

## 2008 ELECTION

# Employers favor private-industry reforms

BY LEAH CARLSON SHEPHERD

Employers don't hold much faith that the next president will produce significant health care reform, according to a new survey from *EBN* and CBIZ Benefits & Insurance.

However, they are putting their faith in some private-sector initiatives to reduce health care costs and make coverage more affordable, including onsite wellness programs, disease management and cutting medical malpractice settlements.

Despite candidates' best efforts to convince them otherwise, the majority (67%) of respondents believe the country will not see significant health care reforms nor reduce its number of uninsured as a result of this year's election, regardless of who wins. About 26% said that could happen if a Democrat

wins, while just 6% said that could happen if a Republican wins.

Rob O'Byrne, president of CBIZ Benefits & Insurance, comments, "They've been down this road before where politicians, particularly on the federal level, have said, 'Health care is the No. 1 priority, and we're going to fix the system.' They're just cynical that something actually will come out at the other end, and I think they're, by and large, skeptical that what does come out, if anything, will be really meaningful and impact the cost."



Rob O'Byrne

[SEE CBIZ ON PAGE 54]

CBIZ Benefits & Insurance is a Cleveland-based provider of HR consulting, accounting and benefits administration.

**Mixed opinions on the employer-based system**

Companies still think the employer-based system is the way to deliver benefits, despite cynicism over governmental efforts to assist them. However, a surprisingly large portion of respondents expect huge shifts in benefits delivery that will leave employers out of the equation. Almost 25% of respondents believe the current employer-based system will not remain the primary mechanism of benefits delivery for the next 10 years, while 69% said it will remain the primary delivery system and 6% had no opinion. (See page 31 for coverage of employers who are looking to get out of health care benefits delivery.)

O’Byrne says that finding “signifies a general, knee-jerk dissatisfaction with the fact that costs are rising. People are frustrated that costs are continuing to rise.”

Employers may be showing signs of confusion, or mixed messages, about the political candidates’ agendas and positions. About 43% said a Republican president elected this year would create a more favorable environment for employer-sponsored benefits, while 28% said a Democratic president would do so and 28% said there would be no difference.

Accordingly, most employers aren’t holding up their plans or waiting for election results. About 86% of respondents said their company is not delaying action on benefit changes. Just 1.5% said their company is delaying action, pending the election results.

Large majorities of respondents agreed that there’s a role for incentives to encourage healthy behaviors and that individuals should be forced to pay more for coverage based on unhealthy habits, such as smoking and eating too much.

About 54% considered expanding preventive care and disease management extremely viable strategies for reducing health care costs, compared to 49% for reducing medical malpractice settlements, 32% for electronic medical records, 21%

**Chart 1: Viable strategies to reduce health care costs**

On a scale of 1 to 5, please rate each of the following in terms of its viability as a strategy for reducing health care costs, with 1 being extremely viable and 5 being not at all viable.

	1	2	3	4	5
Limiting coverage or benefits	15.3%	1.6%	27.0%	22.6%	18.4%
Limiting prices that can be charged for medical services and/or drugs	27.0%	23.1%	23.1%	15.1%	11.7%
Expanding preventive care/disease management now to avoid more costly treatment in the future	54%	29.1%	10.4%	3.4%	3.1%
Mandating coverage so younger, healthier people are contributing to the system	21.8%	23.6%	25.2%	13.0%	16.4%
Allowing Americans to buy drugs from Canada	24.7%	21.8%	22.9%	14.3%	16.4%
Reducing costly malpractice settlements that ultimately increase costs	48.6%	24.9%	12.5%	6.5%	7.5%
Automating medical records on a nationwide basis to increase efficiency and reduce errors	31.9%	28.1%	26.5%	8.3%	5.2%
Allowing the federal government to negotiate drug prices to create competition among drug companies	21.0%	21.8%	20.0%	16.9%	20.3%

Source: CBIZ/Employee Benefit News survey on 2008 election.

for allowing the federal government to negotiate drug prices and 15% for coverage limits. (See Chart 1.)

They also ranked the effectiveness of potential health care reforms. About 25% said a private-industry solution (with tax incentives for people to buy individual coverage when they’re not covered by an employer) is extremely likely to be effective. Only 12% said the same for a private-

industry solution that requires individuals to purchase coverage, and 11% said the same for universal coverage paid for by the government. (See Chart 2.)

Looking at the Democratic front-runners, respondents favored Hillary Clinton’s policies toward employee benefits (23.3%) over those of Barack Obama (12%). Comparing the Republican front-runners, respondents favored the policies of for-

mer candidates Rudy Giuliani (24.3%) and Mitt Romney (16.2%) over presumed nominee John McCain (9.6%). Mike Huckabee wasn’t included in the poll because he wasn’t a front-runner at the time.

The survey included 456 HR professionals and corporate executives. About 49% identified themselves as Republicans, 27% identified themselves as Democrats, and 24% were independents. —L.S.

**Chart 2: Effective strategies for health care reform**

From one to five, please rate the following in terms of its likely effectiveness for health care reform, with 1 being extremely likely to be effective and 5 being not at all likely to be effective.

	1	2	3	4	5
Keep the current system of primarily employer-provided coverage and some individually purchased and government-provided (Medicare/Medicaid) coverage	15.8%	30.1%	28.0%	16.9%	9.2%
Universal coverage provided by the federal government and funded through taxes	11.3%	14.5%	15.3%	13.5%	45.4%
A private-industry solution, much like the current system, but with tax incentives for individuals not covered through an employer to buy individual coverage	24.5%	34.8%	22.7%	10.8%	7.1%
Encourage each state to provide its own unique solutions	8.7%	18.2%	19.5%	24.3%	29.3%
A private-industry solution, but with coverage mandated and purchased at the individual level (not through the workplace)	11.9%	17.7%	26.1%	20.1%	24.3%

Source: CBIZ/Employee Benefit News survey on 2008 election.