

2005 RHODE ISLAND EMPLOYER SURVEY

**EMPLOYERS SATISFIED WITH RITE SHARE:
REPORT ON RHODE ISLAND'S
PREMIUM ASSISTANCE PROGRAM**

PREPARED FOR THE RHODE ISLAND
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AND
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Introduction

Premium assistance programs help lower-income workers receive health insurance through their employers. Fourteen states currently offer such programs¹. Rhode Island's RItE Share program, one of the oldest employer premium assistance programs in the country, began in 2001.² RItE Share pays for most of the employee's share of the health insurance premium. It also provides wraparound coverage, including co-payments and any Medicaid benefits not covered by a private plan. Enrollment in RItE Share is mandatory for Medicaid-eligible workers with access to more cost-effective employer-sponsored insurance.

RItE Share requires a premium contribution from employers and a sliding-scale contribution from employees based on income. The RItE Share program saves the state money by allowing employees to enroll in their employer's coverage rather than Medicaid, when it is more cost-effective for the state. As of 2005, approximately 6,000 individuals were enrolled in RItE Share for estimated cost savings to the state of about \$4 million a year. Of these enrollees, 20% were under 100% Federal Poverty Level (FPL), 44% at 100%-150% FPL, and 36% at 150-200% FPL.³

While there has been little research on the employer response to premium assistance programs, it is widely expected that employers resist such programs because of the perceived higher costs associated with covering more employees. The recent Rhode Island Employer Health Insurance Survey, completed by JSI Research & Training Institute for the Rhode Island Department of Human Services, found that most Rhode Island employers with employees enrolled in RItE Share were in fact satisfied with RItE Share, would recommend the program to other employers, and that RItE Share had little financial impact on their businesses.

In the spring of 2005, the Rhode Island Department of Human Services contracted with JSI Research & Training Institute, Inc. to conduct an extensive survey of Rhode Island employers' experiences with health benefits for their employees. The project had two parts. The first involved a statewide survey of health insurance coverage costs and impacts on business across a large sample of Rhode Island employers. The Rhode Island Department of Health conducted a similar

¹ Alker 2005

² Joan Aker, "Premium Assistance Programs: How are They Financed and Do States Save Money?" Kaiser Commission on Medicaid and the Uninsured. October 2005

survey in 1999, and the results from the current study provide an understanding of the changes that have occurred since that time. Companies ranged in size from 3 to 10,600 employees in Rhode Island and 1,436 of 2,815 employers responded for a response rate of 51%. The survey was a self-administered mail-out/mail-back questionnaire. The sample included for-profit companies, non-profit organizations and government agencies.

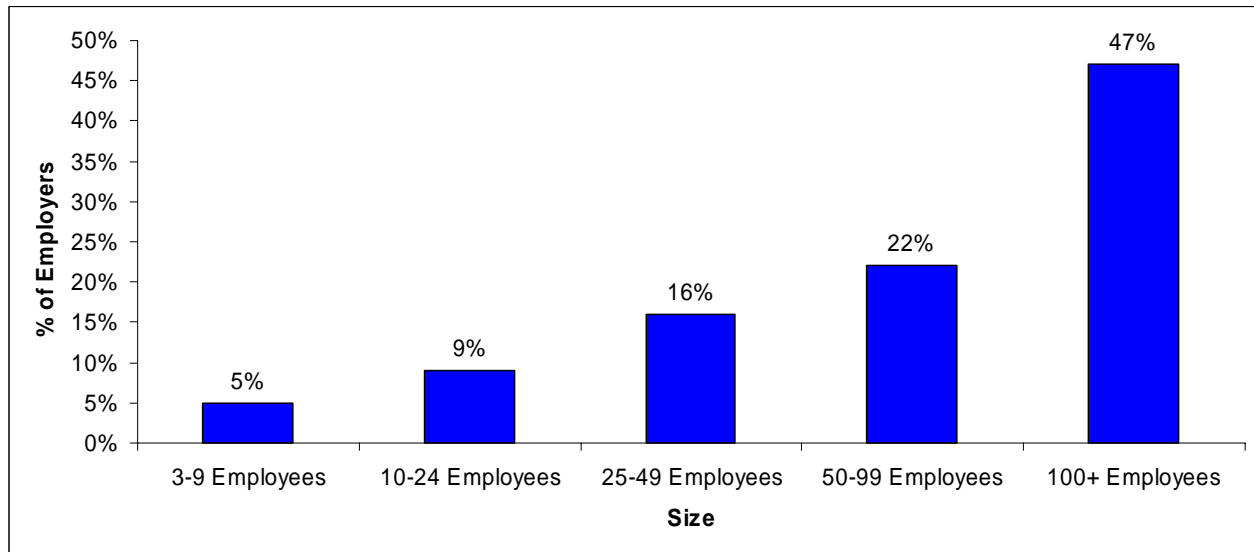
The second part of the project concentrated on employers with RItE Share enrollees. An identical survey supplemented with questions focusing on employers' experiences with RItE Share was sent to the 459 employers who employed three or more persons and were identified by the state as having employees enrolled in RItE Share. The survey asked RItE Share employers about their awareness and satisfaction with the program. It asked for the number of employees enrolled in RItE Share as well as the financial impact of RItE Share on their core business and overall health purchasing. The response rate was 52%, with 237 of the 459 employers responding. One survey was removed from the analysis because responses indicated no offer of insurance to employees. The final sample consisted of 236 RItE Share employers.

Special Characteristics of RItE Share Employers

Most companies with employees enrolled in RItE Share are large employers. Almost half (47%) of RItE Share employers have over 100 employees-- possibly due to the initial outreach efforts which concentrated on the largest employers. The average RItE Share employer in the study sample has a total of 370 employees. In contrast, statewide, employers have an average of 26 workers, and only 4% of employers employ over 100 people (Figure 2).

³ RItE Share Annual Report 2005

Figure 1. RItE Share Employers by Total Number of Employees, 2005



Source: Rhode Island Employer Survey 2005, RItE Share sample (n=236).

Twenty-eight percent (28%) are low-wage employers. For the purposes of this study, “low-wage employer” is defined as one where over half of the workforce is paid a salary of less than \$21,000. Among RItE Share employers, on average, 94% of full-time employees are eligible for coverage and 22% of part-time employees are eligible. Of eligible employees, 73% of full-time employees and 40% of part-time employees accept coverage. Finally, RItE Share employers contribute, on average, 69% for individual health coverage and 57% for family coverage.

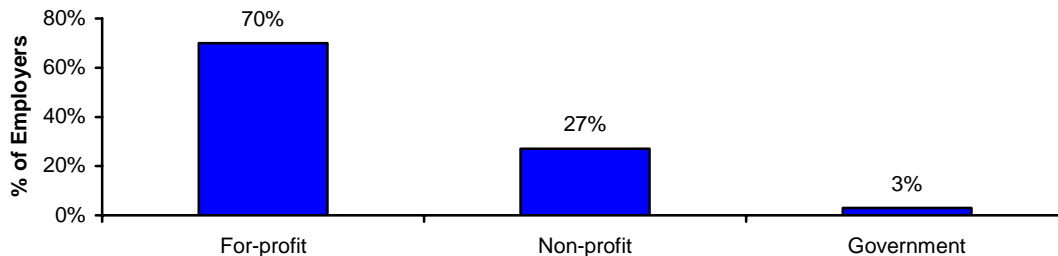
Figure 2. Characteristics of RItE Share Employers, Compared to State Average, 2005

	RItE Share	State Average
Percent with more than 100 employees	47%	4%
Average number of employees	370	26
Low-wage employers	28%	38%
Average full-time eligibility rate	94%	89%
Average full-time acceptance rate (among those eligible)	73%	69%
Average part-time eligibility rate	22%	14%
Average part-time acceptance rate (among those eligible)	40%	39%
Average employer contribution level for individual coverage	69%	72%
Average employer contribution level for family coverage	57%	58%

Source: Rhode Island Employer Survey 2005, RItE Share sample (column 2); weighted Statewide sample (column 3)

While 70% of RIte Share employers are for-profit organizations, over a quarter (27%) are non-profit. Three percent of RIte Share respondents are government employers.

Figure 3. Rhode Island Employers by Organization Type, 2005



Source: Rhode Island Employer Survey 2005, RIte Share sample (n=236)

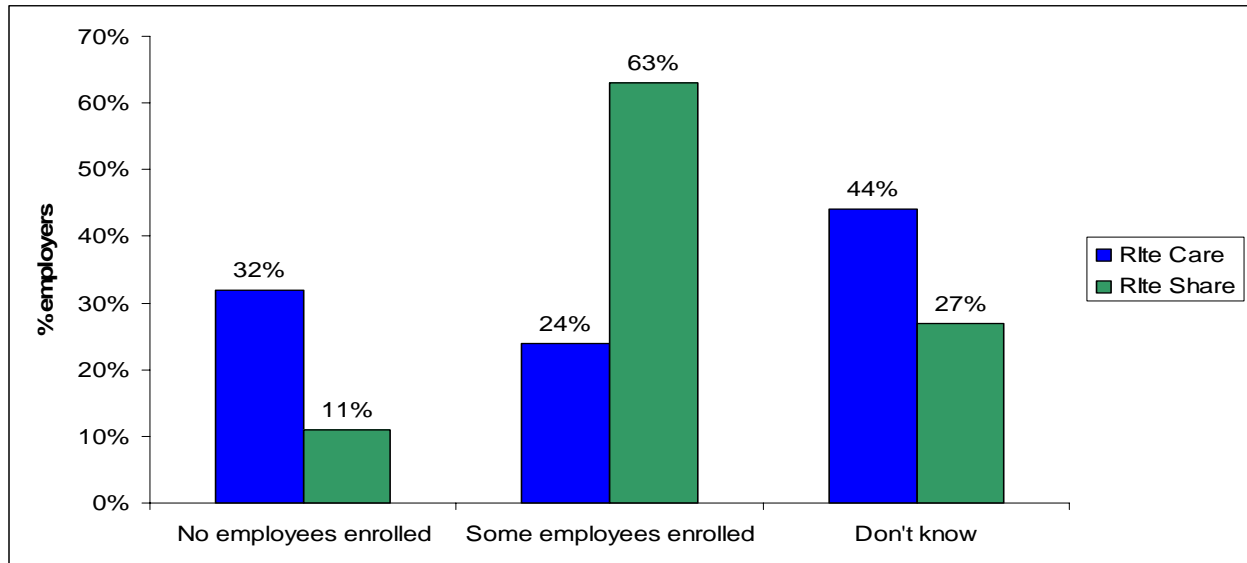
Enrollment in Public Coverage

Some RIte Share employers (24%) also have employees enrolled in RIte Care, the State's Medicaid program. RIte Care offers comprehensive benefits to low-income workers. As shown in Figure 4, most employers either did not have any employees enrolled in RIte Care (31%), or did not know whether any of their employees were enrolled in RIte Care (44%).

The survey was sent to all RIte Share employers with more than three employees, drawn from a database of RIte Share employers maintained by the state of Rhode Island. However, 11% of responding employers reported that they did not have employees enrolled in RIte Share. This may be due to high turnover and change in employment status of the RIte Share enrollees. On average, employers reported having five employees enrolled in the program. With relatively low enrollment levels, it is likely that employers may have no RIte Share employees at a given point in time. Also, with so few employees enrolled, particularly at so many large employers, the costs of covering RIte Share enrollees are typically modest.

The discrepancy may also be due to employers' lack of knowledge of RIte Share. Indeed, 27% of employers reported not knowing of their employees' status. This is also due to the fact that employees enroll in RIte Share directly, without employer involvement. Further, once enrolled, insurers do not distinguish RIte Share members in enrollment/billing reports to the employers.

Figure 4. Enrollment in RItE Care and RItE Share Public Insurance Programs, 2005



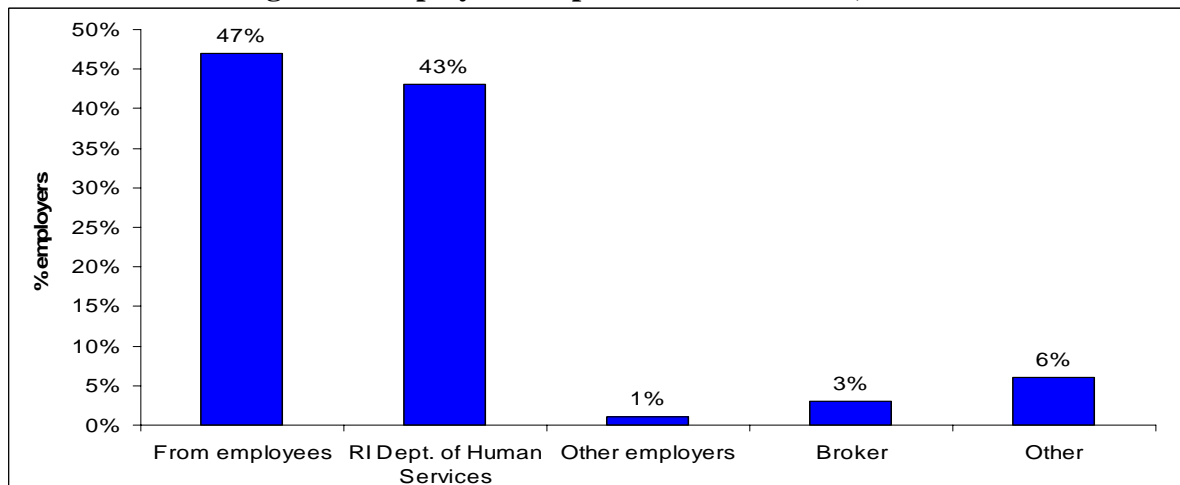
Source: Rhode Island Employer Survey 2005, RItE Share sample (n=236).

Note: Percentages may not sum to 100% due to rounding effects.

Employers' Awareness of RItE Share

The remainder of this report will focus only on the 148 of the 256 employers (63%) who are aware that they have employees enrolled in the RItE Share program. Most of these employers (47%) first heard of RItE Share through the Rhode Island Department of Human Services or through their employees (43%). Only 3% heard of RItE Share first through a broker.

Figure 5. Employers' Exposure to RItE Share, 2005



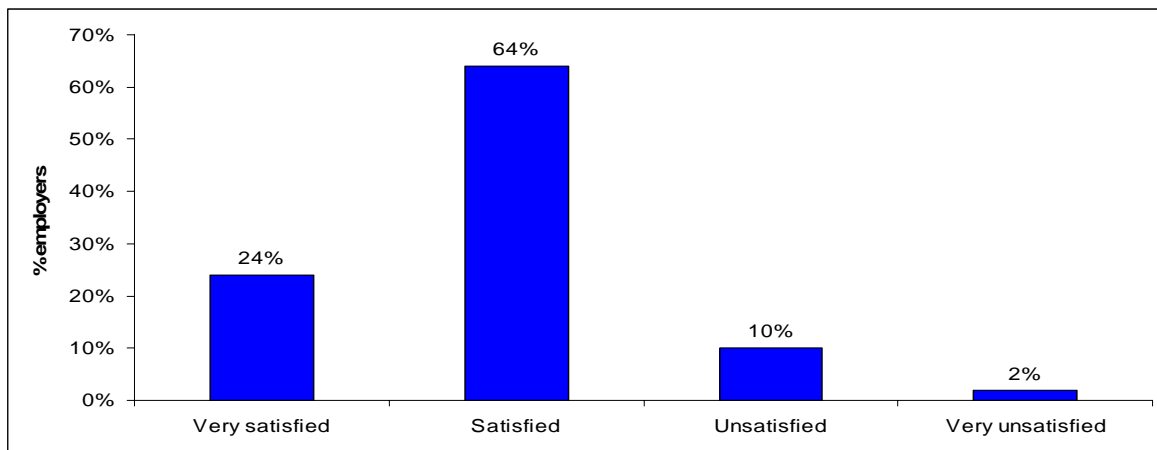
Source: Rhode Island Employer Survey 2005, RItE Share sample (n=148; the currently enrolled subgroup).

Note: Percentages may not sum to 100% due to rounding effects.

Employer Perception of RItE Share

Two-thirds (64%) of employers aware of employees enrolled in RItE Share declared themselves satisfied with the program (Figure 6). Twenty-four percent (24%) were “very satisfied.” Employers had few complaints about RItE Share, with only 2% claiming that they were “very unsatisfied.” One employer reported that “the program is already simple and easy—no complaints.” Another employer wrote “people at RItE Share are always very helpful.”

Figure 6. Overall Satisfaction with RItE Share, 2005

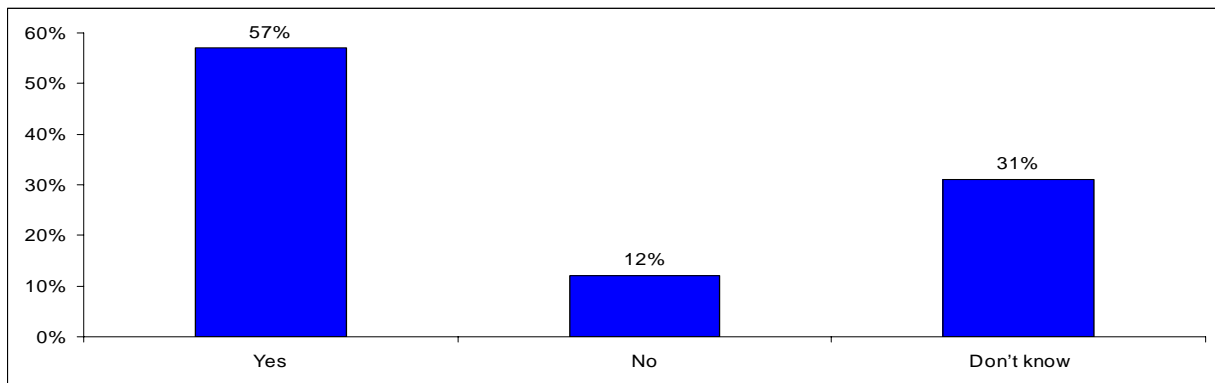


Source: Rhode Island Employer Survey 2005, RItE Share sample (n=148; currently enrolled subgroup).

Note: Percentages may not sum to 100% due to rounding effects.

Over half of employers with RItE Share enrollees (57%) said that they would recommend RItE Share to other employers (Figure 7). Thirty-one percent (31%) reported that they “don’t know.” Only 12% of RItE Share employers would not recommend the program to other companies.

Figure 7. Share of Employers Recommending RItE Share to Other Companies



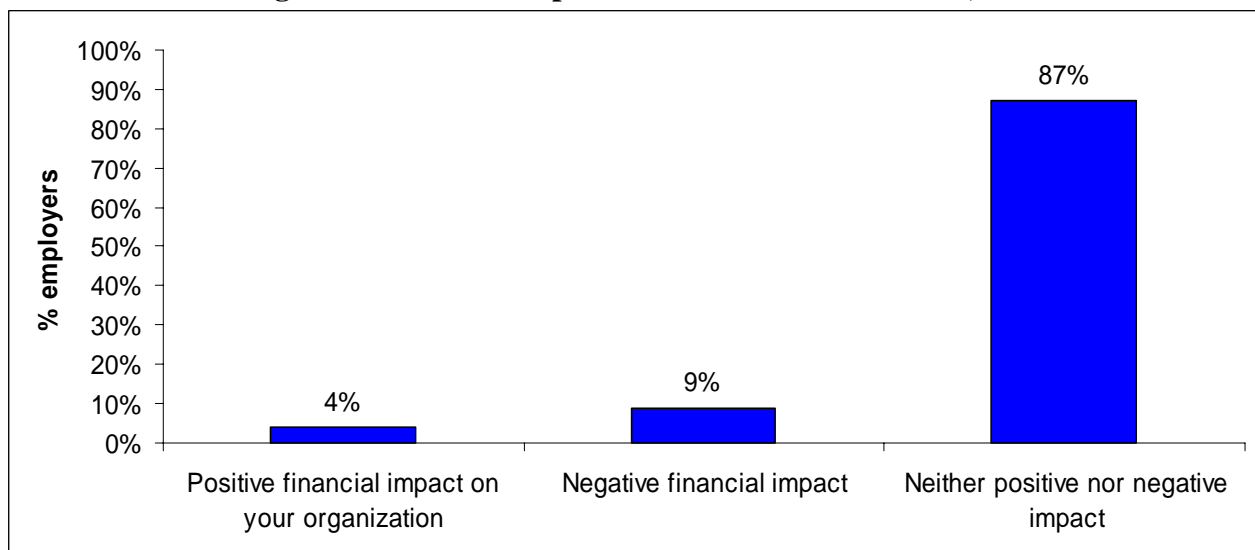
Source: Rhode Island Employer Survey 2005, RItE Share sample (n=148; currently enrolled subgroup).

Note: Percentages may not sum to 100% due to rounding effects.

Financial Impact of RItE Share

RItE Share-aware employers also report the negligible impact of RItE Share on their company's financial status. Eighty-seven percent (87%) of employers reported that RItE Share had not led to either positive or negative financial effects on their business (Figure 8). Only 9% of employers considered RItE Share a negative impact on their businesses' finances. The slight financial impact could be due to the fact that the relatively small number of employees enrolled in RItE Share incur minimal costs for the employer.

Figure 8. Financial Impact of RItE Share on Business, 2005



Source: Rhode Island Employer Survey 2005; RItE Share sample (n=148; currently enrolled subgroup).

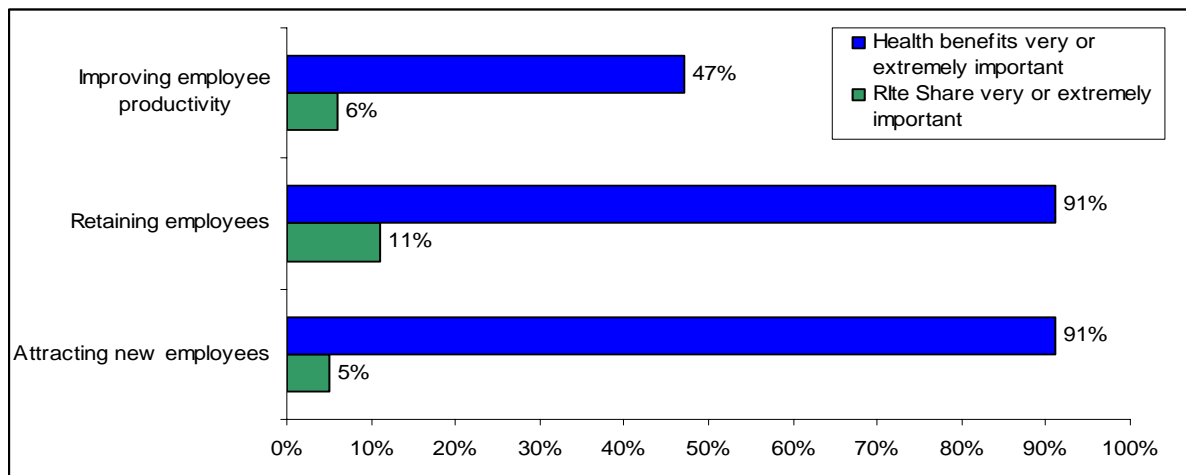
Note: Percentages may not sum to 100% due to rounding effects.

Importance of Health Coverage as Human Resource Policy

Despite rising costs, health benefits remain an important human resource tool for RIte Share aware employers (Figure 9). Ninety-one percent (91%) of employers still view health benefits as extremely or very important for attracting new employees and 91% consider them extremely or very important for employee retention. Almost half of employers (47%) also view health benefits as extremely or very important for improving employee productivity.

Compared to health benefits in general, RIte Share is a less significant factor in employee retention, recruitment, and productivity. Only 6% of employers cited RIte Share as a very or extremely important factor in improving employee productivity. Eleven percent (11%) reported it was very or extremely important to retaining employees, and 4% found it very or extremely important in attracting new employees.

Figure 9. Importance of Health Benefits and RIte Share for Employee Retention, Recruitment, and Productivity, 2005



Source: Rhode Island Employer Survey 2005, RIte Share sample (n=148; currently enrolled subgroup).

Note: Percentages may not sum to 100% due to rounding effects.

Conclusions

Over the last five years, RIte Share has become an established part of the employer health benefits environment in Rhode Island. . Rite Share employers employ an average of 370 total workers and have an average of 5 employees receiving coverage through RIte Share. Of those employers who know that they have employees enrolled in RIte Share, most report being either satisfied or very

satisfied with the program. Despite the costs involved in covering RIte Share enrollees, the financial impact of the program on individual employers is low. Especially for larger employers, the financial impact of paying the employer contributions for a small number of employees remains modest to negligible and the RIte Share program does not interfere with employers' conduct of their businesses.

RIte Share is mandatory for working adults enrolled in RIte Care who are eligible for cost-effective coverage through their employer. As in other states, there may be a number of uninsured in Rhode Island who are Medicaid-eligible and have access to employer-sponsored coverage. There is no clear Rhode Island data on the exact number of people in this category. Some employers recommend expanding outreach to enroll Medicaid uninsured in RIte Share and also recommend expanding income eligibility for Medicaid.

RIte Share employers are extremely concerned about the rising costs of health care and its impact on their businesses. They are also concerned about the effects of rising health care costs on participation in the RIte Share program. These employers recommend that employers be given financial subsidies for health insurance to enroll low wage workers like those in RIte Share. Some non-profit employers argue that they should be given special subsidies to encourage enrollment in RIte Share. The need to subsidize low-wage employers and employees to make health insurance more affordable is consistent with policy proposals recently adopted in the Rhode Island legislature.

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