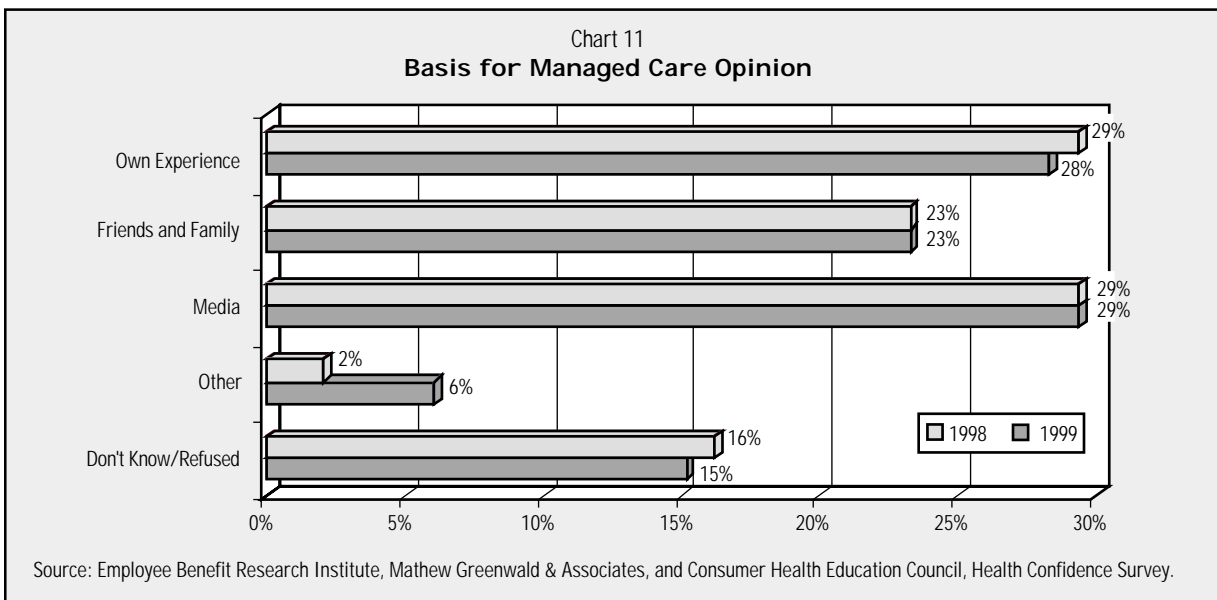
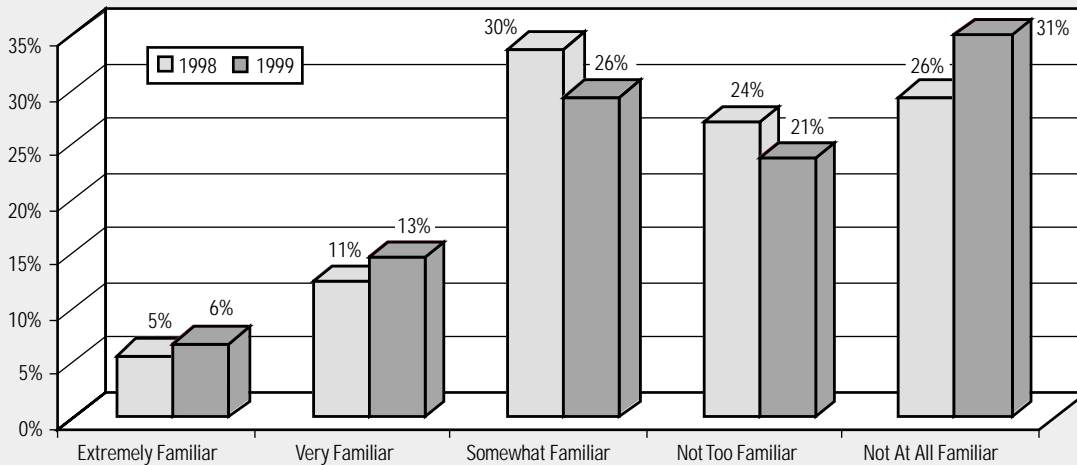


Chart 12  
Familiarity With Managed Care Health Plans, 1998-1999



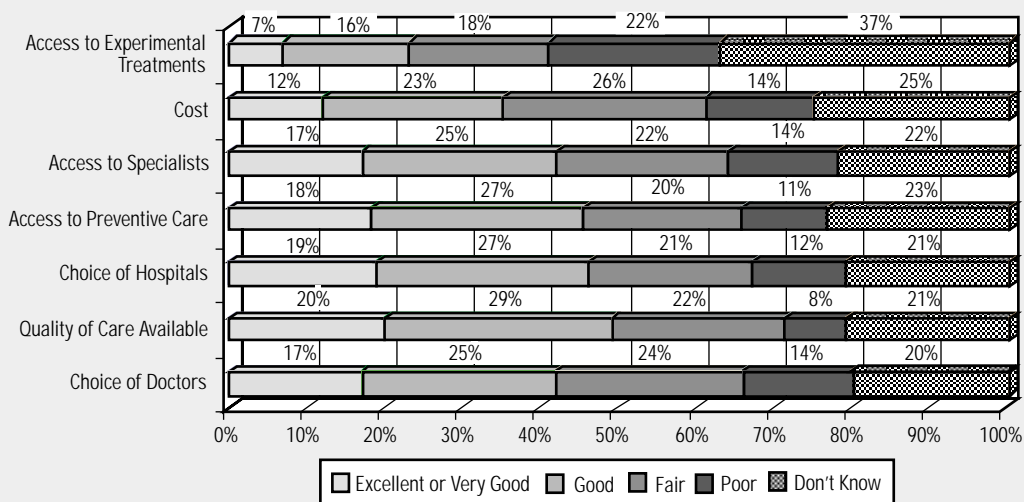
Source: Employee Benefit Research Institute, Mathew Greenwald & Associates, and Consumer Health Education Council, Health Confidence Survey.

At the same time, however, there was a 5 percentage point increase in the percentage of Americans reporting that they were not at all familiar with managed care. In general, while few Americans give an excellent or very good rating to any aspect of managed care, fewer give it a poor rating (chart 13). Most Americans rate managed care somewhere in the middle as either fair or good. In fact, between 20 percent and 37 percent give an honest “don’t know” answer.

Although the goals of managed care are lower costs and access to quality care, enrollees do not seem to

be aware of these goals, according to the results of the HCS. The results seem to indicate that many Americans are uncomfortable rating managed care because their opinions are not based on their personal experience, and so they are not familiar with the system. The fact that so many Americans do not know that their health plan is a managed care plan may further support our contention that managed care plans have failed to educate enrollees and the general public about the plans’ features and potential advantages.

Chart 13  
Rating of Managed Care Health Plans



Source: Employee Benefit Research Institute, Mathew Greenwald & Associates, and Consumer Health Education Council, Health Confidence Survey.

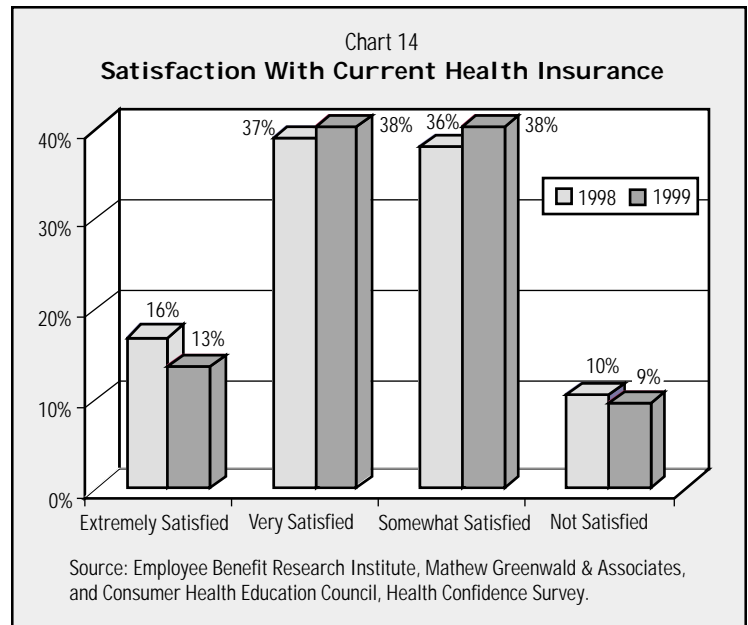
## Satisfaction

Most Americans with health insurance are satisfied with their plans.

Only 9 percent were not too satisfied or not at all satisfied (chart 14). This does not mean that Americans are highly satisfied with their health plans, however. Only 13 percent reported that they were extremely satisfied with their plans.

While most Americans are satisfied with their health insurance plans, there are significant differences in satisfaction levels by plan type. Americans enrolled in fee-for-service health plans are more satisfied than those enrolled in managed care plans. More than 60 percent of fee-for-service enrollees are either extremely or very satisfied, compared with 49 percent of PPO-type enrollees and 35 percent of HMO-type of enrollees (chart 15).

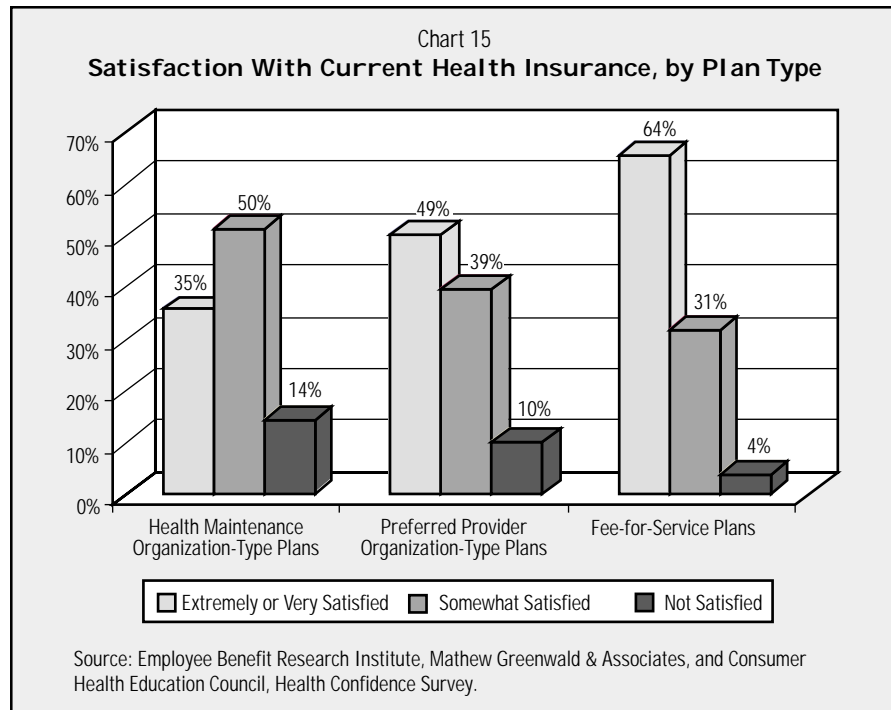
It should also be noted that, when compared to the 1998 HCS, the percentage of HMO-type enrollees who were extremely or very satisfied with their health plan declined from 42 percent to 35 percent, while the percentage of fee-for-service enrollees and PPO-type plan enrollees who were extremely or very satisfied remained virtually unchanged (chart 16).



In general, Americans are satisfied with the health care they have received over the last two years, and appear to be more satisfied with the quality of health care they have received than with other aspects of health care. For example, almost 60 percent were either extremely or very satisfied with the quality of care received, compared with only 27 percent who were satisfied with the cost of their insurance (chart 17). It is important to note that Americans are less satisfied with the cost of their insurance than they are with their choice of physicians (53 percent). Patient protection proposals debated in Congress would try to improve the

quality of health insurance benefits, but would likely increase their cost as well.

While Americans are generally satisfied with the quality of care they have recently received, as well as other aspects of health care, satisfaction levels vary greatly by type of health insurance plan. In general, individuals in managed care health plans are less satisfied with the health



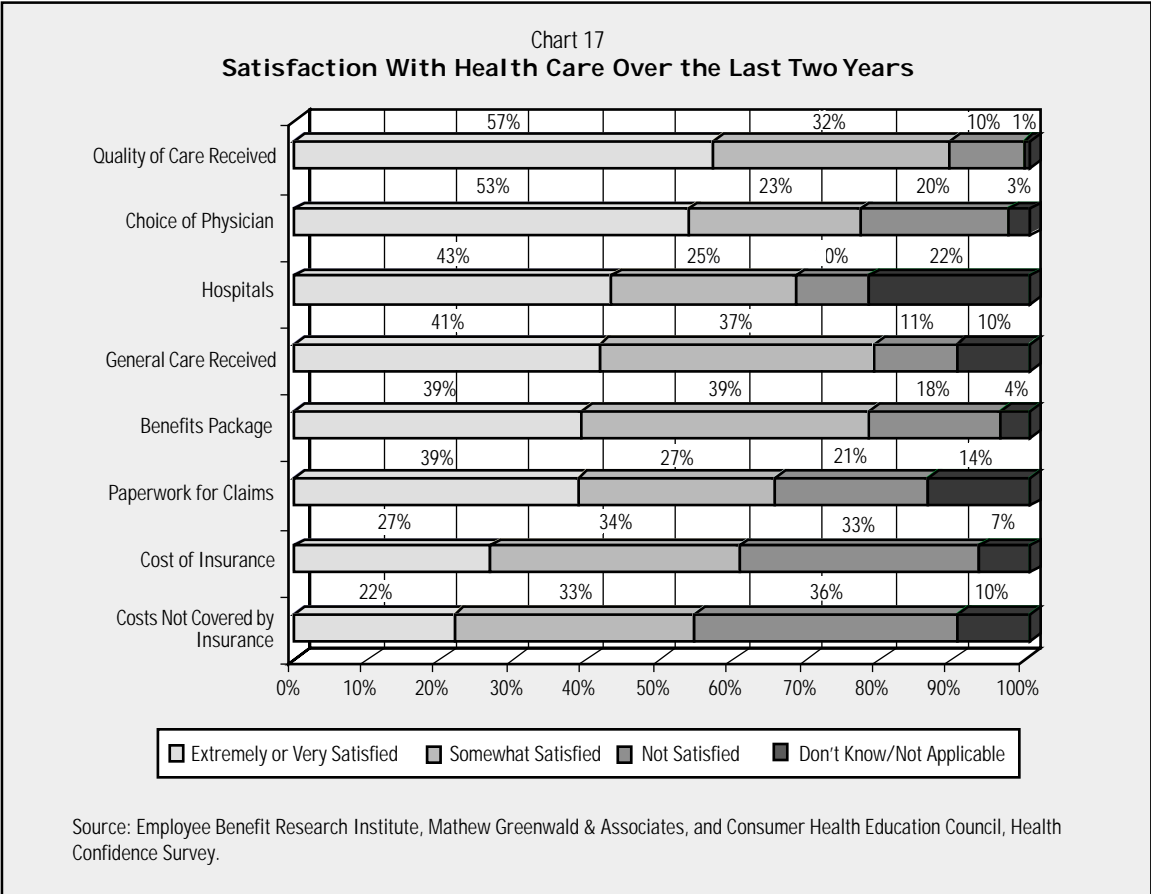
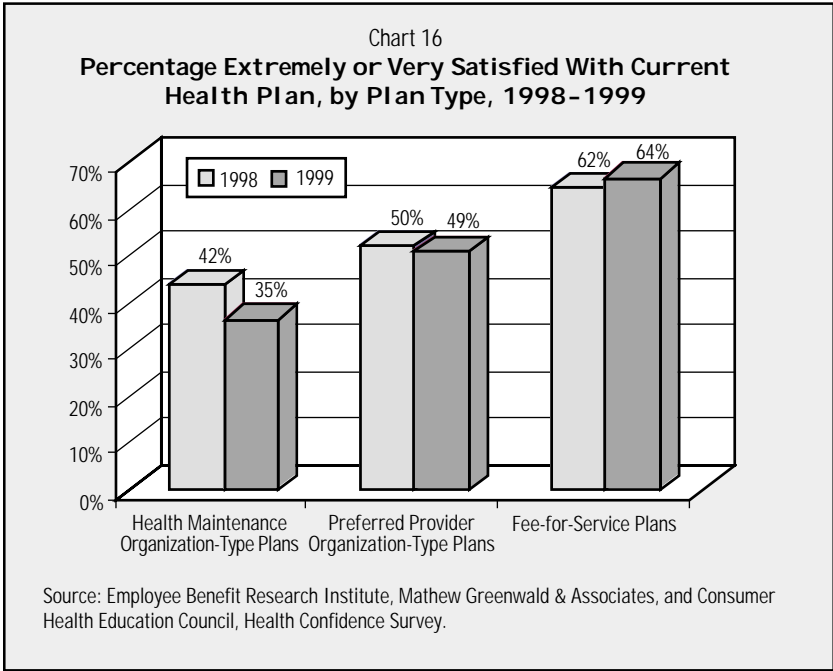
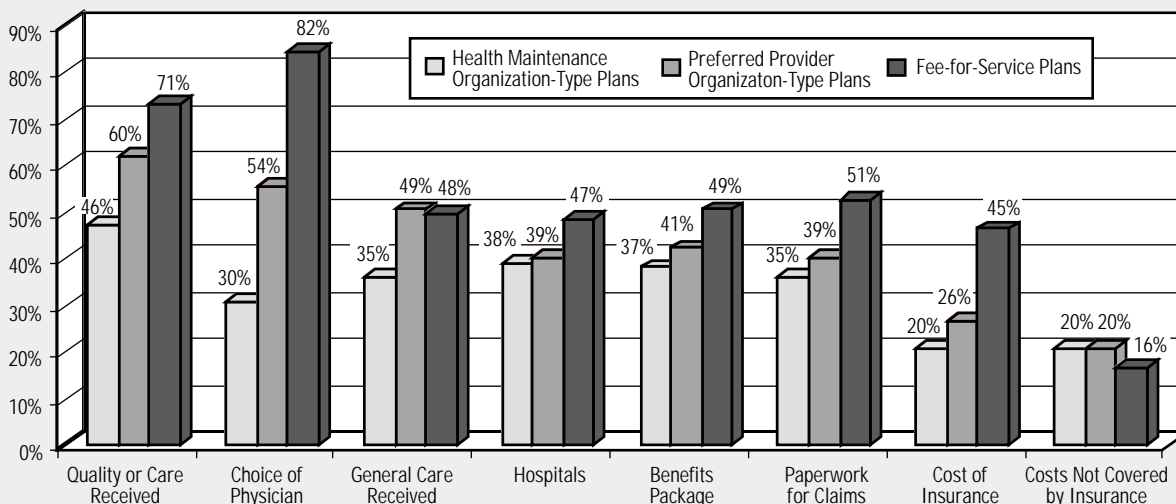


Chart 18  
**Percentage Extremely or Very Satisfied With Aspect of Health Care Received Over the Last Two Years, by Plan Type**



Source: Employee Benefit Research Institute, Mathew Greenwald & Associates, and Consumer Health Education Council, Health Confidence Survey.

care they have received than individuals in fee-for-service health plans. For example, 46 percent of individuals enrolled in an HMO-type health plan were either extremely or very satisfied with the quality of health care they received over the last two years, compared with 60 percent among PPO-type enrollees and 71 percent among fee-for-service enrollees (chart 18).<sup>8</sup> The greatest difference in satisfaction had to do with choice of physician; however, there was a significant difference in satisfaction levels between enrollees in managed care plans and those in fee-for-service plans for nearly all aspects of health care, with the exception of costs not covered by the health plan.

## Reform

As mentioned above, many Americans are satisfied with their health insurance, while

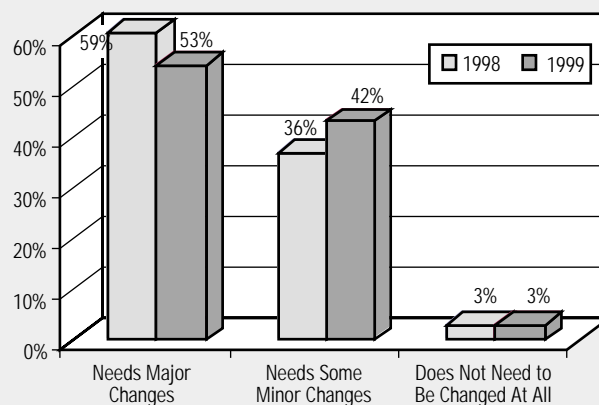
many others give the health care system a poor rating. Nearly all Americans believe that the U.S. health care system needs some types of change. More than 50 percent of Americans indicate that the system needs major change (chart 19), another 42 percent think that

minor changes are needed, while only 3 percent report that the system does not need to be changed at all (chart 19).

## Health System Changes

The HCS attempts to determine what types of changes Americans would approve. It found that 89 percent think that making health care more affordable should be a major goal (chart 20). An additional 9 percent think it should be a minor goal. Providing high quality health

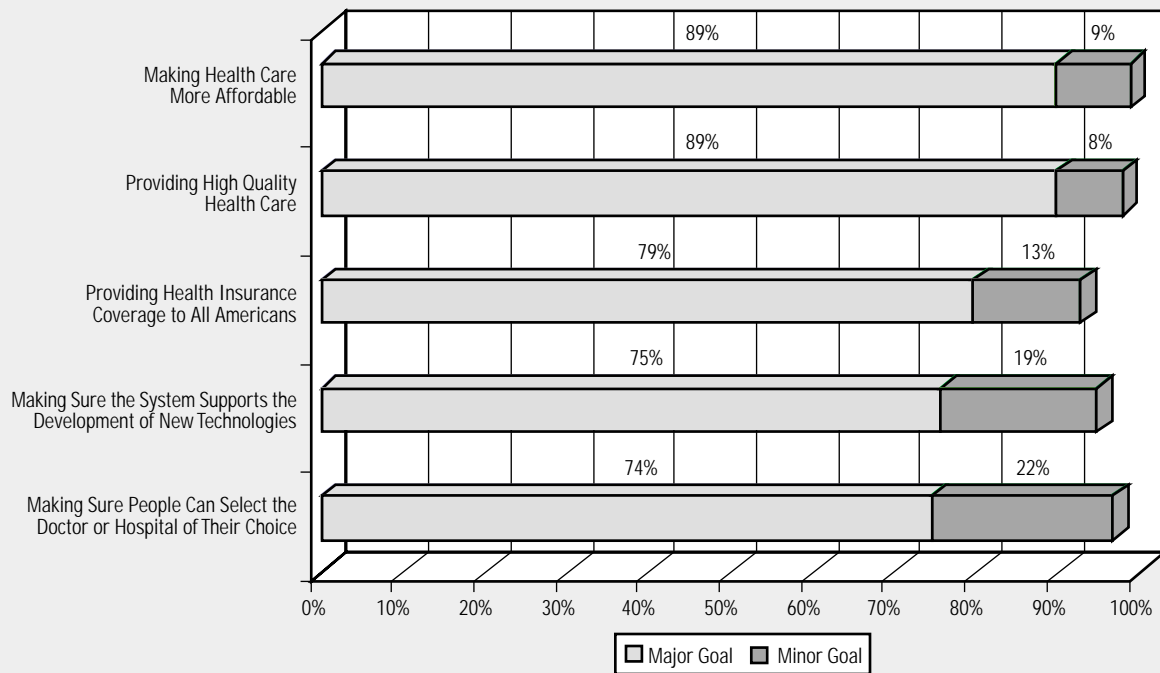
Chart 19  
**Americans' Views of the Health Care System, 1998-1999**



Source: Employee Benefit Research Institute, Mathew Greenwald & Associates, and Consumer Health Education Council, Health Confidence Survey.

<sup>8</sup> Chart 14 in Fronstin (1998a), shows that the satisfaction with quality of health care received declined for HMO-type enrollees, but remained the same for PPO-type enrollees and fee-for-service enrollees.

Chart 20  
Goals for Health Care Reform



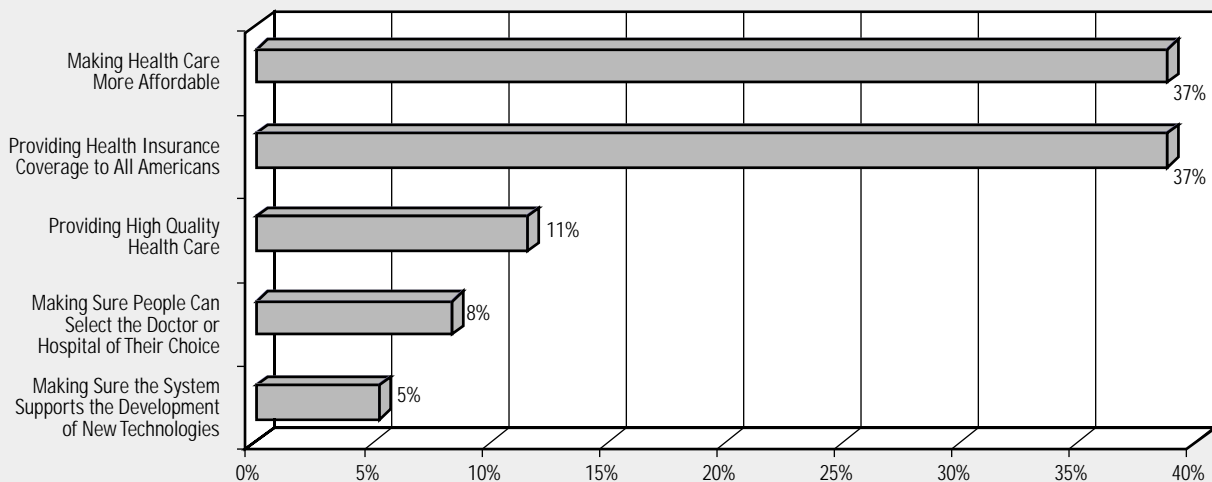
Source: Employee Benefit Research Institute, Mathew Greenwald & Associates, and Consumer Health Education Council, Health Confidence Survey.

care is also listed as a major goal for 89 percent of Americans. Almost 80 percent of respondents think that providing health insurance to all Americans is a major goal.

While Americans list both affordability and quality of health care as *major* goals, they do not rank

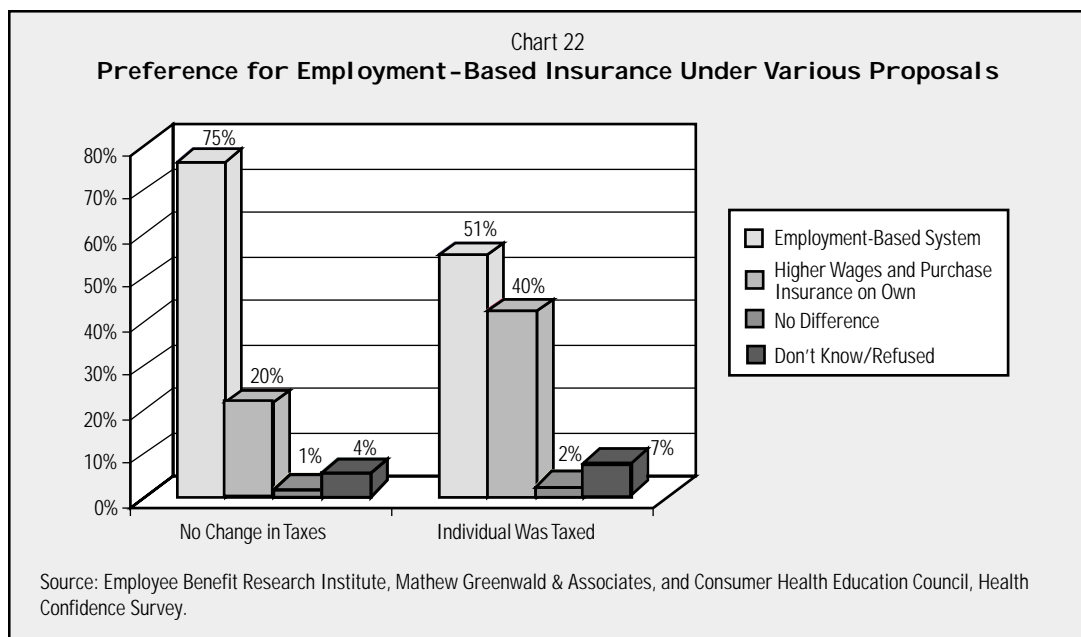
both as the *most important* goals. Instead, Americans report affordability of health care and the provision of health insurance coverage as the two most important goals of health care reform, each receiving 37 percent of respondents' votes (chart 21). Providing high quality health care is a distant third, with 11 percent of the vote,

Chart 21  
Most Important Goal for Health Care Reform



Source: Employee Benefit Research Institute, Mathew Greenwald & Associates, and Consumer Health Education Council, Health Confidence Survey.





and choice of health care provider a distant fourth with 8 percent.

## Tax Code Changes

A number of policymakers and interest groups think that the U.S. health care system currently could be improved by changing the tax preference currently given to employment-based health insurance and other forms of health insurance. Many economists think that the current tax treatment of health insurance distorts the health care market and ultimately results in an inefficient health care financing and delivery system.

Regardless of the views of policymakers, interest groups, economists, and others, the success or failure of proposals to change the tax treatment of health insurance depends largely on the public's reaction. EBRI's 1999 Health Insurance Preference Survey examines public support for employment-based health insurance. The survey found that only 20 percent of working Americans with employment-based health insurance currently prefer to get health insurance on their own (chart 22). However, if employment-based health benefits were counted toward taxable income, support for an individual-based system doubles to 40 percent.

Under the scenario in which the value of employment-based health benefits is counted toward taxable income, a majority of workers with employment-based health benefits (51 percent) would continue to prefer the employment-based system. Based on these results, it is impossible to predict the level of support for a broad-based health insurance tax credit. However, with such a small majority of workers preferring the employment-

based system to an individual-based system in the absence of any health insurance tax preference, it may not be a long stretch to get a majority of Americans to support a movement toward an individual-based system.

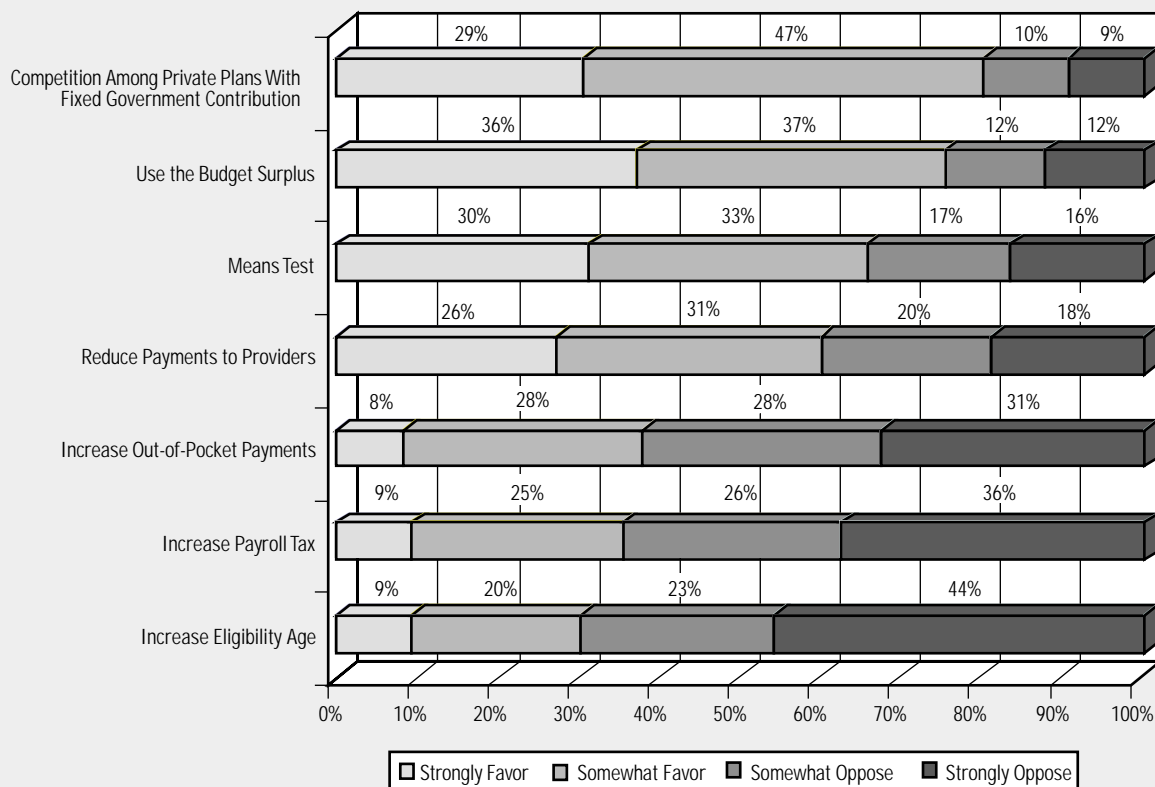
Not all Americans will support a movement away from employment-based health insurance, however. Fronstin (1999a) finds that older persons and persons with a serious health condition are much more likely to support the employment-based system than an individual-based system. These individuals may doubt their ability to get health insurance on their own because of their high risk and/or higher premiums.

## Medicare Changes

Americans' confidence in the future of the Medicare program is low. Sixty percent think that they will receive benefits from Medicare that are of less value than the benefits received by retirees today. In addition, most Americans understand that the financial situation of Medicare is serious, with 40 percent reporting that the program is headed for a financial crisis, and another 43 percent reporting that the program has major problems.

The HCS asks respondents to rate various options to reform the Medicare program in order to make the program financially sound. Americans clearly do not want to cut benefits or raise taxes. Instead, they would favor either allowing Medicare beneficiaries to choose from many private health plans with the government contributing a fixed amount to the cost of the plan, or using the budget surplus. Specifically, 76 percent of Americans favor allowing increased competition in the

Chart 23  
Support for Changes to the Medicare Program



Medicare program, with the government contributing a fixed amount toward the cost of the plan (chart 23). Also, 73 percent of Americans would favor using the budget surplus to pay some of Medicare's costs.

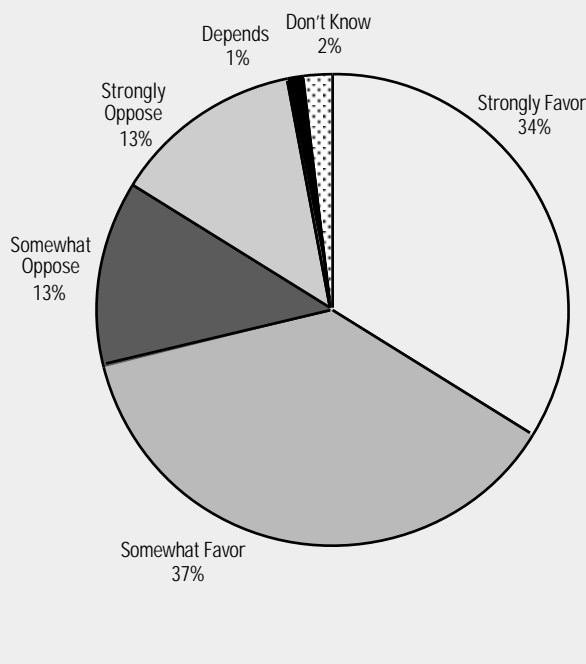
Despite the seriousness of the Medicare program's financial situation, 71 percent of Americans favor expanding the Medicare program to cover prescription drugs, even if it means increasing Medicare costs (chart 24).

## Conclusion

The United States is spending an ever-increasing amount of money on

health care. Most Americans do not give a high rating to the American health care system; few give it a terrible rating. Many Americans are not highly confident in various aspects of health care, either in the short term or in the long term, once they become eligible for the Medicare program. While most do not rate health care as the most critical issue in America today, one aspect of it

Chart 24  
Support for Expanding the Medicare Program to Cover Prescription Drugs



that clearly concerns them now and for the future is costs.

Americans are clearly confused about managed care. Most are not familiar with it. Many cannot answer a question requiring them to rate various aspects of it. Most do not know that they are enrolled in a managed care plan, and many base their opinion of managed care on what they have heard in the media.

Just as important, though, is the finding that satisfaction with various aspects of health care recently received declined among persons enrolled in HMO-type health plans between 1998 and 1999, but remained the same among individuals enrolled in PPO-type health plans and fee-for-service plans. Whether declining satisfaction levels are justified by actual experience with the health care system, or are a product of stories in the media and the managed care debate in the states and the U.S. Congress, the American public needs better education about the health care system today. It is ultimately the responsibility of employers, health insurers, the media, and policymakers to provide that education.

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