Views on Employment-based Health Benefits: Findings from the 2015 Health and Voluntary Workplace Benefits Survey

By Paul Fronstin, Ph.D., Employee Benefit Research Institute, and Ruth Helman, Greenwald & Associates

At a Glance

- This Notes article reports workers' opinions about employment-based health coverage, based on data from the 2015 Health and Voluntary Workplace Benefits Survey (WBS). It also examines 2013-2014 WBS data, as well as 1998-2012 data from the Health Confidence Survey (HCS). Both surveys were conducted by the Employee Benefit Research Institute (EBRI) and Greenwald & Associates.

- Most workers are satisfied with the health benefits they have now. One-half of those with employment-based health insurance coverage are extremely (12 percent) or very satisfied (38 percent) with their current plans, and 41 percent are somewhat satisfied. However, one-third of workers would change the mix of wages and health benefits: 14 percent say they would trade wages to get more health benefits, and 20 percent say they would surrender some health benefits for higher wages. Nearly one-half of workers report that they would give up a wage increase to maintain their current health coverage.

- There appears to be the start of a trend away from being satisfied with the current mix of benefits and wages, toward more preference for fewer health benefits and higher wages. Between 2012 and 2015, the percentage of workers reporting that they are satisfied with the health benefits they currently receive fell from 74 percent to 66 percent. At the same time, the percentage of workers reporting that they would rather have fewer health benefits and higher wages has doubled, increasing from 10 percent to 20 percent.

- Workers have mixed views about their preferred methods for obtaining health insurance. Nearly one-half (44 percent) prefer to continue getting coverage the way they do today. Four in 10 prefer to choose their insurance plan, having their employer pay the same amount it currently spends toward that insurance, and then paying the remaining amounts themselves. And 17 percent prefer their employer to give them the money and allow the workers to decide whether to purchase coverage at all and how much to spend.

- Choice of health plans is important to workers, and many they say they would like more choices. Eight in 10 report that choice of health plan is extremely important (41 percent) or very important (39 percent), and 17 percent report that choice is somewhat important. Thirteen percent are extremely interested in more choices, nearly one-third (30 percent) are very interested, and over one-third (37 percent) are somewhat interested.

- Despite expressing a desire for more choice of health plans, individuals are not highly comfortable that they could use an objective rating system to choose health insurance. In 2015, only 10 percent say they would be extremely comfortable and 36 percent say they would be very comfortable using an objective rating system to choose health insurance. Nearly one-half are in the middle, with 47 percent reporting they would be somewhat comfortable using an objective rating system.
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Introduction

Workers’ attitudes about employment-based health plans are important from several different perspectives. This information helps employers design health plans and broader compensation and benefit programs that are more to the liking of their employees, perhaps strengthening the worker retention and productivity effectiveness of such plans. It may also help employers meet other objectives, such as limiting health coverage expenditures, in ways that will minimize adverse workforce consequences.

Information about workers’ attitudes similarly may help health care providers, plans, insurers and other industry stakeholders better play their roles and represent their interests. Indeed, even workers themselves (including unions and other worker representatives) benefit from knowing about workers’ attitudes generally, so they better influence compensation, benefits, and other workplace conditions.

Finally, knowing more about workers’ attitudes helps all of these stakeholders, along with health care policymakers, consider policy proposals that would achieve their often diverse objectives but also better accommodate workers’ preferences.

The combination of public exchanges and insurance market reforms enacted by the Patient Protection and Affordable Care Act of 2010 (PPACA) has raised questions regarding whether employers are or will move away from designing and sponsoring employment-based health plans and toward simply providing employees with a defined contribution earmarked for health coverage or, more extremely, with additional compensation not linked to health coverage or any other benefits. And a related question is whether more employees might actually prefer such changes, thus perhaps driving and supporting employers’ changes in their health programs.

These PPACA-related questions are being raised because public exchanges may present a more viable option for increasing numbers of employers and employees. Workers can now purchase health coverage through such public exchanges (even if they are eligible for employment-based health coverage). Also, public exchanges may provide more health plan options than employers usually do, and health coverage cannot exclude pre-existing conditions or tie premiums to health status. Finally, certain workers will qualify for subsidized coverage under a public exchange if their income is below 400 percent of the federal poverty level.
Will more employers decide there’s less value in offering employment-based health coverage in the future and, if so, to which workers? Will more workers prefer to use public exchanges as their primary source of health coverage? Of course, workers’ attitudes about their employment-based health plans – particularly as they become more aware of alternatives – are important factors in projecting future trends around these questions.

There have been several predictions about whether employers will continue to offer health coverage. For example, the Urban Institute¹ and others² have concluded that there will be relatively little net change in the number of people with employment-based coverage in the short term as a result of PPACA. But there is less certainty on the longer-term effects.³ In 2012, the Congressional Budget Office (CBO) examined several scenarios and in one found that there could be 20 million fewer people with employment-based coverage by 2019.⁴ More recently, it has been predicted that fewer than 20 percent of workers will have coverage through their job by 2025 (Emanuel, 2014).

Surveys of employers continue to report that employers do not plan to drop health coverage, which is widely viewed as a key employee benefit highly valued by workers,⁵ but employers’ views may change over time, particular as workers’ attitudes change and public exchanges and their health plans mature.

This Notes article analysis examines opinions surrounding employment-based health coverage from workers between ages 21 and 64. It uses data from the 2013–2015 Health and Voluntary Workplace Benefits Survey (WBS), conducted by the Employee Benefit Research Institute (EBRI) and Greenwald & Associates, as well as 1998-2012 data from the Health Confidence Survey (HCS). Both surveys examine a broad spectrum of health care issues, including workers’ satisfaction with health care today, their confidence in the future of the nation’s health care system and the Medicare program, as well as their attitudes toward workplace benefits.

**Workers’ Attitudes Toward Current System**

Most workers are satisfied with the health benefits they have now and express little interest in changing the current mix of benefits and wages offered by their employers. Two-thirds (66 percent) report that they are satisfied with the health benefits they currently receive, while 14 percent say they would trade wages to get more health benefits, and 20 percent say they would surrender some health benefits for higher wages (Figure 1). Nearly one-half (44 percent) of workers report that they would give up a wage increase to maintain their current health coverage (data not shown in Figure).

The percentage reporting they would trade wages to get more health benefits is 14 percent, up just slightly from 12 percent in 2014. However, there appears to be a longer-term trend toward a reduction in the still-strong preference for health benefits over wages. Between 2012 and 2015, the percentage of workers reporting that they are satisfied with the health benefits they currently receive fell from 74 percent to 66 percent. At the same time, the percentage reporting that they would prefer fewer health benefits and higher wages has doubled, increasing from 10 percent to 20 percent.

If current tax preferences for employment-based health coverage were to change so that the coverage was taxable, 50 percent of respondents say they would continue with their current level of coverage, up from 31 percent in 2011. In addition, 29 percent say they would want to switch to a less costly plan provided by their employer, 16 percent say they would want to shop for coverage directly from insurers, and 5 percent say they would want to drop coverage altogether (Figure 2).

Overall, workers are of mixed opinions when it comes to their preferred methods for obtaining health insurance. Nearly one-half (44 percent) prefer to continue getting coverage the way they do today (Figure 3). Four in 10 (39 percent) prefer to choose their insurance plan, having their employer pay the same amount it currently spends toward that insurance, and then paying the remaining amounts themselves. And nearly one-fifth (17 percent) prefer
their employer to give them the money and allow the workers to decide whether to purchase coverage at all and how much to spend.

Workers’ Attitudes Toward Current Coverage

Generally, workers with health coverage are satisfied with it. One-half of those with employment-based health insurance coverage are extremely (12 percent) or very satisfied (38 percent) with their current plans, and 41 percent are somewhat satisfied (Figure 4). Only 9 percent say they are not too (7 percent) or not at all (2 percent) satisfied. The percentage of workers satisfied with their health benefits has been consistently high since 1998.

Confidence in Various Aspects of Employment-based Health System

Workers are confident that their employer or union has selected the best available health plan. In 2015, 12 percent are extremely confident that their employer or union selected the best available health plan, 33 percent are very confident, and 43 percent are somewhat confident (Figure 5). The decline in the percentage of workers extremely confident and the increase in those somewhat confident between 2012 and 2013 appear large, but those changes are likely due to a change in the way the data were collected, which is described in more detail in the appendix.

Workers are also confident that their employer or union will continue to offer health insurance. In 2015, 29 percent are extremely confident that their employer or union will continue to offer health insurance, 35 percent are very confident, and 27 percent are somewhat confident (Figure 6). The percentage of workers that are confident that their employer or union will continue to offer health insurance has been steady since 2003, but is below the record high levels seen in 2000.6
Figure 2

Preference For Employment-based Health Coverage If Coverage was Taxable, 2011–2015

- Continue with your current coverage
- Switch to an employer-provided plan that is less costly
- Shop for insurance directly from an insurer
- Drop health insurance altogether


Figure 3

Preference for Obtaining Health Insurance, 2012–2015

- Employers continue to choose and pay for health insurance the way they do now
- You choose your health insurance. Your employer then pays the same amount they currently spend toward that insurance, and you pay any remaining amount if there is any
- Your employer gives you the money they currently spend on health insurance, and you decide whether to purchase health insurance and how much to spend

Figure 4


Figure 5
Confidence that Employer or Union Selected Best Available Plan for Workers, Select Years, 2000–2015

Overall, few workers express low confidence that their employers and unions will continue to offer health insurance. In 2015, just 9 percent of workers are not too confident (5 percent) or not at all confident (4 percent) that their employer or union would continue to offer health insurance. The combination of these two “not confident” responses has bounced around between 5 percent and 17 percent since 2000.

Workers with employment-based coverage are generally more confident than not that they could choose the best available plan if their employer or union stopped offering coverage. More specifically, in 2015, 11 percent are extremely confident, 30 percent are very confident, 42 percent are somewhat confident, 12 percent are not too confident and 4 percent are not at all confident (Figure 7).

Most workers report that choice of health plan is important and that they are interested in more health-plan choices. Eight in 10 report that choice of health plan is extremely important (41 percent) or very important (39 percent) (Figure 8). Very few (4 percent) report that choice of health plan is not too or not at all important. Thirteen percent are extremely interested in more choices, nearly one-third (30 percent) are very interested, and over one-third (37 percent) are somewhat interested (Figure 9). About one-fifth are not too (17 percent) or not at all (3 percent) interested in more health-plan choices.

Despite expressing a desire for more choice of health plans, individuals are not highly comfortable that they could use an objective rating system to choose health insurance, nor are they extremely confident that a rating system could help them choose the best health insurance. In 2015, only 10 percent say they would be extremely comfortable and
36 percent say they would be very comfortable using an objective rating system to choose health insurance (Figure 10). Nearly one-half are in the middle, with 47 percent reporting they would be somewhat comfortable using an objective rating system. However, only 7 percent would be not too or not at all comfortable using an objective rating system to choose health insurance.

When it comes to confidence that a rating system could help in choosing the best available plan, most works are somewhere in the middle. In 2015, one-half (51 percent) say they would be somewhat confident and only 10 percent would be either not too or not at all confident. Only 8 percent report they would be extremely confident, while 31 percent would be very confident that a rating system could help them make this choice (Figure 11).

Among individuals with a choice of health plans, premiums and cost sharing (deductibles and copayments) are greater factors affecting their plan choice than other aspects of their health plan. Nearly 80 percent of individuals report that premiums are a major consideration, while 76 percent report that deductibles and co-payments are a major consideration (Figure 12). In contrast, one-quarter (24 percent) report that independent quality measures are a major consideration, and 53 percent report that the network of doctors and hospitals are a major consideration, while 54 percent report that exclusions from coverage are a major consideration.

**Conclusion**

Employers continue to consider how best to design their workforces and their compensation and benefit programs, including in particular their employment-based health plans, to meet their various business objectives. And balancing workforce, human resource, and financial goals and options is an important, though difficult part of that process. Knowing more about the attitudes and preferences of workers—not only their own, but also workers more generally—can be very helpful in this effort. This information is also helpful to health care providers, plans, insurers and other health industry stakeholders.

More specifically, for employers, health industry stakeholders, and policymakers, the combination of public exchanges and insurance reforms enacted by PPACA has continued to raise questions about the future of employment-based health coverage more generally.

As the 2013-2015 WBS survey illustrates, workers continue to highly rank benefits as a factor in choosing a job, and health coverage in particular continues to be, by far, the most important employee benefit to workers. Most workers are satisfied with the health benefits they have now, although nearly one-third say they would change the mix of wages and health benefits, which may reflect an intensifying desire for real-wage growth or for more flexibility about the composition of their total compensation package.

Even with respect to just health benefits, choice is important to workers, as they say they would like more choices. But it’s also the case that most workers express confidence that their employers or unions have selected the best available health plan. And, interestingly, they indicate less confidence in their own abilities to choose the best available plans if their employers or unions did, in fact, stop offering coverage. Furthermore, individuals are not highly comfortable that they could use an objective rating system to choose health insurance and, more broadly, they are not confident that a rating system could help them choose the best health insurance.
Figure 7
Confidence that You Could Compare Different Health Plans Offered by Insurers and Choose Best Plan if Employer or Union Stopped Offering Health Insurance, 2011–2015


Figure 8
Importance that Employer Offers a Choice of Health Plan, 2012–2015

**Figure 9**

Interest in More Health-Plan Choices Available Through Employer or Union, 2012–2015


**Figure 10**

Comfort Using Objective Rating System To Choose Health Insurance, 2011–2015

Figure 11
Confidence That a Rating System Could Help You Choose Best Health Insurance, 2011–2015


Figure 12
Impact of Factors Affecting Choice of Health Plan, 2014–2015

Appendix—The 2015 WBS

These findings are part of the 2015 EBRI/Greenwald & Associates Health and Voluntary Workplace Benefits Survey (WBS), which examines a broad spectrum of health care issues, including workers’ satisfaction with health care today, their confidence in the future of the health care system and the Medicare program, and their attitudes toward benefits in the workplace. The survey was conducted online June 10–19, 2015, using the Research Now consumer panel. A total of 1,500 workers in the United States ages 21–64 participated in the survey. The data are weighted by gender, age, and education to reflect the actual proportions in the employed population.

Previously published trend data from the EBRI/Greenwald & Associates Health Confidence Survey (HCS) may differ from those published in more recent reports as the prior data have been recut from the total adult population to match the survey population of the WBS: workers ages 21–64. In addition, comparisons of 2015 data with data from years prior to 2013 should be viewed with caution due to the move from telephone to online methodology in 2013.

No theoretical basis exists for judging the accuracy of estimates obtained from non-probability samples such as the one used for the WBS. However, there are possible sources of error in all surveys (both probability and non-probability) that may affect the reliability of survey results. These include imperfect sampling frames, refusals to be interviewed and other forms of nonresponse, the effects of question wording and question order, interviewer bias, and screening. While attempts are made to minimize these factors, it is impossible to quantify the errors that may result from them.

The WBS is co-sponsored by the Employee Benefit Research Institute (EBRI), a private, nonprofit, nonpartisan, public-policy research organization, and Greenwald & Associates, a Washington, DC-based market research firm. The 2015 WBS data collection was funded by grants from eight private organizations. Staffing was donated by EBRI and Greenwald & Associates. WBS materials and a list of underwriters may be accessed at the EBRI website: www.ebri.org/surveys/hcs/

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Endnotes

2 See http://www.whitehouse.gov/blog/2011/06/08/getting-insurance-work
3 See http://www.gao.gov/products/GAO-12-768
4 See http://cbo.gov/sites/default/files/cbofiles/attachments/03-15-ACA_and_Insurance_2.pdf
6 The composition of the “extremely or very confident” combination changed between 2012 and 2013 – the percentage of extremely confident workers changed from 35 percent to 28 percent and the percentage of very confident workers moved from 23 percent to 37 percent – this composition change may be due to a change in the way the data were collected, which is described in more detail in the appendix.
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