

## 2005 Health Confidence Survey: Cost and Quality Not Linked, *p. 2*

### *Executive Summary:*

- ***The HCS:*** The 2005 Health Confidence Survey (HCS) represents the eighth wave of an annual survey to assess the attitudes of the American public regarding the health care system in the United States. It is co-sponsored by the Employee Benefit Research Institute (EBRI), a private, nonprofit, nonpartisan public policy research organization, and Mathew Greenwald & Associates, Inc., a Washington, DC-based market research firm, and funded by grants from 13 private organizations.
- ***Cost not considered part of quality:*** Findings from the 2005 HCS appear to confirm the notion that Americans tend to view cost as one of the least important factors when considering health care quality. In particular, they are less likely to see a relationship between quality and the comparative costs of health care providers.
  - While almost all Americans consider the characteristics of their own health care providers to be *very* important when judging the quality of health care, considerably fewer indicate that information on the cost of alternative providers is very important (63 percent).
  - A majority of Americans feel that increased access to information about the effectiveness of treatment options (65 percent) and the quality of health care providers (59 percent) would improve the quality of the health care they receive. They are less likely to say that more information about the actual cost of services would improve quality (28 percent).
- ***But cost increases are affecting use:*** At the same time, many Americans say that health care cost increases have affected the way they use health care and their financial well-being.
  - Insured Americans who have experienced an increase in health care costs in the past year indicate they have changed the way they use health care. Some reported changes in behavior are positive, such as choosing generic drugs (79 percent) or taking better care of themselves (71 percent). Others, such as not taking prescribed medications (21 percent), could have long-term negative consequences.
- ***Poor most affected by higher costs:*** The increasing cost of health care has disproportionately affected lower-income Americans. They are less likely to express satisfaction with health care and more likely to report shifting resources or changing health care usage to cope with the cost increases they have experienced.
- ***Care rated highly, costs are not:*** More than half of Americans are extremely or very satisfied with the quality of the health care they have received in the past two years, but only about one-quarter are satisfied with the cost of coverage or the costs of health care services not covered by insurance.

## ■ 2005 Health Confidence Survey: Cost and Quality Not Linked

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### Overview

Findings from the 2005 Health Confidence Survey (HCS) appear to confirm the notion that Americans tend to view cost as one of the least important factors when considering health care quality. In particular, they are less likely to see a relationship between quality and the comparative costs of health care providers.

At the same time, many Americans say that health care cost increases have affected the way they use health care and their financial well-being.

The 2005 HCS represents the eighth wave of an annual survey to assess the attitudes of the American public regarding the health care system in the United States. Among its major findings:

- While almost all Americans consider the characteristics of their own health care providers to be *very* important when judging the quality of health care, considerably fewer indicate that information on the cost of alternative providers is very important (63 percent).
- A majority of Americans feel that increased access to information about the effectiveness of treatment options (65 percent) and the quality of health care providers (59 percent) would improve the quality of the health care they receive. They are less likely to say that more information about the actual cost of services would improve quality (28 percent).
- While most Americans are confident that they have enough knowledge to discuss aspects of their health care with their doctor, only a minority are *extremely* or *very* confident they know enough to purchase health insurance on their own (41 percent).
- More than half of Americans are extremely or very satisfied with the quality of the health care they have received in the past two years (57 percent), but only about one-quarter are satisfied with the cost of coverage (28 percent) or the costs of health care services not covered by insurance (21 percent).
- Insured Americans who have experienced an increase in health care costs in the past year indicate they have changed the way they use health care. Some reported changes in behavior are positive, such as choosing generic drugs (79 percent) or taking better care of themselves (71 percent). Others, such as not taking prescribed medications (21 percent), could have long-term negative consequences.
- The increasing cost of health care has disproportionately affected lower-income Americans. They are less likely to express satisfaction with health care and more likely to report shifting resources or changing health care usage to cope with the cost increases they have experienced.

### Health Care and Quality

Americans want quality health care, but what, precisely, constitutes “quality care”? The vast majority of Americans say that factors relating to their health care provider are very important when judging the quality of the health care they receive. Virtually all consider the skill, experience, and training of their doctors is *very* important (97 percent), 9 in 10 indicate the provider’s communication skills and willingness to listen and explain are very important (90 percent), and 8 in 10 think the personal manner, sensitivity, and respect they receive from their health care provider are *very* important (80 percent). Other characteristics that a large majority of Americans consider *very* important in judging health care quality are the degree of control they have in decisions regarding health care (90 percent), the timeliness of getting care and treatments (89 percent), the ease of getting care and treatments (85 percent), the ability of the doctor or hospital to access their complete medical records (81 percent), the cost they pay for health care and prescription drugs (79 percent), and independent information about the quality of care provided by their doctor or hospital (74 percent). Though still a majority, considerably fewer say information about the cost of alternative doctors, hospitals, or treatments (63 percent) are *very* important (Figure 1).

**Figure 1**  
**Characteristics Considered When Judging Quality of Health Care Received, 2005**

	Very Important	Somewhat Important	Not Important
The skill, experience, and training of your doctors	97%	3%	<0.5%
Your provider's communication skills and willingness to listen and explain thoroughly	90	9	1
The degree of control you have in decisions made regarding your health care	90	9	<0.5
The timeliness of getting care and treatments	89	10	<0.5
The ease of getting care and treatments	85	14	<0.5
The ability of your doctor or hospital to access your complete medical records	81	16	2
The personal manner, sensitivity, and respect you receive from health care providers	80	19	1
The cost you pay for health care and prescription drugs	79	17	4
The independent information you have about the quality of care provided by your doctor or hospital	74	22	2
The information you have about the cost of alternative doctors, hospitals, or treatments	63	31	5

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2005 Health Confidence Survey.

Women are more likely than men to consider many of these characteristics *very* important when judging care. In particular, women are more likely to say the following are *very* important: the degree of control they have in decision-making (92 percent vs. 88 percent), their provider's communication skills and willingness to listen and explain (93 percent vs. 86 percent), the ease of getting care and treatments (91 percent vs. 78 percent), the ability of their doctor or hospital to access complete medical records (86 percent vs. 75 percent), and the personal manner, sensitivity, and respect they receive (86 percent vs. 74 percent). In addition, women are more apt than men to report independent information about quality of care (78 percent vs. 70 percent) and cost (66 percent vs. 59 percent) is *very* important. Those age 65 and older are also more likely than younger Americans to consider many of these characteristics *very* important.

**Figure 2**  
**Impact of Changes on the Quality of the Health Care System**

	Better	No Difference	Worse	Don't know/Refused
If you had access to more information on the effectiveness of treatment options	65%	32%	1%	2%
If you had access to more information on the quality of health care providers, such as doctors and hospitals	59	38	1	2
If you had more responsibility for your own medical decisions	47	45	4	4
If you knew the full price of your health care services, treatments, and prescription drugs, not just what you pay	28	63	6	3
If you paid for more of your health care costs directly instead of through an insurance company	16	51	28	5

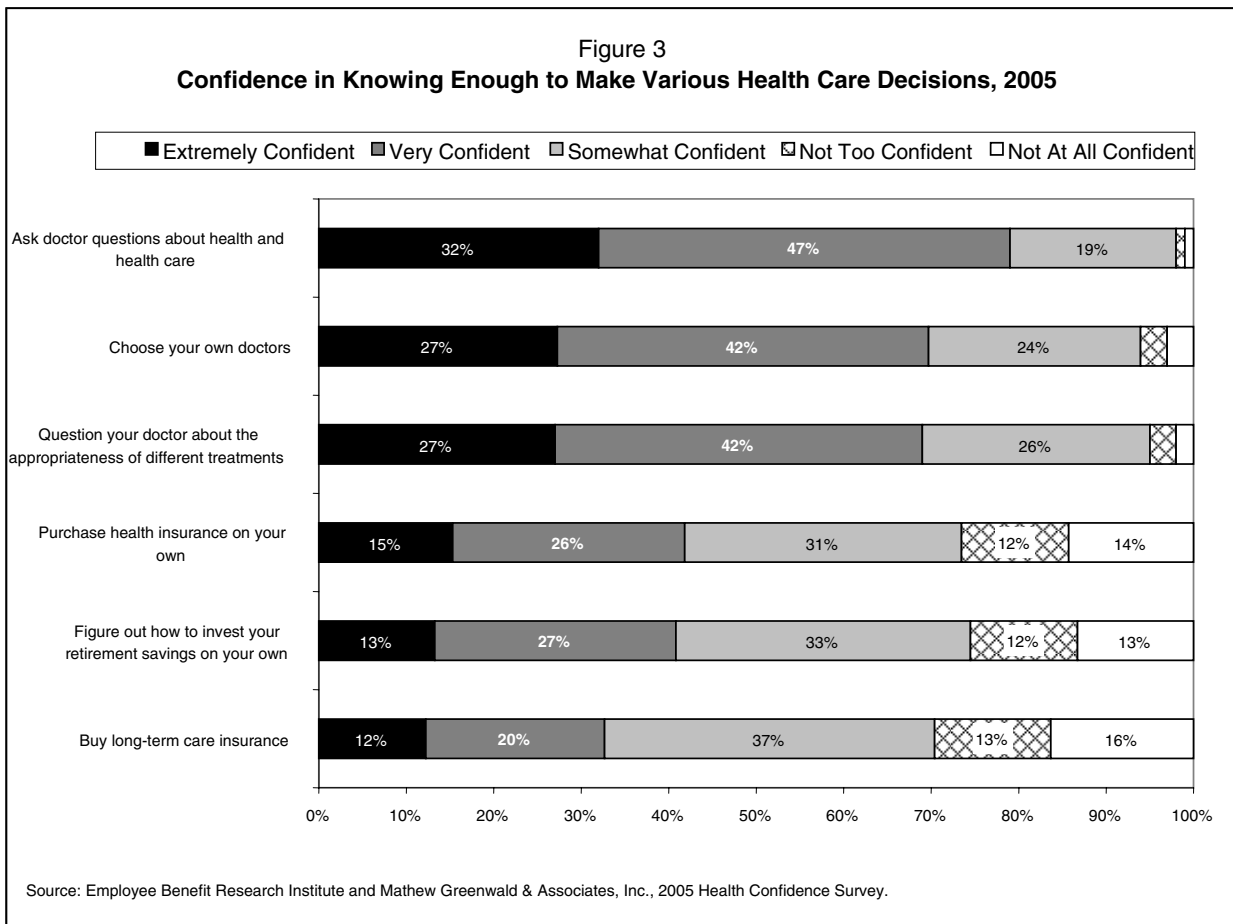
Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2005 Health Confidence Survey.

Despite the comparatively low importance of information when judging care, many Americans think that the quality of health care would improve if they had increased access to information. Two-thirds say that the quality of the medical care they receive would improve if they had access to more information on the effectiveness of treatment options (65 percent). Six in 10 believe quality would improve if they had access to more information on the quality of health care providers (59 percent). In addition, 47 percent say it would improve if they had more responsibility for their own medical decisions (Figure 2).

Americans are less likely to think that increased information about cost or changes in how medical care is paid for would impact quality. In fact, a majority indicate there would be no change in quality if they knew the full price of the health care services they receive, not just what they pay (63 percent) or if they paid for more of their health care directly, rather than through an insurance company (51 percent).

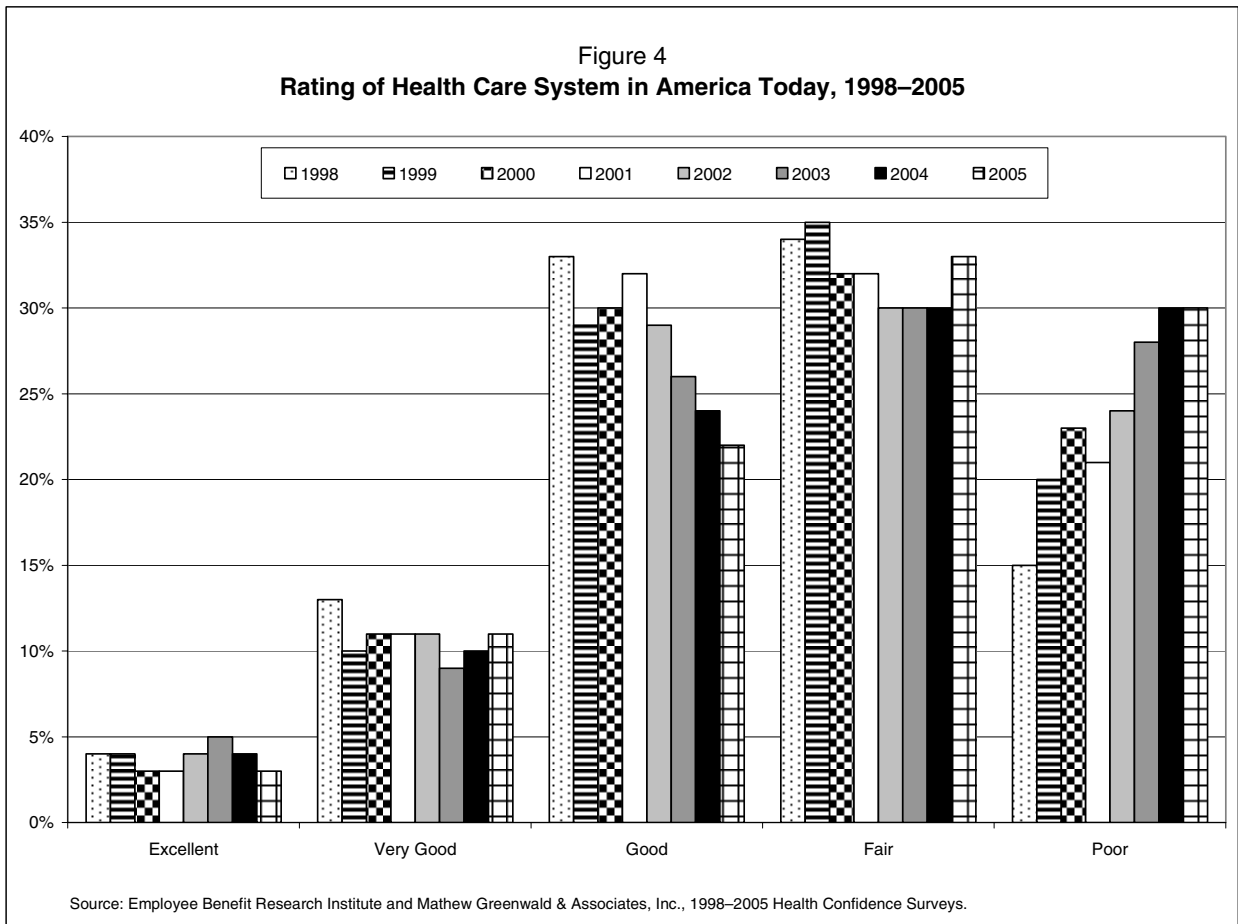
### Health Care Decisions and Information

Although many say increased access to information would increase health care quality, the large majority of Americans already feel they are able to get the information they need to make good decisions about health care (86 percent). Nearly 8 in 10 are *extremely* or *very* confident they know enough to ask their doctor questions about their health care (78 percent), and 7 in 10 are confident they know enough to choose their own doctors or question their doctor about the appropriateness of different treatment options (69 percent each). However, the percentages of Americans *extremely* or *very* confident that they know enough to purchase health insurance (41 percent) or long-term care insurance (32 percent) are much lower (Figure 3) and are similar to the percentage expressing confidence in being able to invest their retirement savings on their own (40 percent).



Americans rely primarily on their health care providers for information when making decisions about health care. A majority report they have sought information from their provider (57 percent) to help them make decisions in the past six months, and almost half have asked their pharmacist for information (48 percent). Half of Americans report they recently obtained health care information from their friends or relatives to make decisions (49 percent). People are less likely to have used other sources of information. One-third or less say they have used independent Internet sites (34 percent), their health insurance company (31 percent), newspapers or periodicals (28 percent), television or radio (24 percent), and prescription drug companies (15 percent) in the past six months.

Currently only a minority of people seek information from sources other than health care providers, friends, and relatives. Yet half of Americans say they would be *extremely* or *very* likely to use information about doctors' quality of care and specialty areas (54 percent) or hospitals' quality of care and specializations (49 percent) to help them make health care decisions if it were available through the mail, by telephone, or on the Internet. Roughly 4 in 10 each indicate they would be willing to use price comparison information (43 percent) or information about the level of personalized care offered (40 percent).



### Satisfaction With Health Care

Regardless of how they define quality, few Americans give the health care system today high marks. Only 3 percent of Americans say it is *excellent* and just 1 in 10 say it is *very good* (11 percent). Instead, more than 2 in 10 describe it as *good* (22 percent), one-third say it is *fair* (33 percent), and another 3 in 10 say it is *poor* (30 percent). In fact, the HCS has found that the percentage of Americans rating the health care system as *fair* or *poor* has been gradually increasing over time, rising from 4 in 10 in 1998 (49 percent) to almost two-thirds in 2005 (63 percent) (Figure 4).

In contrast to the poor ratings received by the American health care system *as a whole*, Americans' ratings of *their own* health plan are generally favorable and have remained relatively stable since the inception of the HCS. Most Americans with health insurance coverage continue to be satisfied with their current health benefits. More than half are *extremely* (17 percent in 2005) or *very* (37 percent) satisfied with their current plan, and more than one-third are *somewhat* satisfied (35 percent). Only 1 in 10 say they are *not too* (6 percent) or *not at all* satisfied (4 percent). Moreover, satisfaction has recovered from the slight dip measured in 2004, when 15 percent reported being not too or not at all satisfied with their health plan (Figure 5).

**Figure 5**  
**Satisfaction With Current Health Plan, 1998–2005**

	1998	1999	2000	2001	2002	2003	2004	2005
Extremely Satisfied	16%	15%	14%	12%	13%	14%	16%	17%
Very Satisfied	36	38	36	39	39	36	31	37
Somewhat Satisfied	35	36	38	35	34	41	36	35
Not Too Satisfied	8	6	7	7	7	7	9	6
Not At All Satisfied	3	3	4	3	6	2	6	4
Don't Know/Refused	2	2	1	2	1	<0.5	2	1

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1998–2005 Health Confidence Surveys.

**Figure 6**  
**Satisfaction With Selected Aspects of Health Care Received in Past Two Years, 1998–2005<sup>a</sup>**

	Quality of Medical Care Received							
	1998	1999	2000	2001	2002	2003	2004	2005
Extremely Satisfied	15%	13%	12%	13%	13%	15%	14%	15%
Very Satisfied	37	35	37	40	39	37	38	42
Somewhat Satisfied	30	31	35	32	34	31	31	31
Not Too Satisfied	4	6	5	4	5	5	5	3
Not At All Satisfied	2	3	4	2	3	3	4	5
Don't Know/Refused	1	1	1	<0.5	1	1	1	<0.5
Not Applicable	11	11	6	9	6	8	8	3
	Cost of Health Insurance							
	1998	1999	2000	2001	2002	2003	2004	2005
Extremely Satisfied	12%	7%	7%	10%	9%	6%	9%	7%
Very Satisfied	17	17	15	19	17	16	16	21
Somewhat Satisfied	29	30	29	28	27	24	26	32
Not Too Satisfied	16	17	18	15	15	19	11	14
Not At All Satisfied	13	13	19	15	21	21	23	19
Don't Know/Refused	1	2	1	2	2	1	1	1
Not Applicable	12	15	9	12	8	12	13	6
	Health Costs Not Covered by Insurance							
	1998	1999	2000	2001	2002	2003	2004	2005
Extremely Satisfied	7%	5%	5%	7%	5%	4%	6%	7%
Very Satisfied	13	15	14	17	15	14	13	14
Somewhat Satisfied	27	28	28	28	26	25	26	30
Not Too Satisfied	16	18	18	15	18	21	15	16
Not At All Satisfied	18	15	22	18	23	23	26	22
Don't Know/Refused	3	2	2	2	4	2	2	2
Not Applicable	16	17	11	13	8	11	13	10

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1998–2005 Health Confidence Surveys.  
<sup>a</sup> Statistics for 1998–2004 were recalculated and may not agree with previously published data. An intervening question screening out respondents who reported these questions were not applicable was omitted from the 2005 HCS. These respondents have been added to the “not applicable” category to achieve rough compatibility with 2005 data.

Satisfaction with health care quality is high, but few are happy about the cost of health care. Almost 6 in 10 Americans are *extremely* (15 percent) or *very* (42 percent) satisfied with the quality of the medical care they have received in the past two years, a slight increase over 2004 (52 percent). At the same time, less than 3 in 10 are *extremely* (7 percent) or *very* (21 percent) satisfied with the cost of their health insurance, and even fewer are satisfied with the costs of health care services not covered by insurance

(7 percent *extremely*, 14 percent *very*). In addition, Americans continue to be more likely than in 1998 to say they are *not too* or *not at all* satisfied about costs (Figure 6).

**Figure 7**  
**Selected Health Care Satisfaction Statistics,**  
**by Household Income, 2005**

	Total	Household Income		
		Less than \$35,000	\$35,000–\$74,999	\$75,000 or more
<i>Rating of health care system in America today</i>				
Excellent	3%	2%	3%	3%
Very good	11	7	13	19
Good	22	18	28	20
Fair	33	36	30	35
Poor	30	36	27	22
<i>Report being covered by some form of health insurance</i>				
Yes	86	76	94	99
No	14	24	6	1
<i>Satisfaction with current health insurance plan</i>				
Extremely satisfied	17	17	16	17
Very satisfied	37	33	38	47
Somewhat satisfied	35	35	36	29
Not too satisfied	6	6	7	5
Not at all satisfied	4	7	3	2
<i>Satisfaction with quality of medical care received in past two years</i>				
Extremely satisfied	15	14	18	14
Very satisfied	42	38	43	49
Somewhat satisfied	31	35	27	33
Not too satisfied	3	3	6	1
Not at all satisfied	5	7	4	1
<i>Satisfaction with cost of health insurance in past two years</i>				
Extremely satisfied	7	6	9	7
Very satisfied	21	18	22	19
Somewhat satisfied	32	30	33	39
Not too satisfied	14	14	14	17
Not at all satisfied	19	21	17	18
<i>Satisfaction with costs of health care services not covered by insurance in past two years</i>				
Extremely satisfied	7	8	9	4
Very satisfied	14	11	13	22
Somewhat satisfied	30	27	32	29
Not too satisfied	16	16	15	20
Not at all satisfied	22	25	20	14

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2005 Health Confidence Surveys.

Not surprisingly, there is a considerable difference in opinion about health care between lower-income Americans and those with higher income. Americans with household income under \$35,000 are less than half as likely as those with income of at least \$75,000 to describe the health care system as *excellent* or *very good* (9 percent vs. 23 percent). If they have health coverage (and 75 percent of those with income less than \$35,000 have it compared with virtually all of those with income at least \$75,000), they are less likely to report satisfaction with their plan (50 percent vs. 64 percent *extremely* or *very* satisfied). Similarly, they are less likely to be satisfied with the quality of the medical care received (51 percent vs. 63 percent) and the costs of health care services not covered by insurance (19 percent vs. 27 percent) (Figure 7).

Other groups are also less likely than their counterparts to rate health care highly. These include those in poorer health, those who have experienced a gap in coverage in the past year, and those without drug coverage. In addition, Americans with privately purchased coverage (9 percent) are less likely than those with employment-based (15 percent) or government (14 percent) coverage to describe the health care system as *excellent* or *very good*.

## The Increasing Cost of Health Care

Increasing health care costs continue to be strongly related to dissatisfaction with the health care system, and those who have experienced increased costs within the past year are more likely than those who have not to be dissatisfied their current health plan and other aspects of the health care.

A majority of Americans with health coverage have experienced health care cost increases in the past year. More than half say the dollar amount they contribute toward their health insurance premium has increased (55 percent), and about half report the amounts they pay for prescription drugs (51 percent) and doctor visits (48 percent) have increased. In addition, 4 in 10 have experienced an increase in their health insurance deductible within the past year (41 percent). Half indicate other out-of-pocket costs have increased (50 percent) (Figure 8). Those with employment-based coverage and those who report their health status has gotten worse over the past five years are more likely to report these cost increases.

**Figure 8**  
**Changes in Health Care Costs, Among Those With Health Coverage, 2005**

	Increased	Stayed the Same	Decreased	Don't Know/Refused
The dollar amount you contribute toward your health insurance premium	55%	36%	4%	5%
The amount you pay for prescription drugs, such as co-payments or co-insurance	51	41	5	3
The amount you pay for doctor visits, such as co-payments or co-insurance	48	46	2	3
Your health insurance deductible	41	52	2	5
Your other out-of-pocket health care costs	50	46	2	2

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2005 Health Confidence Survey.

Those who have experienced cost increases have compensated by making changes in the way they use health care. Some of these changes could be regarded as positive, but others could result in negative consequences. Eight in 10 say the increased cost of health care has led them to use generic drugs when available (79 percent) and 7 in 10 report they now try to take better care of themselves (71 percent). Almost 6 in 10 say cost increases have led them to talk to the doctor more carefully about treatment options and costs (57 percent); fewer say they now go to the doctor only for more serious conditions or symptoms (54 percent). Four in 10 have delayed going to the doctor (40 percent). Less frequent responses to the increase in health care costs include switching to over-the-counter drugs (33 percent), saving additional money in a flexible spending account (31 percent of those employed), looking for cheaper health insurance (28 percent), and looking for less expensive health care providers (27 percent). Most alarmingly, almost a quarter (2 in 10) report cost increases have caused them to not take their prescribed medication (21 percent) (Figure 9). Again, lower-income Americans and those in poorer health are more likely to report making each of these changes.

Increased health care costs have also affected household finances, and many of those who have experienced cost increases have coped by reducing the amount they save or by depleting their savings. One-quarter report they have decreased their contributions to a retirement plan as a result of the increased cost of health care (26 percent), and almost half report they have decreased their contributions to other savings as a result of the increases (45 percent). One-quarter say they have had difficulty paying for basic necessities, like food, heat, and housing (24 percent), while one-third report difficulty paying other bills



**Figure 9**  
**Changes in Health Care Usage Resulting From Cost Increases, Among Those With Health Coverage, by Household Income, 2005**

	Household Income			
	Total	Less Than \$35,000	\$35,000–\$74,999	\$75,000 or More
Choose generic drugs when available	79%	82%	78%	75%
Try to take better care of yourself	71	82	65	58
Talk to the doctor more carefully about treatment options and costs	57	70	49	48
Go to the doctor only for more serious conditions or symptoms	54	62	54	38
Delay going to the doctor	40	49	37	29
Switch to over-the-counter drugs	33	39	31	24
Save additional money in a flexible spending account (among those employed)	31	39	25	32
Look for cheaper health insurance	28	39	20	20
Look for less expensive health care providers	27	35	20	21
Not take your prescribed medication	21	33	14	14

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2005 Health Confidence Survey.

**Figure 10**  
**Shifts in Resources Resulting From Cost Increases, Among Those With Health Coverage, by Household Income, 2005**

	Household Income			
	Total	Less Than \$35,000	\$35,000–\$74,999	\$75,000 or More
Decrease your contributions to other savings	45%	52%	41%	38%
Have difficulty paying for other bills	34	51	25	18
Use up all or most of your savings	29	45	21	8
Decrease your contributions to a retirement plan, such as a 401(k), 403(b), or 457 plan, or an IRA	26	27	32	17
Have difficulty paying for basic necessities, like food, heat, and housing	24	38	15	7
Borrow money	18	29	13	6

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2005 Health Confidence Survey.

(34 percent). Three in 10 indicate they have used up all or most of their savings (29 percent), and 18 percent have borrowed money. Not surprisingly, those with household income of less than \$35,000 are especially likely to have resorted to these strategies to cope with health care cost increases (Figure 10). Poor health also appears to increase the likelihood of making these adjustments.

Despite the increasing amount of cost sharing that employers are asking of their workers, most Americans appear to value employment-based health coverage above the actual dollar amount that employers pay toward the care. When employed Americans with health coverage are asked whether they would prefer \$6,700 in employment-based health insurance coverage or an additional \$6,700 in taxable income, 8 in 10 choose the employment-based health coverage (80 percent). Two-thirds would prefer employment-based coverage to an increase in income even if an employer paid \$10,000 toward the coverage (66 percent) (Figure 11). Furthermore, this preference for employment-based coverage emerges regardless of demographic characteristics.

**Figure 11**

**Preference for Employer-Provided Health Coverage vs. Increased Taxable Income, Among Employed With Health Coverage, by Household Income, 2005**

	Total	Household Income		
		Less Than \$35,000	\$35,000–\$74,999	\$75,000 or More
<i>If employers pay \$6,700 per employee each year for health insurance coverage</i>				
Employer-provided coverage	80	86	75	81
Additional taxable income	14	10	22	11
Don't know/Refused	5	4	3	7
<i>If employers pay \$10,000 per employee each year for health insurance coverage</i>				
Employer-provided coverage	66	74	67	61
Additional taxable income	29	24	28	32
Don't know/Refused	5	2	6	6

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2005 Health Confidence Survey.

### About the 2005 HCS

These findings are part of the eighth annual Health Confidence Survey (HCS), a survey that examines a broad spectrum of health care issues, including Americans' satisfaction with health care today, their confidence in the future of the health care system and the Medicare program, and their attitudes toward health care reform. The survey was conducted within the United States between June 21 and August 6, 2005, through 20-minute telephone interviews with 1,003 individuals ages 21 and older. Random digit dialing was used to obtain a representative cross section of the U.S. population. Interview quotas were established by sex of respondent and employment status, and the data were weighted by gender, age, education, and employment to reflect the actual proportions in the population.

In theory, the weighted sample of 1,003 yields a statistical precision of plus or minus 3 percentage points (with 95 percent confidence) of what the results would be if the entire population age 21 and older were surveyed with complete accuracy. However, there are other possible sources of error in all surveys that may be more serious than theoretical calculations of sampling error. These include 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 HCS is co-sponsored by the Employee Benefit Research Institute (EBRI), a private, nonprofit, nonpartisan public policy research organization, and Mathew Greenwald & Associates, Inc., a Washington, DC-based market research firm. The 2005 HCS data collection was funded by grants from 13 private organizations. Staffing was donated by EBRI and Greenwald & Associates. HCS materials and can be accessed at the EBRI Web site: [www.ebri.org/hcs](http://www.ebri.org/hcs).

Underwriters of the 2005 HCS include: AARP; Blue Cross and Blue Shield Association; Buck Consultants; The Commonwealth Fund; Deere & Company; Fidelity Employer Services Company; IBM; National Rural Electric Cooperative Association; Pacific Life; Pfizer, Inc.; Principal Financial Group; Procter and Gamble; and RCM Co.

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