



A Study by the National Association for the Self-Employed    June 2012

# Access to Health Coverage and Attitudes on Health Reform: A Self-Employed Perspective

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# Introduction

The National Association for the Self-Employed (NASE) is continually monitoring the issues and challenges facing micro-businesses in the U.S. One of the most significant of these issues is health care, specifically the ability of micro-businesses to obtain affordable, effective health care insurance.

Investigations date back to 2002, when the NASE implemented a comprehensive study of the leading health care issues facing micro-businesses. Given the significant and on-going changes that impact the health care arena, the study was repeated in 2005, 2008 and 2011. This report presents the findings from the 2011 study.

While each study explored unique, specific issues, the core questions remained the same to ensure results could be tracked over time. In addition, the survey collected a variety of demographic and related data to ensure the results could be tabulated within and across specific segments. The survey received strong participation rates, with 1,904 usable responses collected.

The overall survey results are highly valuable illustrations of overarching trends and issues. However, given the diversity of the micro-business community, examining the data based solely on overall results limits research insights to generalized trends. To fully explore the findings, it is necessary to segment the data to determine how different population segments feel about each issue examined.

The depth of the data collected by the 2011 survey permits a variety of potential segmentation points — virtually any demographic or attitudinal variable could be used as a valid way to group responses. However, it is important to remain focused on the main drivers of health care issues since segmenting the data too finely, or in too many ways, can lead to confusion rather than clarity. Additionally, putting the 2011 data into proper perspective requires relating it to past surveys, thus favoring using a segmentation approach that parallels the approach used in past surveys.

The primary segmentation is based upon the following two criteria:

- **Number of employees** — the size of the company is a critical issue to explore, as the needs and perceptions of a multi-employee micro-business are often far different from those of a solo practitioner.
- **2010 gross sales** — this is a traditional variable used in any business study to evaluate how company volume impacts the issues under investigation. While it overlaps to some extent with the number of employees (i.e., larger grossing companies typically have more employees), the fact that health insurance can be a significant expense warrants using this variable as a segmentation tool to examine the cost impact of insurance.

The specific segmentation categories for these variables are the same as those used in past surveys in this series to permit year-to-year data comparisons.

A variety of secondary segmentation methods are also used for selected areas of the analysis. These encompass:

- age of the business owner/operator;
- gender of the business owner/operator;
- geographic area where the business is located;
- current health insurance status of the respondent;
- prevalence of offering health insurance through the business;
- awareness of/support for the 2010 health care reform law.

These additional segmentation variables are used on an ad hoc basis throughout the report to explore specific nuances of the data.

The NASE believes this survey will shed light on the state of health coverage for micro-businesses and give voice to America's smallest businesses — the self-employed — on the important topic of health care reform.

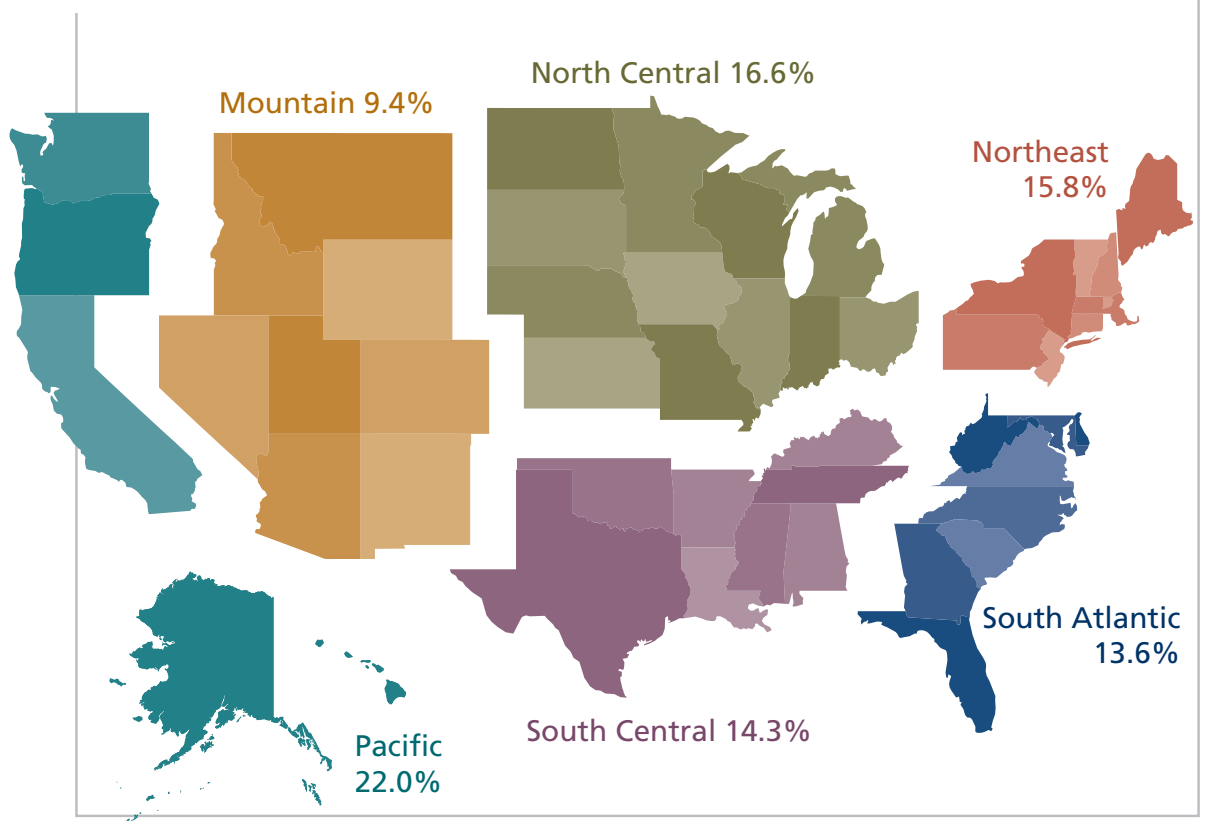
# PART I: Personal Demographics

## Geographic Location

Responses were received from 48 states (all but Hawaii and Vermont), the District of Columbia, and the Virgin Islands.

The 2011 sample has good representation from all regions, with the Pacific best-represented (22% of the sample).

## Exhibit 1: Regional Breakout



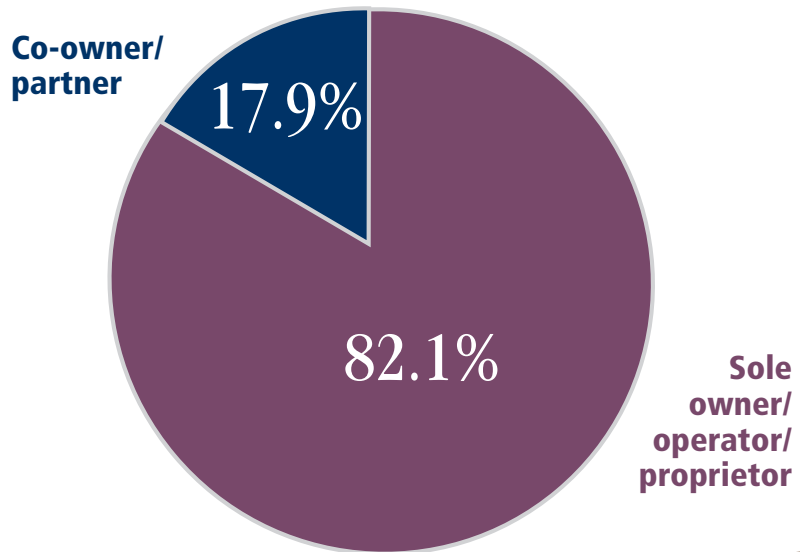
*Note: 8.4% did not specify their state*



## Company Ownership

By sample design, all respondents have an ownership interest in their business. A large majority (82.1%) are the sole owner/operator/proprietor of their business, with the balance indicating they are a co-owner or partner.

### Exhibit 2: Ownership Interest in the Business



### Exhibit 3: Number of Employees

#### Company Size

The number of full-time employees, including the respondent and any family members, ranges from one to ten. As summarized in Exhibit 3, the solo practitioners (i.e., the one-person companies) dominate the sample, accounting for a majority (56.8%) of the responses. In comparison to the 2005 and 2008 samples, the 2011 sample emphasizes the smaller companies: the percentage of solo practitioners is significantly greater compared with past samples; the median company size drops from 2.0 individuals to 1.0; and the average company size drops from 2.2 or greater individuals to 1.9.

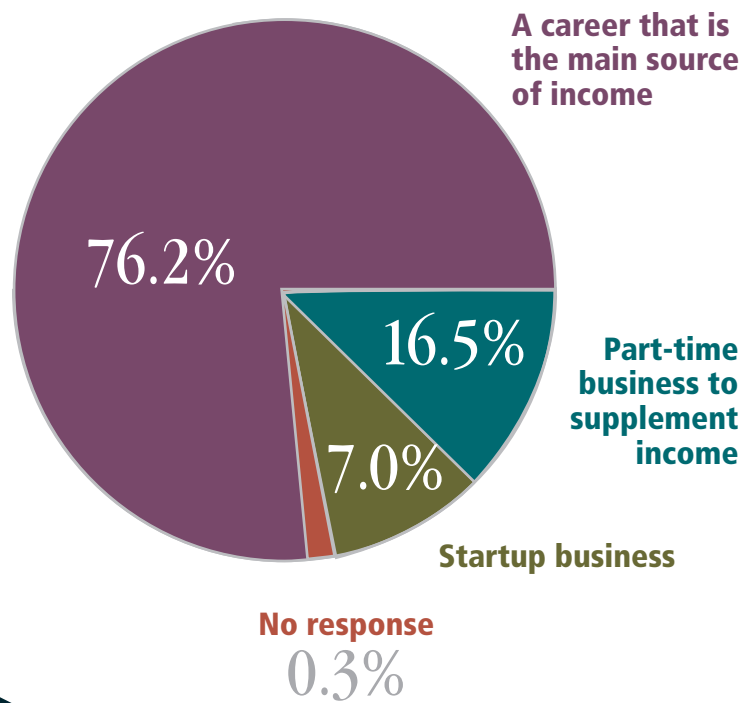
<b>One (self only)</b>	56.8%
<b>Two</b>	24.5%
<b>Three</b>	7.1%
<b>Four</b>	4.4%
<b>Five</b>	2.9%
<b>Six</b>	1.5%
<b>Seven</b>	0.8%
<b>Eight</b>	0.7%
<b>Nine</b>	0.6%
<b>Ten</b>	0.6%



## Company Intent

A new metric tracked in the 2011 survey is the overall intent of the company. As summarized in Exhibit 4, more than three-quarters of the respondents describe their business as a career that presently supplies the main source of income in their household. Nearly 17% say it is a part-time business that supplements another household income; 7% say it is a startup with the potential to become a permanent, main source of income.

### Exhibit 4: Company Intent



## Company Revenue

Examining the gross sales for 2010 underscores the sample diversity, with responses ranging from less than \$10,000 to greater than \$5 million. The most prevalent income category meshes with past surveys, with a plurality indicating annual gross sales of \$100,000 to \$199,999. Median gross sales remain constant from the 2008 level of \$87,500; average sales have declined a small amount, dropping from \$229,400 to \$207,594.

## Exhibit 5: Gross Sales

	2011 Survey	2008 Survey	2005 Survey	2002 Survey
Less than \$10,000	<b>11.2%</b>	10.2%	6.3%	11.7%
\$10,000 – \$24,999	<b>8.5%</b>	7.3%	5.2%	9.8%
\$25,000 – \$49,999	<b>14.3%</b>	12.1%	9.5%	8.2%
\$50,000 – \$74,999	<b>12.8%</b>	11.1%	9.2%	7.3%
\$75,000 – \$99,999	<b>9.7%</b>	10.5%	10.0%	8.9%
\$100,000 – \$199,999	<b>17.8%</b>	18.2%	16.7%	15.6%
\$200,000 – \$299,999	<b>6.8%</b>	8.5%	12.6%	11.3%
\$300,000 – \$499,999	<b>6.3%</b>	6.5%	11.3%	9.3%
\$500,000 – \$749,999	<b>2.8%</b>	3.0%	8.1%	3.7%
\$750,000 – \$999,999	<b>1.7%</b>	2.0%	3.9%	3.2%
\$1 million– \$2.5 million	<b>1.8%</b>	2.8%	4.2%	2.8%
\$2.6 million– \$4.9 million	<b>0.5%</b>	0.6%	0.3%	1.3%
\$5 million+	<b>0.4%</b>	0.2%	0.0%	1.0%
No response	<b>5.5%</b>	7.0%	2.6%	5.8%
Median	<b>\$87,500</b>	\$87,500	\$150,000	\$116,400
Average	<b>\$207,594</b>	\$229,400	\$301,910	\$341,600

*Note: Median and average calculations derived from range mid-points.*



## Business Organization

A sole proprietorship continues to be the most common business organizational structure by far, cited by 56.3%. A Chapter S Corporation and a Limited Liability Company are the only other structures cited by an appreciable number of respondents, indicated by about 17% each.

As expected, the sole proprietorships are the smallest companies, both in terms of employees (average of 1.5) and gross sales (average of \$106,377). The limited liability partnerships are the largest, with an average of 3.4 employees and average gross sales of nearly \$644,882 (see Exhibit 6).

## Exhibit 6: Business Organization

	2011 Survey	Average number of employees	Average 2010 gross sales
Sole proprietorship	56.3%	1.5	\$106,377
Corporation (Chapter S)	17.6%	2.7	\$360,688
Limited liability company (LLC)	17.4%	2.2	\$215,807
Corporation (Chapter C)	4.9%	3.0	\$644,375
General partnership	1.8%	2.5	\$306,323
Limited liability partnership (LLP)	0.9%	3.4	\$644,882
Limited partnership	0.5%	3.3	\$547,450
Other (*)	0.5%		
No response	0.2%		

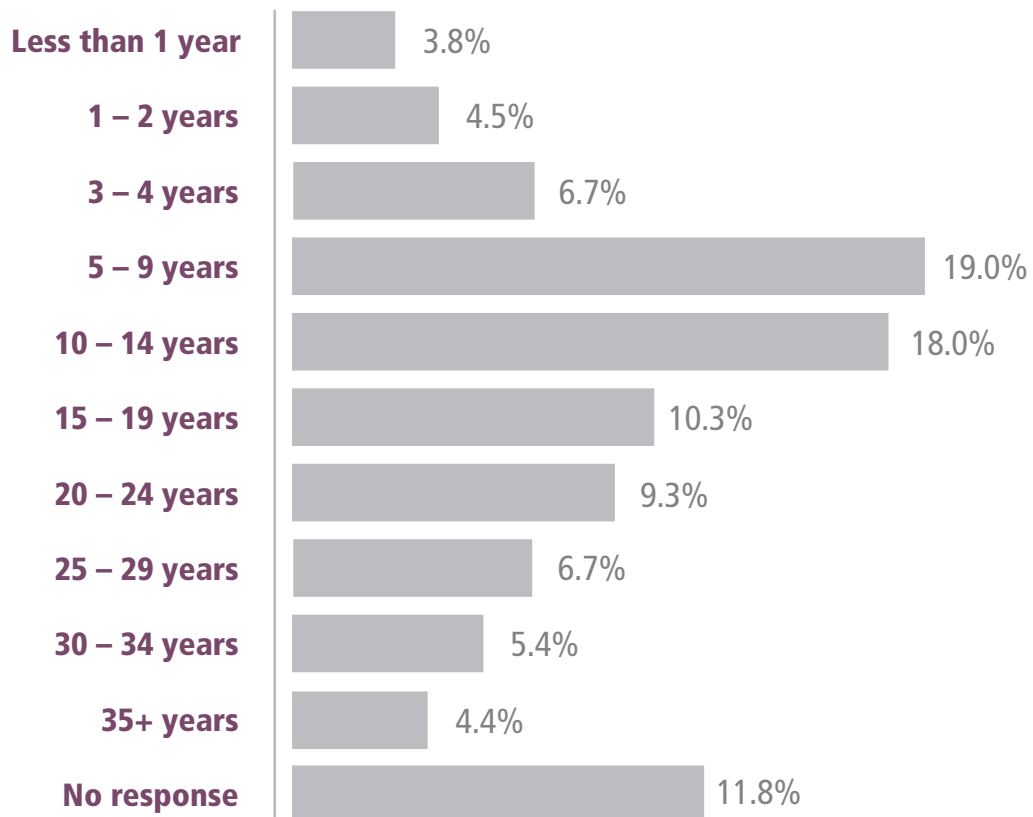
(\*) = the "other" responses chiefly consist of non-profits.

## Years in Operation

The sample encompasses businesses ranging from startups (in operation for less than one year) to companies that have been in business for 35 or more years (see Exhibit 7). The most prevalent company age segment is 5 to 9 years, followed closely by 10 to 14 years, with these two segments collectively accounting for 37% of the sample.

## Exhibit 7: Business Longevity

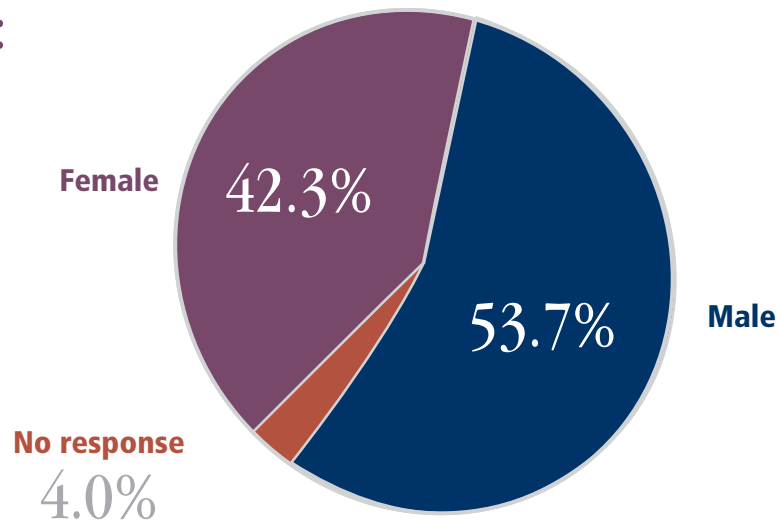
**How many years has your business been in operation?**



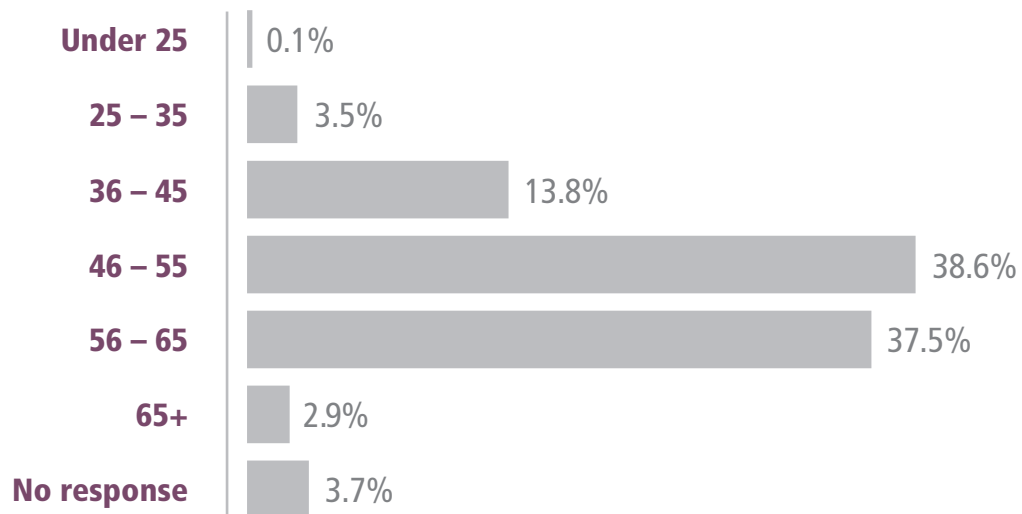
## Age and Gender

As in past surveys in this series, men outnumber women in the sample by a small margin. The most popular age segment is 46 to 55 years old, with an overall average age of 50.7 years (50.1 years for women; 51.1 for men). Gender and age data are summarized in Exhibits 8 and 9.

### Exhibit 8: Gender



### Exhibit 9: Age





## Demographic Comparison

A comparison of the 2011, 2008 and 2005 samples across the demographic criteria used as segmentation variables shows the three samples are generally analogous. Differences are mainly due to a trend toward having a larger proportion of solo practitioners in the sample. In turn, there are fewer respondents in the upper gross sales categories (i.e., 16.5% of the 2005 sample respondents are in the \$500,000+ gross sales category versus 7.2% of the 2011 sample). Company ages in the 2011 sample return to the pattern seen in 2005, with a plurality being in business for 20 years or more. Only minor variations are seen between the 2008 and 2011 samples regarding other demographic criteria such as gender and location.

Thus, while each sample is unique, the differences are not of such significance to interfere with an effective comparison of trends over time.



## PART II:

# Health Insurance Coverage for the Business Owner/Operator

### Personal Coverage Status

The percentage of respondents who have health insurance that they have purchased, either directly or through their business, reaches its highest point to date, cited by 77%. The percentage with coverage under a spouse's plan drops to 5.7%, continuing a trend seen since 2005. The percentage without health insurance coverage is 12.6%, a small improvement from the levels seen in the past two surveys. The remaining 4.6% cite a variety of coverage situations that include federal/state programs (such as Medicare and Medicaid), coverage via COBRA through a former employer, or coverage through a second job.

Segmenting responses shows generally modest variations across most segments, with a majority of respondents in every segment reporting that they have a policy that they purchased either as an individual or through their business. The most significant variations are, as expected, based on company size (with size defined as both income and number of employees). The percentage with self-purchased health insurance coverage peaks at 87.7% among the largest companies.

### Exhibit 10: Personal Health Insurance Coverage Status

	2011 Survey	2008 Survey	2005 Survey
I have health insurance that is purchased through my business or on an individual basis	77.0%	67.0%	54.9%
I have health insurance coverage under my spouse's health plan through his/her employer	5.7%	17.4%	27.0%
I do not have health insurance coverage at present, but plan on acquiring it in the next 12 months	7.1%	7.6%	8.6%
I do not have health insurance coverage at present, and have no plans to acquire it in the next 12 months	5.5%	6.7%	5.7%
Other	4.6%	1.2%	3.9%

## Exhibit 11: Personal Health Insurance Coverage Status by Segment

		Purchased individually or through company	Covered under spouse's plan	Have insurance through other means (*)	Plan on acquiring coverage in next 12 months	No plans to acquire
	Overall – 2005	54.9%	27.0%	3.9%	8.6%	5.7%
	Overall – 2008	67.0%	17.4%	1.2%	7.6%	6.7%
	<b>Overall – 2011</b>	<b>77.0%</b>	<b>5.7%</b>	<b>4.6%</b>	<b>7.1%</b>	<b>5.5%</b>
<b>Number of employees</b>	One (self only)	74.6%	7.0%	5.2%	7.1%	6.1%
	Two	81.5%	3.4%	4.5%	6.0%	4.5%
	3 – 5	75.6%	5.1%	2.9%	10.2%	6.2%
	6+	87.7%	3.7%	3.7%	3.7%	1.2%
<b>Gross sales</b>	Under \$50,000	68.3%	6.2%	7.9%	9.6%	8.0%
	\$50,000 – \$99,999	76.7%	6.8%	4.2%	7.2%	5.1%
	\$100,000 – \$199,999	82.9%	6.2%	1.8%	5.0%	4.1%
	\$200,000 – \$499,999	86.7%	3.2%	3.2%	4.0%	2.8%
	\$500,00+	84.1%	5.1%	2.2%	5.1%	3.6%
<b>Gender</b>	Female	75.2%	5.7%	5.5%	7.5%	6.2%
	Male	77.3%	6.0%	4.1%	7.2%	5.4%
<b>Age</b>	Under 36	63.2%	11.8%	4.4%	14.7%	5.9%
	36 – 45	75.6%	5.7%	3.8%	9.9%	5.0%
	46 – 55	77.4%	6.0%	3.5%	7.3%	5.7%
	56 – 65	78.9%	5.3%	3.9%	5.9%	6.0%
	65+	54.5%	5.5%	34.5%	1.8%	3.6%
<b>Geographic region</b>	Northeast	78.7%	6.3%	2.7%	6.7%	5.7%
	South Atlantic	76.8%	6.2%	5.8%	6.9%	4.2%
	South Central	73.2%	7.0%	3.3%	9.9%	6.6%
	North Central	76.3%	6.0%	6.9%	5.7%	5.0%
	Mountain	74.9%	3.9%	8.4%	5.0%	7.8%
	Pacific	78.2%	5.7%	3.1%	7.4%	5.5%

Note: (\*) = includes situations such as a second job, via a previous employer/COBRA, Medicare, etc.



As seen in past studies, those most likely to lack health insurance coverage are respondents from the smallest companies and those under the age of 36. Age segmentation shows an especially strong gradient, with more than one in five of those under 36 lacking health insurance.

Still, the situation has improved over time for those most likely to lack health insurance. For example, in 2005, nearly 28% of those from companies grossing less than \$50,000 lacked health insurance. This dropped to 18.5% in the 2008 survey, and further down to 17.6% in the 2011 survey. While large numbers of individuals still lack any type of health insurance coverage, the ranks of the insured are increasing.

## Exhibit 12: Lack of Health Insurance Coverage Trends

Data are the percentage who **lack** health insurance coverage from any source.

		2005	2008	2011	Trend, 2008 to 2011
	Overall	14.3%	14.3%	12.7%	▲
Number of employees	One (self only)	21.8%	19.7%	13.2%	▲
	Two	17.9%	20.4%	10.5%	▲
	3 – 5	9.5%	12.1%	16.4%	▼
	6+	4.9%	12.5%	4.9%	▲
Gross sales	Under \$50,000	27.7%	18.5%	17.6%	▲
	\$50,000 – \$99,999	19.3%	22.1%	12.4%	▲
	\$100,000 – \$199,999	10.7%	11.9%	9.1%	▲
	\$200,000 – \$499,999	10.1%	17.9%	6.9%	▲
	\$500,00+	2.0%	9.5%	8.7%	▲
Gender	Female	18.1%	13.1%	13.7%	▼
	Male	12.5%	15.8%	12.6%	▲
Age	Under 36	21.7%	13.0%	20.6%	▼
	36 – 45	19.0%	14.5%	14.9%	▼
	46 – 55	12.8%	15.3%	13.1%	▲
	56 – 65	9.8%	14.1%	11.9%	▲
	65+	11.4%	13.6%	5.5%	▲
Geographic region	Northeast	14.3%	10.8%	12.3%	▼
	South Atlantic	14.9%	17.0%	11.2%	▲
	South Central	15.5%	17.8%	16.5%	▲
	North Central	15.4%	11.9%	10.7%	▲
	Mountain	12.2%	14.2%	12.8%	▲
	Pacific	11.1%	15.0%	12.9%	▲

Note: ▲ indicates that between 2008 and 2011 the situation had improved (e.g., fewer individuals lack health insurance); ▼ indicates the situation has become worse (e.g., more individuals lack health insurance).

## Insurance Access Perceptions

There have been no significant shifts in opinion since 2005 regarding access to health insurance. A large majority — more than eight of every ten respondents — continue to feel that small businesses are at a disadvantage compared with large businesses when it comes to access to health insurance. Close to a majority do not feel they have access to health insurance options that fit their company's needs, again a pattern nearly identical to that seen in 2005 and 2008.

As in 2005 and 2008, a plurality of respondents feel it is the employer's responsibility to offer health insurance, and that health insurance is a necessity to remain competitive for employee recruitment. However, support for these issues has decreased over the years, and the percentage who are uncertain continues to grow.

## Exhibit 13: Opinions on Health Insurance Access

Responses in **bold** denote the most popular response for each statement.

		Disagree	Neutral	Agree	No opinion
Small businesses have access to the same health insurance options as large businesses	2011	<b>81.0%</b>	6.4%	8.0%	4.6%
	2008	<b>81.5%</b>	5.8%	8.6%	4.1%
	2005	<b>81.4%</b>	10.7%	5.3%	2.6%
I have access to health insurance options that fit my company's needs	2011	<b>48.9%</b>	21.8%	23.4%	5.8%
	2008	<b>49.9%</b>	20.8%	23.8%	5.6%
	2005	<b>46.0%</b>	25.4%	24.6%	4.0%
I know exactly where to find health insurance coverage for myself and my employees	2011	36.0%	21.9%	<b>37.9%</b>	4.3%
	2008	<b>36.1%</b>	25.4%	35.1%	3.4%
	2005	<b>36.9%</b>	23.3%	36.2%	3.6%
I feel it is my responsibility as an employer to offer health insurance as an employee benefit	2011	23.9%	22.6%	<b>34.7%</b>	18.8%
	2008	19.8%	25.8%	<b>36.8%</b>	17.6%
	2005	27.2%	23.6%	<b>43.0%</b>	6.1%
It is necessary to offer health insurance as a benefit to find and hire qualified people	2011	19.2%	24.7%	<b>37.1%</b>	19.1%
	2008	13.7%	24.1%	<b>44.0%</b>	18.1%
	2005	19.7%	29.0%	<b>44.8%</b>	6.5%

Note: "Disagree" are the percentage selecting **either** of the lowest two ranking points; "agree" are the percentage selecting **either** of the highest two ranking points; "neutral" are the percentage selecting the mid-point.

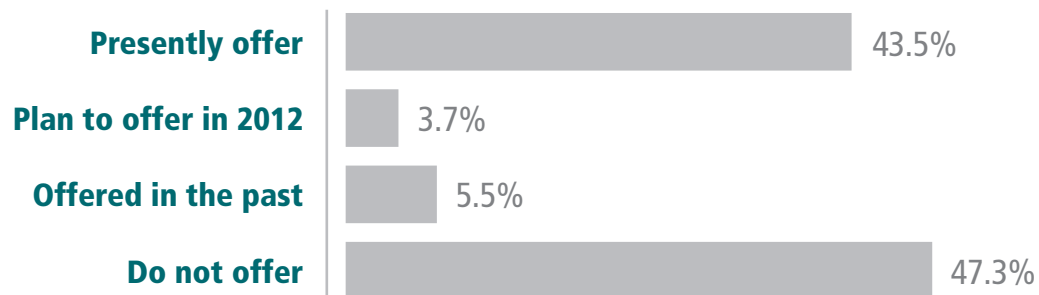
# PART III:

## Health Insurance Coverage Through The Business

### Overall Incidence

The incidence of offering health insurance through the business (either for the owner or the employees) has dropped a small amount, but remains above the level seen in the 2005 survey. As summarized in Exhibit 14, 43.5% presently offer health insurance through their business, a decline from 46.8% in 2008, but an improvement over the 38.5% level seen in 2005. Nearly 4% plan to offer health insurance through their business in 2012.

### Exhibit 14: Health Insurance Plans Through the Business

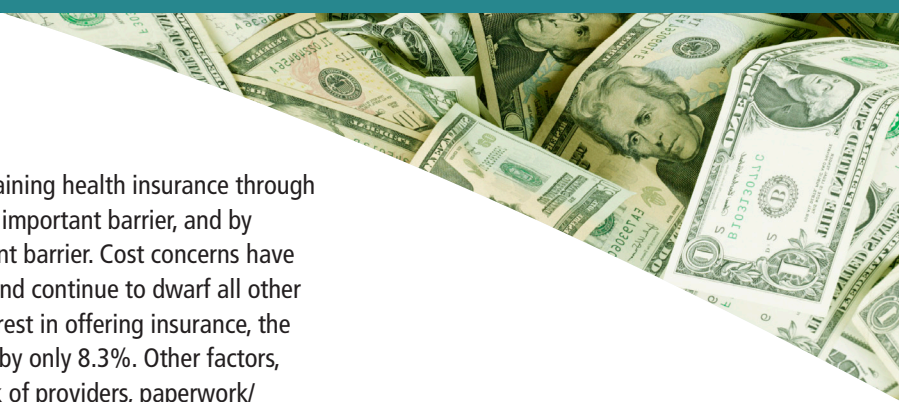




In a break from past patterns, only 56.5% who are presently covered by health insurance are purchasing that policy through their business. This is a notable drop from the nearly 70% level seen in 2005 and 2008.

## Exhibit 15: Health Insurance Plans Through the Business by Segment

		Presently offer	Plan to offer this year	Offered in the past	Do not offer
	Overall – 2005	38.5%	4.5%	5.8%	51.1%
	Overall – 2008	46.8%	2.6%	3.4%	47.1%
	<b>Overall – 2011</b>	<b>43.5%</b>	<b>3.7%</b>	<b>5.5%</b>	<b>47.3%</b>
<b>Number of employees</b>	One (self only)	40.0%	2.9%	4.6%	52.5%
	Two	53.9%	2.8%	5.2%	38.2%
	3 – 5	38.9%	8.0%	7.3%	45.8%
	6+	46.9%	4.9%	13.6%	34.6%
<b>Gross sales</b>	Under \$50,000	33.3%	4.3%	4.3%	58.0%
	\$50,000 – \$99,999	42.4%	3.0%	4.2%	50.3%
	\$100,000 – \$199,999	53.1%	2.7%	7.1%	37.2%
	\$200,000 – \$499,999	54.8%	3.2%	7.7%	34.3%
	\$500,00+	42.8%	5.8%	8.0%	43.5%
<b>Gender</b>	Female	39.6%	3.6%	6.0%	50.8%
	Male	45.6%	4.0%	5.3%	45.1%
<b>Age</b>	Under 36	30.9%	4.4%	2.9%	61.8%
	36 – 45	40.1%	6.1%	5.0%	48.9%
	46 – 55	44.1%	4.2%	4.8%	46.9%
	56 – 65	45.5%	2.7%	6.0%	45.8%
	65+	18.2%	1.8%	20.0%	60.0%
<b>Current health insurance coverage</b>	Have a self-purchased plan	56.5%	0.0%	3.5%	39.9%
	Covered under spouse or through other means	0.0%	4.1%	14.7%	81.2%
	Not covered	0.0%	25.7%	10.0%	64.3%
<b>Geographic region</b>	Northeast	47.7%	3.7%	4.7%	44.0%
	South Atlantic	39.4%	4.2%	6.2%	50.2%
	South Central	46.3%	4.8%	4.4%	44.5%
	North Central	42.3%	2.2%	2.2%	53.3%
	Mountain	36.3%	2.2%	6.7%	54.7%
	Pacific	44.3%	3.3%	6.0%	46.4%



## Leading Barriers

Cost remains the leading barrier to obtaining health insurance through the business, cited by about 82% as an important barrier, and by nearly 70% as the single most significant barrier. Cost concerns have increased a small amount since 2005, and continue to dwarf all other factors by a wide margin. A lack of interest in offering insurance, the second most significant barrier, is cited by only 8.3%. Other factors, such as the cost to the employee, a lack of providers, paperwork/ administrative difficulties, and not knowing where to find health insurance are contributing factors, but collectively fail to surpass cost as the primary barrier (see Exhibit 16).

## Exhibit 16: Barriers to Offering Health Insurance

	2011 survey		2008 survey	2005 survey
	All important barriers	Single most significant barrier	Single most significant barrier	Single most significant barrier
The cost to my business	81.7%	69.2%	65.3%	61.8%
Not interested in offering or do not feel it is necessary to offer	15.9%	8.3%	6.0%	18.2%
The cost to my employees	31.4%	5.2%	5.1%	7.1%
A lack of providers	23.6%	4.4%	4.3%	5.5%
Do not know where to find health insurance coverage	15.1%	2.4%	1.9%	2.9%
Difficulties in dealing with paperwork/ administrative tasks	18.3%	1.2%	1.7%	1.1%
Other (*)	4.8%	4.2%	8.5%	1.1%
Not sure/no response	0.5%	5.1%	7.2%	2.4%

*The response base consists of the individuals who do NOT presently offer any form of health insurance through their business (1,075 for 2011, 2,113 for 2008 and 380 for 2005).*

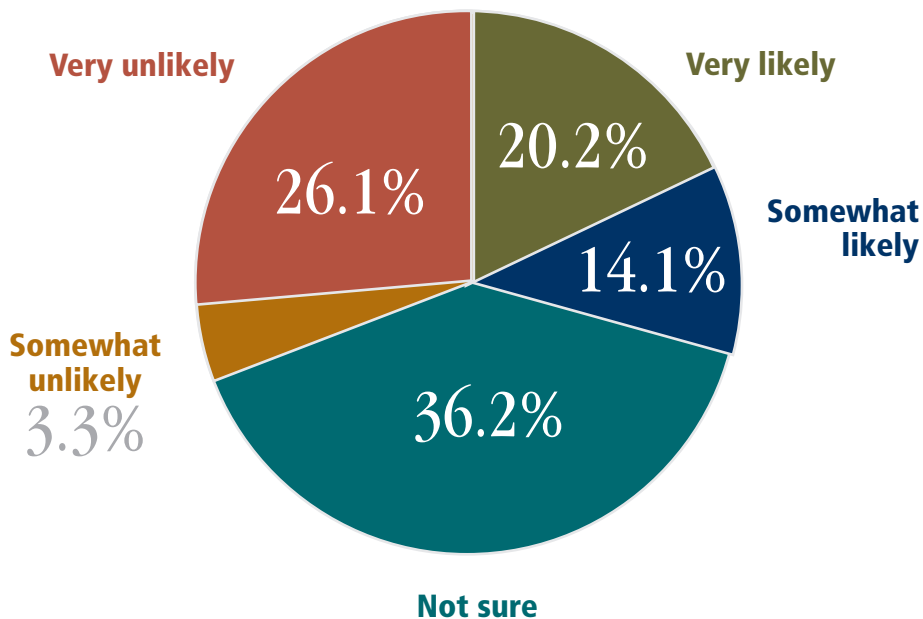
*(\*) = the "other" reasons consist of a variety of issues, the most prevalent being an inability to obtain insurance due to pre-existing conditions and an inability to find a policy that offers acceptable coverage levels.*

## Future Plans

Those who do not presently offer/have health insurance through their business were asked “if the new health care reform law (which goes into full effect in 2014) lowers health coverage costs, how likely are you to provide and pay for a portion of health coverage for your employees?” As summarized in Exhibit 17, about one in five respondents say they would be “very likely” to do so; an additional 14.1% would be “somewhat likely” to do so. The largest share of respondents (36.2%) are unsure, with the remaining 29.4% reporting they would be unlikely to do so.

## Exhibit 17: Likelihood to Offer Insurance

**If the new health care reform law (which goes into full effect in 2014) lowers health coverage costs, how likely are you to provide and pay for a portion of health coverage for your employees?**

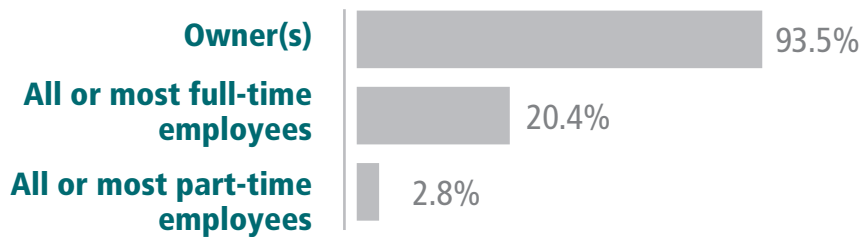


*For the remainder of this section, all responses are based upon the 829 individuals who offer health insurance through their business.*

### Who is Offered Health Insurance

As in 2005 and 2008, the business owner is by far the one most likely to be covered under a health insurance plan through the business. As summarized in Exhibit 18, 93.5% of those who offer a plan through their business cover the owner. The percentage whose plan covers all or some of the full-time employees has increased a small amount since 2008, rising from 18.6% to 20.4%, but remains below the peak level of 46.2% seen in 2005. Fewer than 3% offer health insurance to part-time staff, with the situation unchanged since 2005.

## Exhibit 18: Who is Offered Health Insurance



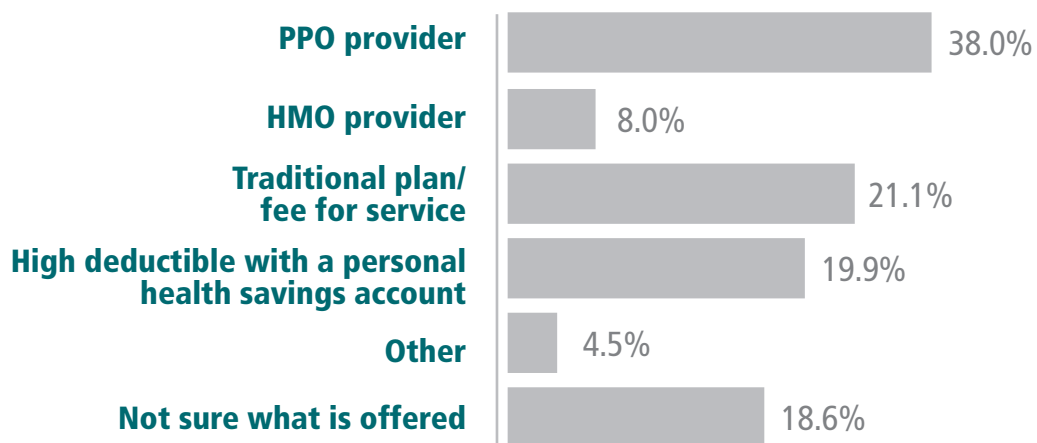
## Health Insurance Plans Offered

A PPO provider remains the most prevalent type of health plan offered, but its popularity has declined a notable amount over time. As summarized in Exhibit 19, 38% of those who provide a health plan through their business indicated that their plan offers a PPO provider. In comparison, a PPO provider was cited by a majority (or near majority) in 2005 and 2008.

A traditional plan/fee for service and a high deductible plan with a health savings account (HSA) are also popular offerings, each cited by about one in five respondents. Least common is an HMO provider.

Clear trends are seen when comparing types of health plans since 2005. As noted previously, while a PPO provider remains the most popular plan type, its prevalence has declined, with concurrent increases in the prevalence of traditional plans/fee for service and high deductible plans. The latter shows the greatest rate of increase, jumping from less than 6% in 2005 to nearly 20% in 2011. The actual prevalence of high deductible plans is even higher — many of the “other” responses describe a high deductible plan that would be compatible with an HSA, but the respondents note that they did not fund the HSA.

## Exhibit 19: Type(s) of Health Plans Offered

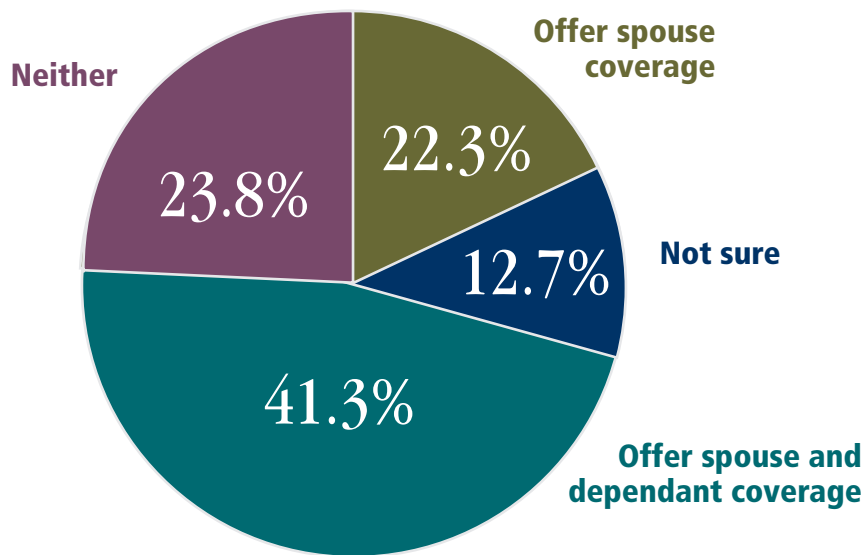




### Spouse/Dependent Coverage

The prevalence of spouse and dependant coverage has remained stable since 2005: about 22% of the plans offer spouse coverage; about 41% offer spouse and dependant coverage (see Exhibit 20).

## Exhibit 20: Spouse/Dependent Coverage

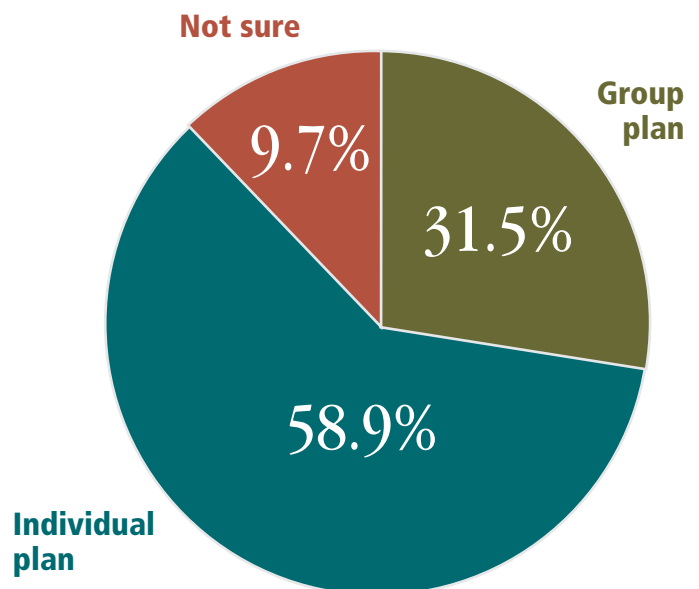


## Exhibit 21: Group vs. Individual Plans

### Group vs. Individual Plans

Individual plans continue to increase in prevalence, and have become the plan type of a majority of those who offer health insurance through their business. As summarized in Exhibit 21, 58.9% say their health plan is an individual plan; 31.5% have a group plan. About one in ten are unsure of their plan's status.

There has been a continued shift toward individual plans since 2005. Only 33.6% of the 2005 respondents had an individual plan, versus 58.9% in 2011. Individual plans are cited by a majority of respondents in every segment except for companies with six or more employees, where group plans are the preferred option.



## Total Spent on Premiums

The respondents were asked to specify the total amount spent in 2010 on health insurance premiums. To facilitate survey completion, respondents could provide the information as either a percentage of their gross 2010 sales, or as a dollar figure (the actual amount spent on insurance). Most respondents (693) opted to provide the information as a dollar figure; 262 provided the information as a percentage of their gross sales.

Examining the overall responses shows a wide range of health insurance expenditures. Dollar expenditures range from less than \$1,000 to \$75,000, with a median of \$6,741. A similar broad range is seen for the percentage-based data, with respondents report spending a median of 10% of their gross for health insurance (see Exhibit 22).

While dollar values are informative, the most illuminating method to explore health insurance expenditures is to examine the responses as a percentage of gross sales. This normalizes the data, and allows the data from the smallest companies to be accurately compared with data from the largest.

The results show a continued increase in the percentage spent on health insurance premiums since 2005, with median costs rising from 3.7% of total 2004 revenue to 6.4% of total 2010 revenue. Increases are especially pronounced at the upper ranges — the 90th percentile values increase from 10.1% in the 2005 survey to 25% in the 2008 survey, and further up to 30.2% in the 2011 survey.

## Exhibit 22: Trends in Total Spent on Health Insurance Premiums (Converted Data)

	10th percentile	25th percentile	50th percentile (median)	75th percentile	90th percentile	Number of responses
Amount spent as a percentage of gross 2004 sales	1.0%	2.0%	3.7%	5.9%	10.1%	211
Amount spent as a percentage of gross 2007 sales	1.3%	2.7%	5.5%	11.4%	25.0%	1,637
Amount spent as a percentage of gross 2010 sales	1.6%	3.3%	6.4%	13.6%	30.2%	718

Examining responses by segment (see Exhibit 23) shows the same pattern seen in previous surveys, with the smaller companies spending a significantly higher amount (in terms of a percentage of gross sales) on health insurance premiums. For example, respondents from companies with gross sales of less than \$50,000 report that their health insurance premiums account for a median of 19% of their gross sales. Elevated rates are also seen among the solo practitioners, who have to dedicate 8% of their gross to cover health insurance costs. This drops to 1.5% or less among the largest-grossing companies, even though their actual dollar amount spent is much higher.

## Exhibit 23: Total Spent on Health Insurance Premiums by Segment

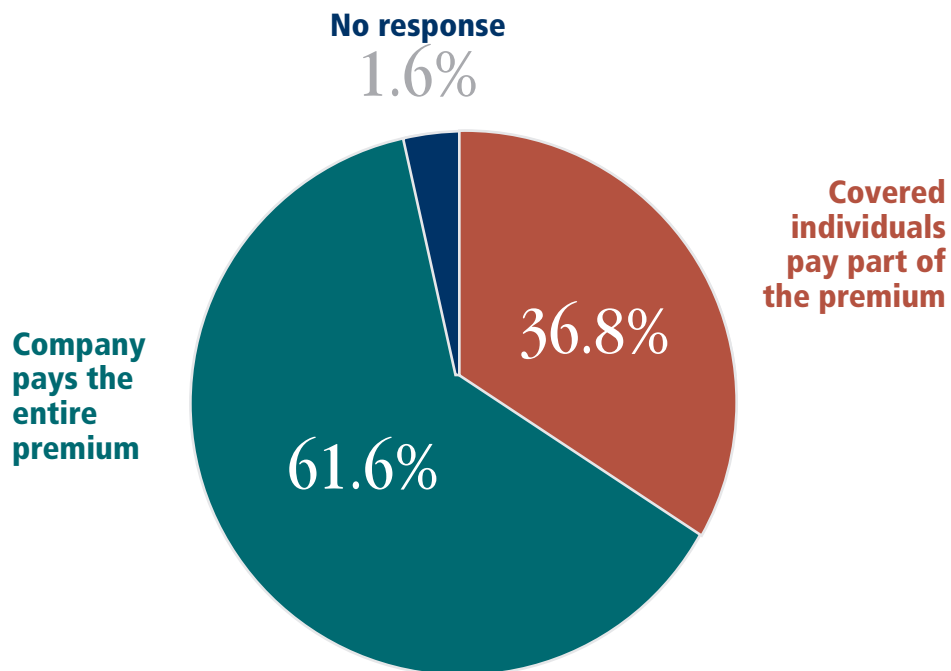
		Dollar amount spent		Amount spent as a percentage of gross sales	
		Median	Number of responses	Median	Number of responses
Overall – 2005		\$9,468	197	3.7%	211
Overall – 2008		\$5,520	1,659	5.5%	1,637
<b>Overall – 2011</b>		<b>\$6,741</b>	<b>693</b>	<b>6.4%</b>	<b>718</b>
<b>Number of employees</b>	One (self only)	\$5,350	369	8.0%	385
	Two	\$8,363	212	6.1%	216
	3 – 5	\$9,000	81	3.4%	86
	6+	\$15,000	31	3.0%	31
	Under \$50,000	\$5,000	179	19.0%	191
<b>Gross sales</b>	\$50,000 – \$99,999	\$6,000	154	8.8%	167
	\$100,000 – \$199,999	\$7,519	164	5.2%	173
	\$200,000 – \$499,999	\$8,611	120	2.8%	125
	\$500,00+	\$10,038	49	1.5%	52

## Employee Share of Premiums

As seen in past surveys, most respondents (61.6%) say the company pays the entire premium for health insurance (see Exhibit 24). Within companies that have a cost-sharing approach the percentage paid by individuals ranges from 4% to 100%, with an average of 85%.

The 2011 data are highly similar to the 2008 data, which showed a shifting of the health care insurance cost to the employee. In 2005, 25.6% of the respondents indicated that the employees paid part of the insurance cost (an average of 64.5%). In 2011, nearly 37% indicate that employees cost-share, with the employee paying an average of 85% of the cost. As in the past, the smaller companies (in terms of gross sales) are most apt to have a cost-sharing policy, with the employees paying an average of about 92% of the premium cost.

## Exhibit 24: Premium Cost Sharing

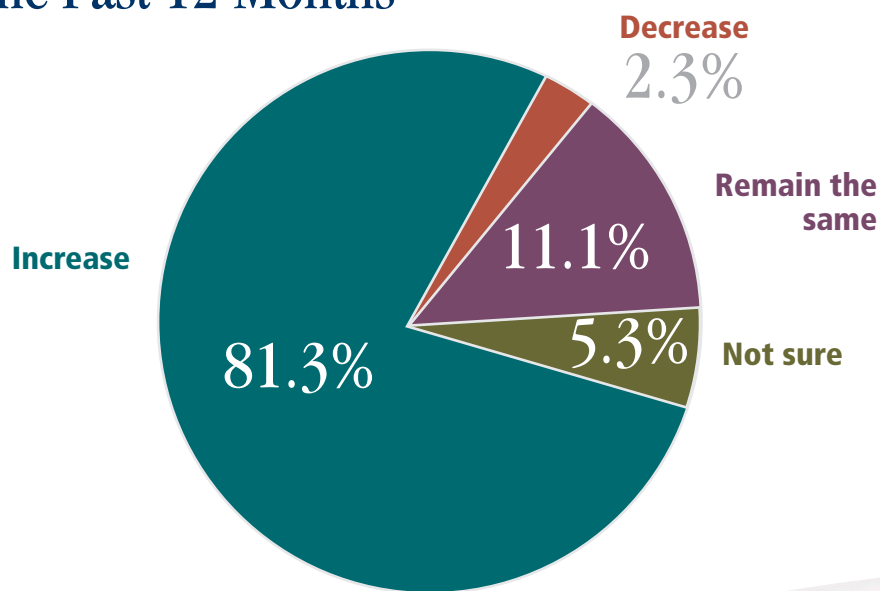


### Premium Cost Trends

Increases in health insurance costs are again the norm, with 81.3% of the 2011 survey respondents indicating that the cost of their insurance premiums have risen in the past 12 months. Only 2.3% report a cost decrease, with the balance citing no change (or were unable to determine cost changes).

The average increase is 16.3%. This is less than the increase seen in the 2005 survey, but greater than the increase seen in the 2008 survey.

### Exhibit 25: Change in Premiums in the Past 12 Months





In addition to premium increases, there has been a substantial increase in the amount spent on health insurance as a percentage of total sales. As noted previously, the 2005 survey respondents reported spending a median of 3.7% of their total sales on health insurance. This increases to 5.5% among the 2008 survey respondents, and further up to 6.4% among the 2011 respondents. This equates to a 16.4% increase from 2008 to 2011, and a 73% increase from 2005 to 2011. Although the solo practitioners and smaller companies were most affected by increases between 2005 and 2008, it is the larger companies that are bearing the brunt of increased costs in the current survey. Health insurance costs, as a percentage of total revenue, have increased 50% among the largest-grossing companies from 2008 to 2011 (the median went from 1% to 1.5%, which equates to a 50% increase).

## Exhibit 26: Health Insurance Spending Trends

		Median spent on health insurance as a % of 2004 sales	Median spent on health insurance as a % of 2007 sales	Median spent on health insurance as a % of 2010 sales	Variation 2008 to 2010
Overall		3.7%	5.5%	6.4%	16.4%
<b>Number of employees</b>	One (self only)	5.7%	7.3%	8.0%	9.6%
	Two	5.0%	6.0%	6.1%	1.7%
	3 – 5	3.7%	3.1%	3.4%	9.7%
	6+	2.8%	2.5%	3.0%	20.0%
	Under \$50,000	18.7%	17.6%	19.0%	8.0%
<b>Gross sales</b>	\$50,000 – \$99,999	5.5%	7.4%	8.8%	18.9%
	\$100,000 – \$199,999	4.8%	4.3%	5.2%	20.9%
	\$200,000 – \$499,999	3.6%	2.4%	2.8%	16.7%
	\$500,00+	2.3%	1.0%	1.5%	50.0%

## Satisfaction With the Plan

Respondents were asked to rate their satisfaction with key aspects of the current health plan offered through their business. Cost and affordability continue to garner the lowest satisfaction levels, with a solid majority rating their satisfaction as “low” for both metrics. A smaller number, but still a majority, have low satisfaction with the number of coverage options available.

Responses temper somewhat with regard to the ease of submitting claims/paperwork, with a plurality indicating they are highly satisfied with the process, a small increase from the rates seen in 2008. Improvements from 2008 are also seen with regard to the quality of care provided, albeit the percentage who are highly satisfied still remain well below the mark set in 2005 (61.8% highly satisfied in 2005 versus 41% in 2011).

## Exhibit 27: Satisfaction with the Current Health Plan

Values in **bold** denote the most popular response for each area.

		Low satisfaction	Moderate satisfaction	High satisfaction	No opinion
Cost of premiums	2011	<b>63.7%</b>	20.0%	11.7%	4.6%
	2008	<b>63.2%</b>	21.7%	14.3%	0.9%
	2005	<b>78.2%</b>	18.5%	3.4%	0.0%
Overall affordability of the plan	2011	<b>63.7%</b>	17.5%	14.4%	4.5%
	2008	<b>62.6%</b>	21.2%	14.8%	1.4%
	2005	<b>73.1%</b>	17.2%	9.2%	0.4%
Number of coverage options available	2011	<b>54.0%</b>	23.8%	15.7%	6.5%
	2008	<b>52.1%</b>	23.8%	21.0%	3.1%
	2005	<b>44.1%</b>	34.0%	20.6%	1.3%
Ease of submitting claims/administrative paperwork	2011	26.3%	22.8%	<b>38.0%</b>	12.9%
	2008	<b>32.9%</b>	23.1%	32.1%	11.8%
	2005	24.4%	27.7%	<b>41.6%</b>	6.3%
Quality of care provided	2011	26.7%	23.0%	<b>41.0%</b>	9.3%
	2008	31.7%	24.9%	<b>35.9%</b>	7.5%
	2005	13.9%	20.6%	<b>61.8%</b>	3.8%

Note: “Low satisfaction” are the percentage selecting **either** of the lowest two ranking points; “high satisfaction” are the percentage selecting **either** of the highest two ranking points; “moderate satisfaction” are the percentage selecting the mid-point.

# PART IV:

## Health Care Reform Perceptions

### Impact of Health Insurance Costs

The great majority (84.9%) of the respondents indicate that rising health coverage costs have been detrimental to themselves, their families, and their business over the past three years. Most acute has been the “bottom line” impact — 53.9% say rising health coverage costs have cut their household income. Significant responses are also seen for having to scale back/drop health coverage (cited by 37.5%). Business-specific impacts are also clearly seen: 27.4% say their “business is struggling to survive,” and more than one in ten say they have cancelled/put on hold plans to hire new employees and/or expand their business.

In addition to the specific issues explored in the survey, the respondents also described other ways escalating health coverage costs have affected them. The most common “other” responses encompass changing to a higher deductible plan and limiting (or even avoiding) doctor visits and/or prescription medications.

Overall responses are summarized in Exhibit 28.



## Exhibit 28: Impact of Health Coverage Costs

### How has the increasing cost of health coverage affected you, your family and your business over the past three years?

My household income has been cut	53.9%
I've had to scale back or drop health coverage for myself and/or my family	37.2%
My business is struggling to survive	27.4%
Not applicable – increasing health coverage costs have had little or no effect on me, my family or my business	13.1%
I have cancelled (or put on hold) plans to extend my business	11.4%
I have cancelled (or put on hold) plans to hire new employees	10.0%
I have frozen or cut employees' salaries	5.7%
I've had to scale back or drop health coverage for my employees	5.3%
I have let go of employees	3.8%
I have replaced full-time employees with part-time employees	3.6%
Other	4.0%
No response	2.3%

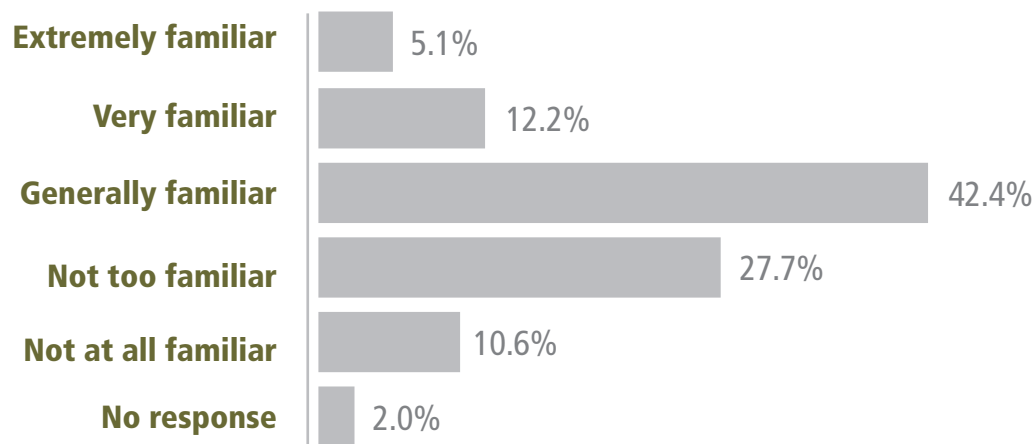
Segmenting responses shows that the impact on household income continues to be the primary effect of rising health coverage costs, with this issue cited by a majority (or near majority) across every segment. It is especially significant among the younger respondents — 63.2% of those under 36 report that their household income has been cut due to rising health coverage costs. Significant responses across all segments are also seen for “I’ve had to scale back or drop health coverage for myself and/or my family” and “my business is struggling to survive.” Among the largest companies, nearly one in four have had to scale back or drop employee health coverage.

## 2010 Health Care Reform Law – Affordable Care Act

### Overall Familiarity

A plurality of respondents consider themselves to be “generally” familiar with the 2010 health care reform law. As summarized in Exhibit 29, only 5.1% feel they are “extremely” familiar, and about one in ten of the respondents say they are “not at all” familiar with the new law.

### Exhibit 29: Familiarity with the 2010 Health Care Reform Law



The respondents over 65 are the ones most familiar with the new law — nearly 31% are either “extremely” or “very” familiar with it. Somewhat higher than average familiarity levels are also seen among the larger companies and those who presently offer health insurance through their business. The smallest companies, those under 36, and those who do not offer (or are not covered) under insurance plans show the weakest familiarity with the new law.



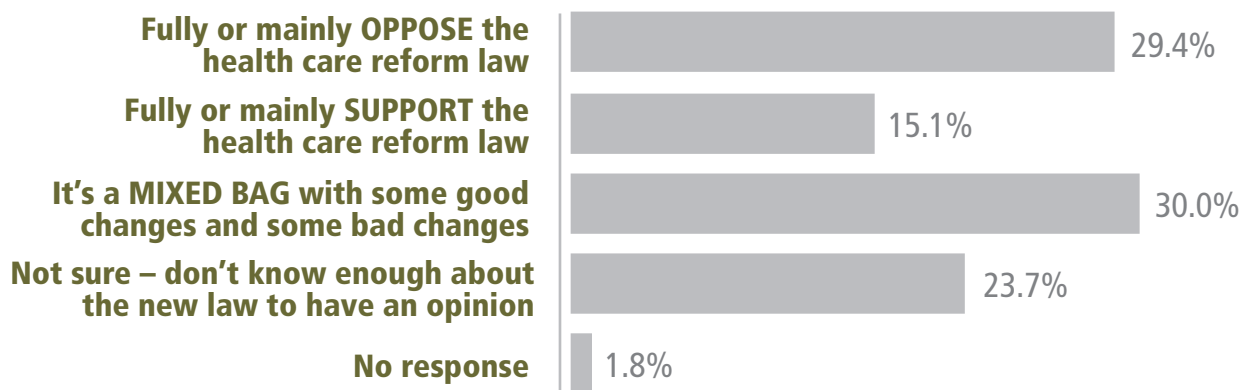
## Opinion of the 2010 Reform Law – Affordable Care Act

There is no consensus of opinion regarding the 2010 health care reform law. About 30% of the respondents say they fully or mainly oppose the new law. An equal number say the new law is a “mixed bag” with some good, but also some bad changes. Only 15.1% fully or mainly support the new law. Nearly one in four say they lack sufficient information about the law to venture an opinion one way or another (see Exhibit 30).

Segmenting responses also shows a lack of consensus — it is very rare to see a majority stance either in favor of or against the new law in any segment. The more prevailing sentiment is opposition, with the percentage who fully or mainly oppose the law exceeding the percentage who fully or mainly support it in nearly every segment, sometimes by a wide margin. “Fully or mainly oppose” garners a plurality of responses in 12 of the 25 segments examined; “it’s a mixed bag” garners a plurality of responses in 10 segments.

The greatest opposition to the new law is seen among those who are the most familiar with it. However, the strongest support is also seen among these same respondents, although at only about half the level who oppose the law (53.2% oppose, 27.4% support). Opposition to the law is also elevated among those over 65 (49.1% oppose).

## Exhibit 30: Opinion of the 2010 Health Care Reform Law



## Exhibit 31: Opinion of the Affordable Care Act by Segment

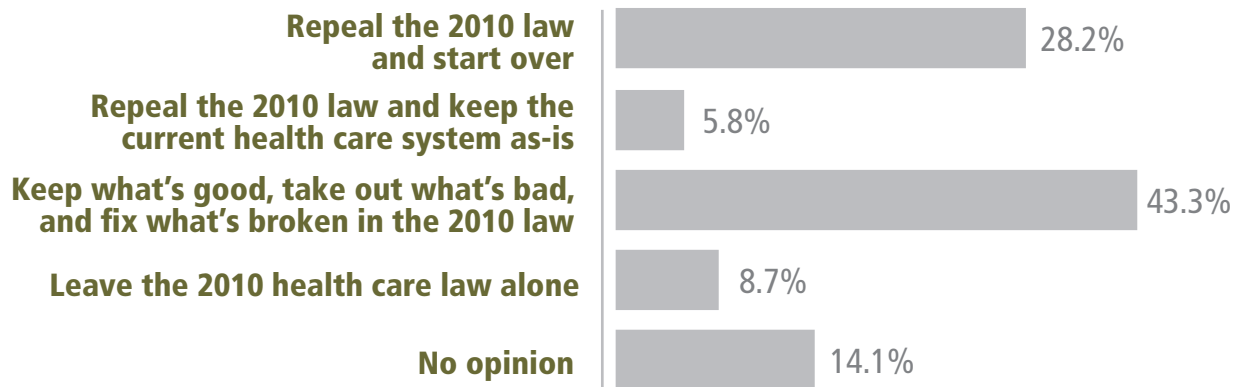
Values in **bold** denote the most popular response within each segment.

		Fully or mainly oppose	Fully or mainly support	Mixed bag	Not sure	No response
<b>Overall – 2011 survey</b>		<b>29.4%</b>	<b>15.1%</b>	<b>30.0%</b>	<b>23.7%</b>	<b>1.8%</b>
<b>Number of employees</b>	One (self only)	25.5%	16.2%	<b>31.1%</b>	25.8%	1.5%
	Two	<b>33.7%</b>	14.8%	28.3%	20.8%	2.4%
	3 – 5	<b>34.5%</b>	12.7%	28.0%	22.5%	2.2%
	6+	<b>38.3%</b>	9.9%	33.3%	16.0%	2.5%
<b>Gross sales</b>	Under \$50,000	25.4%	14.6%	<b>31.9%</b>	28.2%	0.0%
	\$50,000 – \$99,999	28.2%	16.1%	<b>32.6%</b>	22.8%	0.2%
	\$100,000 – \$199,999	<b>34.8%</b>	18.6%	23.9%	22.1%	0.6%
	\$200,000 – \$499,999	<b>36.3%</b>	13.7%	29.8%	20.2%	0.0%
	\$500,000+	<b>36.2%</b>	11.6%	32.6%	18.8%	0.7%
<b>Gender</b>	Female	21.2%	16.3%	<b>34.9%</b>	27.5%	0.1%
	Male	<b>37.0%</b>	14.5%	26.9%	21.3%	0.3%
<b>Age</b>	Under 36	16.2%	20.6%	<b>36.8%</b>	26.5%	0.0%
	36 – 45	27.1%	13.0%	28.6%	<b>31.3%</b>	0.0%
	46 – 55	27.2%	13.9%	<b>29.9%</b>	28.6%	0.4%
	56 – 65	<b>34.2%</b>	16.5%	31.2%	17.9%	0.1%
	65+	<b>49.1%</b>	18.2%	21.8%	10.9%	0.0%
<b>Offer insurance through the business</b>	Yes	<b>31.8%</b>	14.4%	30.5%	19.8%	3.5%
	No	27.4%	15.6%	<b>29.7%</b>	26.7%	0.6%
<b>Current health insurance coverage</b>	Have a self-purchased plan	29.7%	14.8%	<b>30.1%</b>	23.3%	2.2%
	Covered under spouse or other means	27.4%	18.3%	<b>32.0%</b>	21.8%	0.5%
	Not covered	<b>29.0%</b>	14.1%	28.2%	27.8%	0.8%
<b>Familiarity with 2010 health care reform law</b>	Extremely/very familiar	<b>53.2%</b>	27.4%	18.8%	0.3%	0.3%
	Generally familiar	34.5%	19.7%	<b>40.1%</b>	5.7%	0.0%
	Not too familiar	14.4%	7.2%	31.6%	<b>46.4%</b>	0.4%
	Not at all familiar	12.9%	0.0%	8.0%	<b>78.6%</b>	0.5%

## Suggested Actions

“Keep what’s good, take out what’s bad, and fix what’s broken in the 2010 law” is the most popular response when the respondents voice their opinion as to what they would like Congress and the Administration to do about the new law. Cited by 43.3%, the “fix it” stance is trailed by 28.2% who would like to see the law repealed and the reform process started anew. Fewer than 9% want the 2010 law to stand as-is, and only 5.8% want the 2010 law repealed with a return to the past health care system (see Exhibit 32).

## Exhibit 32: Suggested Health Care Reform Law Actions



The “fix it” approach is the most popular response across nearly every segment, with responses reaching the majority, or near majority level in several segments. Those most interested in seeing the law repealed and replaced with a fresh start are the same segments that showed the greatest opposition to the law — those who are the most familiar with it, and those over 65. The percentage who would like the law kept as-is peaks at 18.5% among those who are most familiar with the law, but usually remains below 10% for all other segments (see Exhibit 33 on the following page).

## Exhibit 33: Suggested Health Care Reform Law Actions by Segment

Values in **bold** denote the most popular response within each segment.

		Repeal it and start over	Repeal it and leave system as-is	Keep good, take out bad	Leave 2010 law alone	No opinion/response
<b>Overall – 2011 survey</b>		<b>28.2%</b>	<b>5.8%</b>	<b>43.3%</b>	<b>8.7%</b>	<b>14.1%</b>
<b>Number of employees</b>	One (self only)	25.1%	4.9%	<b>43.9%</b>	9.8%	16.3%
	Two	30.9%	6.2%	<b>45.3%</b>	7.3%	10.3%
	3 – 5	33.1%	8.0%	<b>38.9%</b>	6.9%	13.1%
	6+	35.8%	8.6%	<b>38.3%</b>	7.4%	9.9%
<b>Gross sales</b>	Under \$50,000	24.1%	4.2%	<b>47.4%</b>	8.7%	15.6%
	\$50,000 – \$99,999	26.1%	6.8%	<b>45.0%</b>	10.0%	12.1%
	\$100,000 – \$199,999	34.2%	7.1%	<b>40.4%</b>	9.1%	9.1%
	\$200,000 – \$499,999	33.9%	6.0%	<b>42.3%</b>	7.7%	10.1%
	\$500,000+	38.4%	7.2%	<b>39.1%</b>	5.8%	9.4%
<b>Gender</b>	Female	21.1%	4.0%	<b>50.6%</b>	9.4%	14.9%
	Male	34.7%	7.6%	<b>38.9%</b>	8.3%	10.4%
<b>Age</b>	Under 36	20.6%	5.9%	<b>42.6%</b>	11.8%	19.1%
	36 – 45	23.7%	6.9%	<b>42.0%</b>	7.6%	19.8%
	46 – 55	27.2%	5.6%	<b>46.1%</b>	8.0%	13.1%
	56 – 65	31.5%	6.0%	<b>43.3%</b>	9.9%	9.2%
	65+	<b>52.7%</b>	5.5%	30.9%	7.3%	3.6%
<b>Offer insurance through the business</b>	Yes	29.8%	5.7%	<b>42.2%</b>	9.4%	12.9%
	No	26.9%	6.0%	<b>44.1%</b>	8.1%	15.0%
<b>Current health insurance coverage</b>	Have a self-purchased plan	28.0%	5.7%	<b>43.7%</b>	9.0%	13.6%
	Covered under spouse or other means	26.9%	6.6%	<b>42.6%</b>	9.1%	14.7%
	Not covered	29.9%	6.2%	<b>41.1%</b>	6.2%	16.6%
<b>Familiarity with 2010 health care reform law</b>	Extremely/very familiar	<b>42.2%</b>	10.9%	26.5%	18.5%	1.8%
	Generally familiar	32.2%	5.9%	<b>47.6%</b>	10.3%	4.0%
	Not too familiar	18.2%	4.0%	<b>54.5%</b>	4.0%	19.3%
	Not at all familiar	18.9%	3.0%	30.8%	0.0%	<b>47.3%</b>

## Concerns With the Affordable Care Act

Cost and government involvement top the list when the respondents indicate their main concern, if any, with the 2010 health care law. As summarized in Exhibit 34, nearly one in four respondents say “I expect that the cost of my health coverage will increase”; one in five say “the government will become too involved with my health care.” Fewer are concerned with potential declines in the quality of the health care system, rising taxes, or the impact on the deficit. Note, however, that nearly 15% say they do not have any concerns about the 2010 health care reform law, making that the third most popular response.

### Exhibit 34: Primary Concern with the 2010 Law

#### Which of the following is your main concern with the 2010 health care reform law?

I expect that the cost of my health coverage will increase	24.5%
The government will become too involved with my health care	20.2%
I do not have any concerns about the current health care reform law	14.5%
The quality of our health care system will decline	9.9%
I expect that my taxes will increase	7.9%
It will increase the deficit and be too costly to the country	6.3%
I expect that I will not be able to keep my current health insurance and medical professionals	3.6%
No opinion	13.1%



Segmenting responses shows that potential cost increases and increased government involvement remain the top two concerns across nearly every segment. The sole exception is among the respondents who are the most familiar with the 2010 law, with a plurality (25.2%) indicating that they do not have any concerns with the new law.

Some of the most significant segment-to-segment variations are seen when the data are grouped by the respondents' opinions of the new health care law. As expected, 100% of those who oppose the law have concerns, chief among them being increased government involvement. Those who see the law as a "mixed bag" are far less concerned about government involvement, focusing instead on the potential for cost increases. While 73.2% of those who support the law do not have any concerns, cost is still an issue — 12.5% of the "support" segment remain concerned about potential cost increases; 4.2% are concerned about potential tax increases.



## Exhibit 35: Primary Concern with the 2010 Law by Segment

Values in **bold** denote the most popular response within each segment.

		Cost increase	Tax increase	Govt. involvement	Increase deficit	Not keeping current medical prof.	Decline in quality	Do not have any concerns	No opinion/response
<b>Overall – 2011 survey</b>		<b>24.5%</b>	<b>7.9%</b>	<b>20.2%</b>	<b>6.3%</b>	<b>3.6%</b>	<b>9.9%</b>	<b>14.5%</b>	<b>13.1%</b>
<b>Number of employees</b>	One (self only)	<b>25.3%</b>	7.1%	18.1%	5.2%	3.9%	8.6%	16.6%	15.2%
	Two	<b>27.3%</b>	8.8%	20.8%	7.1%	3.0%	10.1%	12.4%	10.5%
	3 – 5	17.8%	9.8%	<b>25.5%</b>	6.9%	4.4%	13.5%	10.9%	11.3%
	6+	21.0%	7.4%	<b>25.9%</b>	13.6%	1.2%	14.8%	9.9%	6.2%
<b>Gross sales</b>	Under \$50,000	<b>27.2%</b>	6.2%	18.4%	5.9%	4.5%	9.4%	14.2%	14.1%
	\$50,000 – \$99,999	<b>29.4%</b>	7.9%	19.8%	5.6%	3.3%	7.9%	16.1%	10.0%
	\$100,000 – \$199,999	<b>24.2%</b>	9.4%	20.4%	5.3%	3.2%	10.3%	16.8%	10.3%
	\$200,000 – \$499,999	21.0%	9.3%	<b>23.4%</b>	8.5%	4.4%	14.1%	11.3%	8.1%
	\$500,000+	16.7%	12.3%	<b>26.1%</b>	9.4%	2.2%	12.3%	12.3%	8.7%
<b>Gender</b>	Female	<b>23.9%</b>	7.7%	17.8%	5.6%	3.7%	11.4%	16.4%	13.5%
	Male	<b>26.6%</b>	8.4%	22.4%	6.9%	3.7%	9.2%	13.1%	9.6%
<b>Age</b>	Under 36	<b>23.5%</b>	5.9%	14.7%	7.4%	4.4%	14.7%	17.6%	11.8%
	36 – 45	<b>26.0%</b>	11.1%	17.6%	4.6%	3.4%	9.5%	13.4%	14.5%
	46 – 55	<b>27.1%</b>	7.5%	18.1%	6.3%	4.1%	10.7%	14.0%	12.2%
	56 – 65	<b>24.5%</b>	8.0%	23.4%	7.0%	3.5%	9.4%	15.0%	9.2%
	65+	10.9%	5.5%	<b>36.4%</b>	7.3%	3.6%	12.7%	20.0%	3.6%
<b>Offer insurance through the business</b>	Yes	<b>27.5%</b>	7.2%	20.4%	6.0%	3.5%	9.0%	13.0%	13.3%
	No	<b>22.2%</b>	8.5%	20.0%	6.4%	3.7%	10.6%	15.6%	12.9%
<b>Current health insurance coverage</b>	Have a self-purchased plan	<b>27.1%</b>	6.8%	19.6%	6.1%	3.8%	9.9%	14.1%	12.6%
	Covered under spouse or other means	13.2%	10.2%	<b>24.9%</b>	8.1%	3.0%	11.2%	17.3%	12.2%
	Not covered	18.3%	12.9%	<b>19.5%</b>	5.4%	2.9%	9.1%	14.9%	17.0%
<b>Familiarity with 2010 health care reform law</b>	Extremely/very familiar	18.2%	7.9%	23.1%	7.3%	1.2%	12.5%	<b>25.2%</b>	4.6%
	Generally familiar	<b>27.4%</b>	8.0%	22.3%	5.7%	3.3%	10.1%	17.3%	5.8%
	Not too familiar	<b>26.3%</b>	9.1%	17.8%	6.8%	5.7%	8.9%	9.7%	15.7%
	Not at all familiar	22.9%	6.0%	16.4%	6.0%	4.0%	9.0%	1.0%	<b>34.8%</b>

## Exhibit 35 Continued: Primary Concern with the 2010 Law by Segment

		Cost increase	Tax increase	Govt. involvement	Increase deficit	Not keeping current medical prof.	Decline in quality	Do not have any concerns	No opinion/ response
<b>Overall – 2011 survey</b>		<b>24.5%</b>	<b>7.9%</b>	<b>20.2%</b>	<b>6.3%</b>	<b>3.6%</b>	<b>9.9%</b>	<b>14.5%</b>	<b>13.1%</b>
<b>Opinion of 2010 health care reform law</b>	Fully/mainly oppose	24.8%	8.1%	<b>36.9%</b>	10.0%	2.7%	17.2%	0.0%	0.4%
	Fully/mainly support	12.5%	4.2%	0.0%	1.4%	2.4%	0.7%	<b>73.2%</b>	5.6%
	“Mixed bag”	<b>32.0%</b>	10.7%	19.4%	6.3%	4.7%	9.8%	8.2%	8.9%
	Not sure	23.9%	7.3%	14.9%	4.9%	4.4%	7.8%	4.0%	<b>32.8%</b>

### Financial Assistance Qualification

The respondents were presented with the following information and asked if they would qualify for financial assistance to pay for health coverage:

The 2010 health care reform law provides financial assistance to help pay for health coverage. To determine if you may qualify, please refer to the chart below:

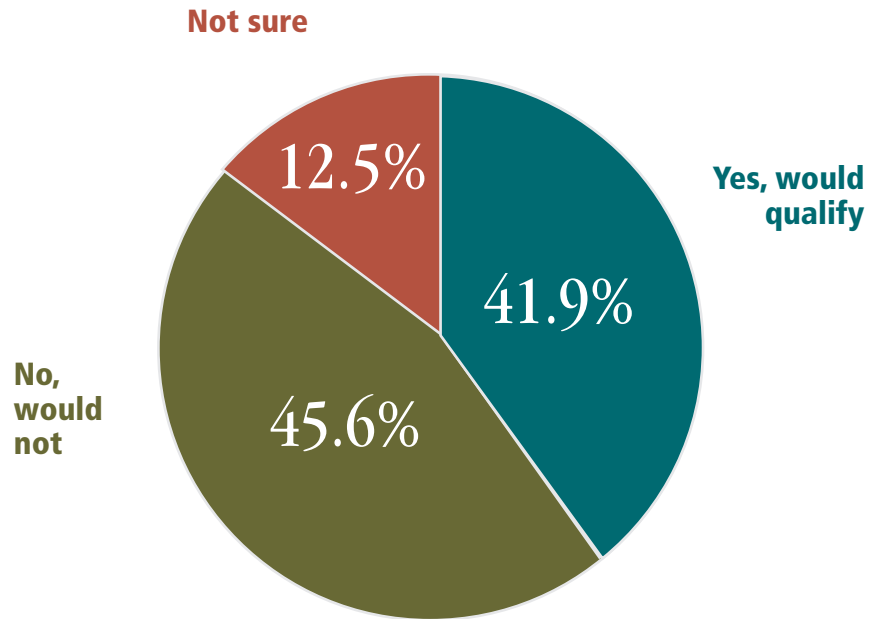
Persons in family	Maximum household income to qualify for assistance
1	\$43,320
2	\$58,280
3	\$73,240
4	\$88,200
5	\$103,160
6	\$118,120
7	\$133,080
8	\$148,010

*For families with more than 8 persons, please add \$3,740 for each additional person.*

As summarized in Exhibit 36, the responses are about equally divided — 41.9% say they would qualify; 45.6% say they would not. The balance (12.5%) indicated they are not sure or elected not to respond to the question.

Those most likely to qualify are from companies with gross sales of less than \$50,000 (65.9% would qualify), those who are not presently covered by health insurance (57.7% would qualify) and those under 36 (55.9% would qualify).

## Exhibit 36: Qualify for Financial Assistance



## Future Outlook for Premiums

The respondents were provided with the following information concerning the estimated cost for health insurance premiums in 2014:

**According to Congressional Budget Office estimates, under the health care law, health insurance premiums in 2014 will be approximately \$5,300 per year (\$442 per month) for an individual (single) policy, and \$15,000 per year (\$1,250 per month) for a family policy.**

**How does this compare with the current cost of your individual or family policy?**

Separate questions were asked (one for individual policies; another for family policies) as to whether the respondent is paying more or less than the 2014 Congressional Budget Office (CBO) estimate for their current policy. Each question was limited to only those individuals who indicated that they have an individual or family policy.

As summarized in Exhibit 37 on the following page, a majority report that their current policy costs less than the CBO projection. This is especially pronounced for family policies — 80.4% say their present family policy costs less than the CBO projected amount of \$15,000 per year.

Potentially having to pay more in 2014 for health insurance (e.g., their current policy is less expensive than the 2014 CBO estimates) is true across all segments for family policies, and across most segments for individual policies. Exceptions are limited to large companies and those in the 56 to 65 age group.





## Exhibit 37: Policy Cost Comparison with CBO Estimates

Values in **bold** denote the most popular response within each segment.

		Individual policy (sample = 1,273)			Family policy (sample = 910)		
		Current policy costs <b>MORE</b> than CBO estimate	Current policy costs <b>LESS</b> than CBO estimate	Not sure	Current policy costs <b>MORE</b> than CBO estimate	Current policy costs <b>LESS</b> than CBO estimate	Not sure
<b>Overall – 2011 survey</b>		<b>36.9%</b>	<b>56.4%</b>	<b>6.7%</b>	<b>12.6%</b>	<b>80.4%</b>	<b>6.9%</b>
<b>Number of employees</b>	One (self only)	32.3%	<b>60.6%</b>	7.2%	10.2%	<b>80.7%</b>	9.0%
	Two	42.1%	<b>51.1%</b>	6.8%	14.1%	<b>81.2%</b>	4.7%
	3 – 5	42.9%	<b>51.6%</b>	5.6%	13.6%	<b>80.2%</b>	6.2%
	6+	<b>51.6%</b>	45.2%	3.2%	21.6%	<b>74.5%</b>	3.9%
<b>Gross sales</b>	Under \$50,000	30.7%	<b>62.8%</b>	6.4%	8.7%	<b>81.7%</b>	9.6%
	\$50,000 – \$99,999	37.1%	<b>56.9%</b>	6.1%	11.6%	<b>81.6%</b>	6.8%
	\$100,000 – \$199,999	38.8%	<b>54.0%</b>	7.1%	11.7%	<b>82.4%</b>	5.9%
	\$200,000 – \$499,999	<b>46.4%</b>	45.8%	7.7%	18.7%	<b>78.0%</b>	3.3%
	\$500,000+	40.8%	<b>54.1%</b>	5.1%	15.2%	<b>78.3%</b>	6.5%
<b>Gender</b>	Female	33.0%	<b>61.0%</b>	6.0%	12.6%	<b>80.4%</b>	7.0%
	Male	40.7%	<b>52.7%</b>	6.6%	12.6%	<b>81.2%</b>	6.1%
<b>Age</b>	Under 36	10.5%	<b>78.9%</b>	10.5%	8.3%	<b>75.0%</b>	16.7%
	36 – 45	23.1%	<b>66.5%</b>	10.4%	6.8%	<b>85.1%</b>	8.1%
	46 – 55	31.5%	<b>63.3%</b>	5.2%	11.8%	<b>83.9%</b>	4.3%
	56 – 65	<b>50.2%</b>	44.0%	5.8%	17.3%	<b>74.7%</b>	8.0%
	65+	21.4%	<b>66.7%</b>	11.9%	5.3%	<b>89.5%</b>	5.3%
<b>Offer insurance through the business</b>	Yes	38.6%	<b>54.7%</b>	6.7%	12.7%	<b>81.9%</b>	5.4%
	No	35.3%	<b>58.0%</b>	6.7%	12.6%	<b>78.9%</b>	8.5%

## Reaction to Non-insured Penalties

The respondents were presented with the following information and asked to indicate how the potential penalty will affect their health insurance purchase plans:

**In 2014, the health care reform law will make you pay a penalty if you do NOT purchase a qualified health insurance plan. The penalties per individual are:**

- **2014: penalty of \$95 per individual if you do NOT purchase a qualified health insurance plan**
- **2015: penalty of \$395 per individual if you do NOT purchase a qualified health insurance plan**
- **2016: penalty of \$695 per individual if you do NOT purchase a qualified health insurance plan**

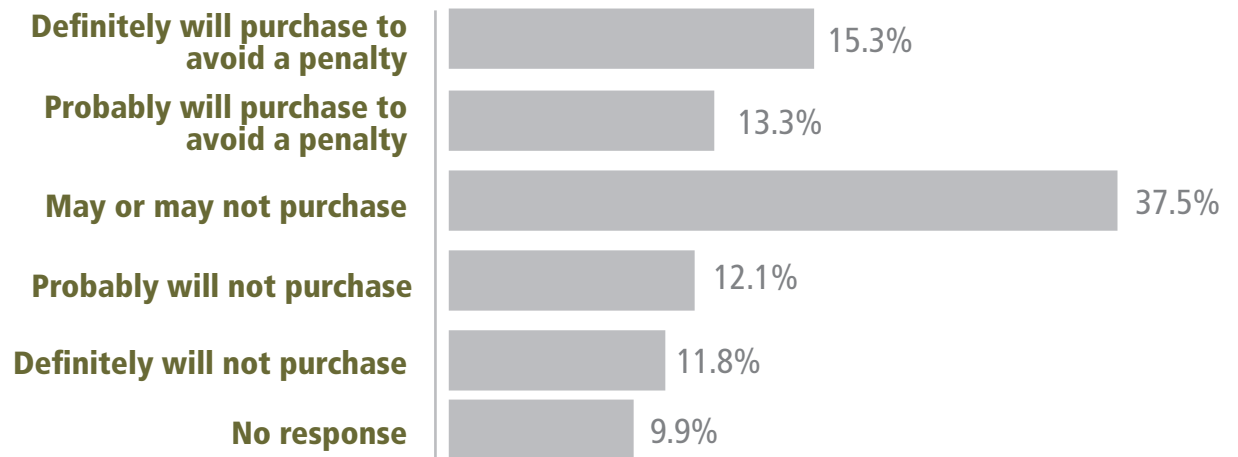
**How will this penalty affect your health insurance purchase plans?**

Most of the respondents (1,237 individuals, which is 65% of the total sample) say this situation is not applicable to them as they are presently covered under a health insurance plan and intend to keep the plan. Limiting the question to the 667 respondents who find this situation applicable shows no consensus of opinion — the most popular response is “I may or may not purchase health insurance to avoid the penalty,” cited by 37.5%. The percentage who say they definitely or probably will purchase health insurance is balanced by the percentage who say they definitely or probably will not (see Exhibit 38).

Uncertainty is the most popular response across most segments, with at least one-third to close to one-half stating that they “may or may not” purchase health insurance to avoid the non-coverage penalty. The responses vary strongly across age categories. About two-thirds of the respondents under 36 years old say they will purchase health insurance to avoid a penalty.



## Exhibit 38: Impact of Penalty on Future Health Insurance Purchase Plans



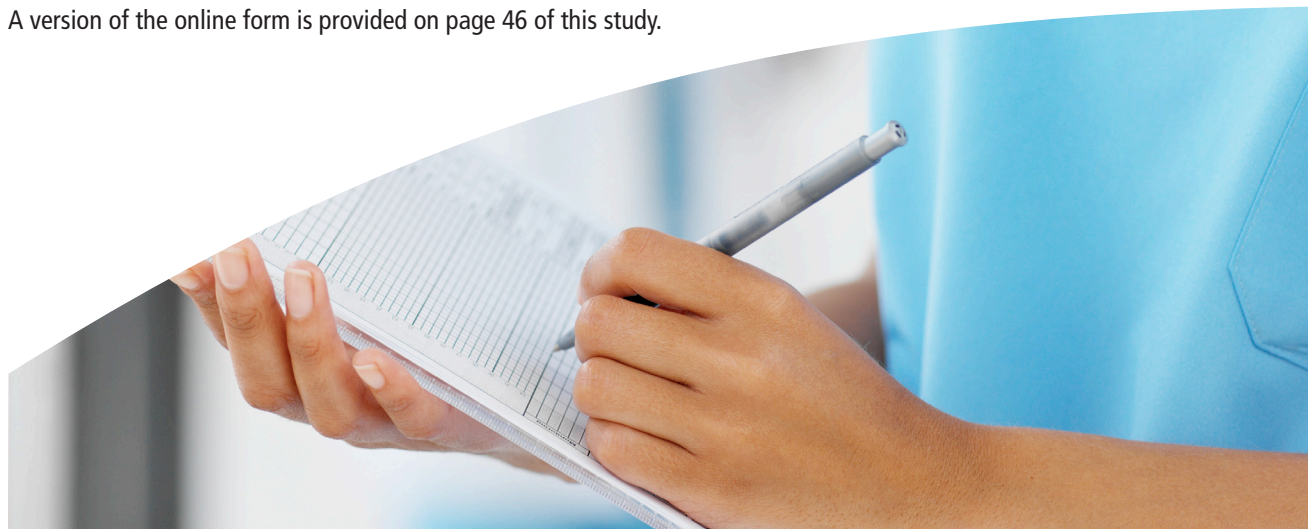
# Survey Methodology And Instrument

## Methodology

The 2011 Health Care Survey was fielded as an online form using a commercial web-based survey hosting service. The NASE distributed links to the online instrument using a variety of channels including its regular member newsletter and other member communication, plus access through the member section of the NASE website. As a response incentive, individuals completing the survey were invited to enter a drawing for a series of prizes offered by the NASE. An expanded data collection period was used (early September to late November 2011) to ensure that all who wished to participate in the survey had the opportunity to do so.

Strict confidentiality and respondent anonymity practices were put into place to encourage a frank and accurate dialogue with the respondents. All raw data were processed and tabulated by an independent research firm. Personal information was limited to basic contact information, which was collected on an optional basis from those who wished to enter the prize drawing. All prize drawing information was maintained separately from the survey response data to preserve respondent anonymity.

A version of the online form is provided on page 46 of this study.



## Survey Sample

Responses were screened to ensure all survey participants were their company's owner or operator, and that the company employed ten or fewer individuals. Responses not adhering to these criteria were excluded, leaving a net useable sample of 1,904 responses.

It is important to determine how well the survey response pool reflects the overall population of micro-businesses. Two techniques are commonly used: the "margin of error" and the "confidence interval." Both provide guidance as to how repeatable (i.e., valid) the data collected are.

The 1,904 responses have an overall margin of sampling error of plus or minus 2.2% at a 95% confidence interval. This means that if this study were repeated 100 times, the overall results would be within 2.2% of the values listed in this report 95 times out of 100. This level of accuracy compares well with past surveys in this series, and is better than typically seen in opinion-based research projects.



# NASE 2011 National Health Care Survey

## About Your Business

- What level of ownership interest do you have in your business?
  - Sole owner/operator/proprietor
  - Co-owner/partner
  - No ownership interest in the business
- How many full-time employees, **including yourself and any family members**, does your business have?
  - 1 (just myself)    2    3    4    5    6    7    8    9    10    Greater than 10
- Which statement best describes your business?
  - A career that presently supplies the main source of income in my household
  - A part-time business to supplement another income in my household
  - A start-up business with the potential to become a permanent, main source of income
  - Other: \_\_\_\_\_
- How many years has your business been in operation?
  - Less than 1 year    5–9 years    20–24 years    35 or more years
  - 1–2 years    10–14 years    25–29 years
  - 3–4 years    15–19 years    30–34 years
- In what state is your business located? \_\_\_\_\_
- How is your business organized?
  - Sole proprietorship    Limited Liability Partnership (LLP)    Corporation (Chapter S)
  - General Partnership    Limited Liability Company (LLC)    Other: \_\_\_\_\_
  - Limited Partnership    Corporation (Chapter C)

## Health Insurance Coverage

- Do **YOU** presently have health insurance coverage?
  - I have health insurance coverage that is purchased through my business or on an individual basis
  - I have health insurance coverage under my spouse's health plan through his/her employer
  - I do not have health insurance coverage at present, but plan on acquiring it in the next 12 months
  - I do not have health insurance coverage and have no plans to acquire it in the next 12 months
  - Other: \_\_\_\_\_
- Please indicate your level of agreement or disagreement with the following statements:

	Strongly DISAGREE		Neutral		Strongly AGREE	No opinion
a. I know exactly where to find health insurance coverage for myself and my employees	1	2	3	4	5	<input type="checkbox"/>
b. I have access to health insurance options that fit my company's needs	1	2	3	4	5	<input type="checkbox"/>
c. It is necessary to offer health insurance as a benefit to find and hire qualified people	1	2	3	4	5	<input type="checkbox"/>
d. I feel it is my responsibility as an employer to offer health insurance as an employee benefit	1	2	3	4	5	<input type="checkbox"/>
e. Small businesses have access to the same health insurance options as large businesses	1	2	3	4	5	<input type="checkbox"/>



9. Does your business presently offer any form of health insurance as a benefit for the owner or employees?

Yes, presently offer



**GO TO question 11**

No, but plan to offer it in the next 12 months  
 No, but did offer in the past  
 No

A. If your business DOES NOT offer health care insurance, please indicate what you feel are the top barriers to obtaining this benefit:

The cost to my business  
 The cost to my employees  
 A lack of providers  
 Do not know where to find health insurance coverage  
 Not interested in offering or do not feel it is necessary to offer  
 Difficulties in dealing with paperwork/administrative tasks  
 Other: \_\_\_\_\_

→ Which of the above do you feel is the MOST SIGNIFICANT barrier? \_\_\_\_\_

B. If the new health care reform law (which goes into full effect in 2014) lowers health coverage costs, how likely are you to provide and pay for a portion of health coverage for your employees?

Very likely  
 Somewhat likely  
 Not sure  
 Somewhat unlikely  
 Very unlikely

**Skip to Q XX**

10. What type(s) of health plans are offered by your business? (check all that apply)

- PPO provider  
 HMO provider  
 Traditional plan/fee for service  
 High deductible plan with a personal health savings account  
 Other: \_\_\_\_\_  
 Not sure what is offered

11. Does your health plan(s) offer spouse/dependant health insurance coverage?

- Offers spouse coverage     Offers spouse and dependant coverage     Neither     Not sure

12. Who is offered health insurance coverage in your business? (check all that apply)

- Owner(s)     All or most part-time employees  
 All or most full-time employees     Other: \_\_\_\_\_

13. What percentage of the people employed by your business (including yourself) are covered under a health plan offered by your business?

\_\_\_\_\_ % are covered by the health plan offered by my business

14. Is your health plan a:     Group insurance plan     Individual insurance plan     Not sure

15. How much did your business spend in 2010 on health insurance premiums? You can provide this information as a percentage of total sales, or as the actual amount spent, whichever is easier for you.

Total amount spent in 2010 on health insurance premiums was :

\_\_\_\_\_ % of total 2010 revenue    OR    \$ \_\_\_\_\_ (actual amount spent on premiums)

16. Do the covered individuals pay part of the health insurance premium for their coverage?
- Yes, they pay \_\_\_\_\_% of the premium       No, the company pays the entire premium
17. What change, if any, has your company seen in the cost of health insurance premiums in the past 12 months?
- Cost has increased \_\_\_\_\_ %       Cost has remained the same  
 Cost has decreased \_\_\_\_\_ %       Not sure of change

18. Overall, how satisfied are you with the following aspects of your current health insurance options:

	Not at all satisfied				Highly satisfied	No opinion
a. Cost of premiums	1	2	3	4	5	<input type="checkbox"/>
b. Number of coverage options available	1	2	3	4	5	<input type="checkbox"/>
c. Quality of care provided	1	2	3	4	5	<input type="checkbox"/>
d. Overall affordability of the plan	1	2	3	4	5	<input type="checkbox"/>
e. Ease of submitting claims/administrative paperwork	1	2	3	4	5	<input type="checkbox"/>

### Health Insurance Impact

19. How has the increasing cost of health coverage affected you, your family and your business over the past three years? (Check all that apply)
- I've had to scale back or drop health coverage for myself and/or my family
  - I've had to scale back or drop health coverage for my employees
  - I have let go of employees
  - I have replaced full-time employees with part-time employees
  - I have cancelled (or put on hold) plans to hire new employees
  - I have cancelled (or put on hold) plans to expand my business
  - I have frozen or cut employees' salaries
  - My household income has been cut
  - My business is struggling to survive
  - Not applicable – increasing health coverage costs have had little or no effect on me, my family or my business
  - Other

### Health Care Reform

20. How familiar are you with the health care reform law that was passed in 2010?
- Extremely familiar
  - Very familiar
  - Generally familiar
  - Not too familiar
  - Not at all familiar
21. Which of the following statements best describes your opinion of the 2010 health care reform law?
- I fully or mainly OPPOSE the health care reform law
  - I fully or mainly SUPPORT the health care reform law
  - The health care reform law is a MIXED BAG with some good changes and some bad changes
  - Not sure – I don't know enough about the health care reform law to form a qualified opinion
22. What do you think Congress and the Administration should do about the 2010 health care reform law?
- Repeal the 2010 law and start over
  - Repeal the 2010 law and keep our current health system as is
  - Keep what's good, take out what is bad, and fix what's broken in the 2010 law
  - Leave the 2010 health care law alone
  - No opinion

23. Please indicate which of the following is your MAIN concern with the 2010 health care reform law:

- I expect that the cost of my health coverage will increase
- I expect that my taxes will increase
- The government will become too involved with my health care
- It will increase the deficit and be too costly to the country
- I expect that I will not be able to keep my current health insurance and medical professionals
- The quality of our health care system will decline
- I do not have any concerns about the current health care reform law
- No opinion

24. The 2010 health care reform law provides financial assistance to help pay for health coverage. To determine if you may qualify, please refer to the chart below:

Persons in family	Maximum household income to qualify for assistance (e.g., your income must be LESS than this to qualify)
1	\$43,320
2	\$58,280
3	\$73,240
4	\$88,200
5	\$103,160
6	\$118,120
7	\$133,080
8	\$148,010
<i>For families with more than 8 persons, add \$3,740 for each additional person</i>	

Based on the information above, would you qualify for financial assistance to pay for health coverage?

- Yes, I would qualify for assistance
- No, I would not qualify for assistance
- Not sure

25. According to Congressional Budget Office estimates, under the health care law, health insurance premiums in 2014 will be approximately \$5,300 per year (\$442 per month) for an INDIVIDUAL (single) policy.

How does this compare with the current cost of your INDIVIDUAL policy?

- Not applicable – I do not have an individual policy
- My current individual policy costs MORE than \$5,300 per year (\$442 per month)
- My current individual policy costs LESS than \$5,300 per year (\$442 per month)
- Not sure what my individual policy costs

26. According to Congressional Budget Office estimates, under the new health care law, health insurance premiums in 2014 will be approximately \$15,000 per year (\$1,250 per month) for an FAMILY policy.

How does this compare with the current cost of your FAMILY policy?

- Not applicable – I do not have a family policy
- My current family policy costs MORE than \$15,000 per year (\$1,250 per month)
- My current family policy costs LESS than \$15,000 per year (\$1,250 per month)
- Not sure what my family policy costs

27. In 2014, the health care reform law will make you pay a penalty if you do NOT purchase a qualified health insurance plan. The penalties per individual are:
- 2014: penalty of \$95 per individual if you do NOT purchase a qualified health insurance plan
  - 2015: penalty of \$395 per individual if you do NOT purchase a qualified health insurance plan
  - 2016: penalty of \$695 per individual if you do NOT purchase a qualified health insurance plan

How will this penalty affect your health insurance purchase plans?

- Not applicable – I already have health insurance and will keep it
- I will definitely purchase health insurance to avoid the penalty
- I will probably purchase health insurance to avoid the penalty
- I may or may not purchase health insurance to avoid the penalty
- I probably will not purchase health insurance
- I definitely will not purchase health insurance

The following questions are needed for classification purposes. Remember, all survey responses are completely confidential and anonymous.

28. What were the gross sales for your business in 2010?

- |   |   |   |   |
|---|---|---|---|
| <input type="checkbox"/> a. Less than \$10,000  | <input type="checkbox"/> e. \$75,000 - \$99,999   | <input type="checkbox"/> i. \$500,000 - \$749,999         | <input type="checkbox"/> m. \$5 million + |
| <input type="checkbox"/> b. \$10,000 - \$24,999 | <input type="checkbox"/> f. \$100,000 - \$199,999 | <input type="checkbox"/> j. \$750,000 - \$999,999         |   |
| <input type="checkbox"/> c. \$25,000 - \$49,999 | <input type="checkbox"/> g. \$200,000 - \$299,999 | <input type="checkbox"/> k. \$1 million - \$2.5 million   |   |
| <input type="checkbox"/> d. \$50,000 - \$74,999 | <input type="checkbox"/> h. \$300,000 - \$499,999 | <input type="checkbox"/> l. \$2.6 million - \$4.9 million |   |

29. Please indicate your gender and age: Gender:  a. Female  b. Male

- Age:  a. Under 25  c. 36-45  e. 56-65  
 b. 25-35  d. 46-55  f. 66+

30. One final question: Please feel free to share any additional comments you may have on any of the topics raised in this survey:
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## Limitations

The information and observations presented in this report are based strictly upon the results of the NASE 2011 Health Care Survey, and must be interpreted in light of overall NASE initiatives and other data/information held by the association. Bear in mind that market research provides a “snapshot” of a particular group of individuals at a particular point in time. This study uses several techniques to ensure valid and accurate representation of the target population. However, no single research effort, regardless of the methodologies employed, can provide definitive answers to all potential research intentions. The complexity and diversity of the micro-business community, as well as the multi-dimensional aspects of health insurance, supports ongoing research and monitoring of selected topics, especially where there is no clear consensus of opinion. Also, and perhaps more importantly, respondents’ opinions are not static, but are affected by a variety of forces and issues — put simply, people often change their opinions over time. The association must continue to research and track these issues, and should consider implementing a regular monitoring system based upon quantitative and qualitative research, to keep abreast of market reactions to association actions, changes affecting the business community, and changes in the health insurance/health care arenas.

These limitations are stated to ensure that the results presented herein are not misused or misinterpreted.

**For more information on the NASE or its policy positions, please contact the department of Government Affairs at 202-466-2100, or visit the NASE online at [NASE.org](http://NASE.org).**





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