



## AMERICAN BENEFITS COUNCIL

January 12, 2009

# FAST FACTS ON HEALTH CARE REFORM / 2008 SURVEY RESULTS

### Health Care Coverage

45 million people under the age of 65 – 17 percent of the nonelderly population – including close to nine million children, who did not have health insurance in 2007.

(The Uninsured, A Primer: Key Facts About Americans Without Health Insurance, Henry J. Kaiser Family Foundation, October 2008. <http://www.kff.org/uninsured/upload/7451-04.pdf>)

As of 2007, Nearly 60 percent of Americans receive health insurance through an employer, nearly nine percent of Americans purchase their health insurance directly, and nearly 28 percent of Americans obtain health insurance through a government plan – Medicare (nearly 14 percent), Medicaid (approximately 13 percent) and military plans (almost 4 percent). Slightly more than 15 percent of the American population is uninsured.

(U.S. Census Bureau, Current Population Reports, *Income, Poverty, and Health Insurance Coverage in the United States: 2007*, August 2008. <http://www.census.gov/prod/2008pubs/p60-235.pdf>).

In a recent survey, three in four employees considered the health plan to be the most important employment benefit. The health plan is the benefit most likely to be considered “extremely important” and virtually all (95 percent) consider it to be “very important.”

(National Business Group on Health, “Employer-Based Health Benefits Survey,” April 2007. <http://www.businessgrouphealth.org/pressrelease.cfm?ID=87>)

### Health Care Costs

In 2008, health care spending in the United States reached \$2.4 trillion, 17 percent of the gross domestic product (GDP). Health care spending is projected to reach \$3.1 trillion in 2012 and \$4.3 trillion by 2016.

(“Health Spending Projections Through 2017: The Baby Boom Generation is Coming to Medicare”, Health Affairs Web Exclusive W146, February 21, 2008. <http://content.healthaffairs.org/cgi/content/abstract/hlthaff.27.2.w145v1>)

Premiums for employer-based health insurance rose by 5.0 percent in 2008. In 2007, small employers saw their premiums, on average, increase 5.5 percent. Firms with fewer than 24 workers, experienced an increase of 6.8 percent. Since 1999, employment-based health insurance premiums have increased 120 percent, compared to cumulative inflation of 44 percent and cumulative wage growth of 29 percent during the same period.

(Employer Health Benefits 2008 Annual Survey The Henry J. Kaiser Family Foundation and Health Research and Educational Trust, September 2008. <http://ehbs.kff.org/pdf/7790.pdf>)

Under current tax policy, the cost of health coverage is not taxable to employees for income and payroll tax purposes. Because of the rapid escalation in health care costs, this single feature of the tax code is now the largest federal tax expenditure, exceeding tax preferences for homeowners’ mortgage interest, charitable contributions or contributions to retirement savings or pension plans.

(U.S. Office of Management and Budget (OMB), Analytical Perspectives, Budget of the United States Government, Fiscal Year 2009, Table 19-3, “Income Tax Expenditures Ranked by Total 2009-2013 Projected Revenue Effect, 2008. <http://www.whitehouse.gov/omb/budget/fy2009/pdf/apers/receipts.pdf>)

## Health Care Quality

A landmark study indicated that surveyed participants received recommended care only 54.9 percent of the time. This level of performance was similar in the areas of preventive care, acute care, and care for chronic conditions. The level of performance according to the particular medical function ranged from 52.2 percent for screening to 58.5 percent for follow-up care.

("The Quality of Health Care Delivered to Adults in the United States," The New England Journal of Medicine, June 26, 2003. <http://content.nejm.org/cgi/content/full/348/26/2635>)

Two studies of large samples of hospital admissions, one in New York using 1984 data and another in Colorado and Utah using 1992 data, found that the proportion of hospital admissions experiencing an adverse event, defined as injuries caused by medical management, were 2.9 and 3.7 percent, respectively. The proportion of adverse events attributable to errors (i.e., preventable adverse events) was 58 percent in New York, and 53 percent in Colorado and Utah. When extrapolated to the over 33.6 million admissions to U.S. hospitals in 1997, the results of these two studies imply that at least 44,000 and perhaps as many as 98,000 Americans die in hospitals each year as a result of medical errors.

(To Err Is Human: Building a Safer Health System, National Academy Press, 1999. <http://www.nap.edu/openbook.php?isbn=0309068371>)

## The American Benefits Council/Miller & Chevalier 2008 Corporate Health Care Policy Forecast Survey

In late July and early August, Miller & Chevalier and the American Benefits Council distributed a survey to corporate benefits executives at a broad cross-section of small and large U.S.-based companies. The survey was completed by 187 respondents who provided opinions on health care concerns within their companies. Some survey highlights include:

- Respondents overwhelmingly support maintaining ERISA standards (91 percent) and oppose individual regulation of employer-sponsored health plans at the state level (84 percent).
- 74 percent of respondents say that a repeal of the employee tax exclusion for employer-sponsored health coverage would have a strong negative impact on their workforce.
- Although lawmakers have spent a considerable and appropriate amount of time focusing on health care coverage issues, respondents say that they would like to see more focus on cost (58 percent) and quality (74 percent) issues. In an open-ended question asking respondents to identify their company's single biggest health care burden, 47 percent of respondents cite cost-related concerns.
- Respondents overwhelmingly point to improvements in health care quality, such as disclosure of medical outcomes and "pay for performance" (76 percent), and promotion of information technology (64 percent) as the areas that could have the most positive impact on their workforce. Corporate benefit executives would like to see some help from the government in the reporting of health care quality outcomes and cost transparency (38 percent of respondents) and health information technology (21 percent).
- Consistent with other recent surveys saying employees are highly satisfied with the value of their coverage, most respondents (87 percent), regardless of their company's size, location, industry or the respondent's political affiliation believe employees prefer to get health coverage through their employer or their spouse's employer.