



TO: Small Business and Entrepreneurship Council
FR: Morning Consult
DT: June 30, 2021
RE: Small business health care benefits



Morning Consult ran a poll, on behalf of the Small Business and Entrepreneurship Council, focusing on small business owners' approach to health care benefits.

SMALL BUSINESSES TAKE AN EMPLOYEE-FIRST APPROACH TO HEALTH CARE BENEFITS

When asked to identify the biggest benefits of offering health insurance benefits to employees, many focused on employee well-being and experience.

Percentage of small business owners who say each option is the biggest benefit to offering health insurance			
% 'Selected'	Small business owners	Offers health insurance	Does not offer health insurance
Maintain employee health and productivity	58%	61%	55%
Retain employees/reduce turnover	52%	53%	51%
Attract employees / competitive advantage in job market	51%	54%	47%
Improve employee morale	41%	44%	38%
Strengthen company reputation	17%	22%	12%
Tax advantages	15%	13%	16%
Save money on salaries	10%	13%	8%

In addition, small businesses that do offer health insurance benefits report greater employee satisfaction with health coverage options. These small business leaders are also confident that they are helping to reduce employee health care costs. Among small businesses that do offer health insurance:

- 89% believe their full-time employees are very/somewhat satisfied with their health insurance options (+50 points higher than perceived satisfaction among businesses that do not offer health insurance options).
- 87% believe that their employer-provided health insurance has a positive impact on reducing employee health care costs.

RISING HEALTH INSURANCE COSTS AND LIMITED OPTIONS HURT SMALL BUSINESSES AND EMPLOYEES

Costs are among the largest barriers to health insurance participation. In fact, when asked to select up to three of the biggest drawbacks of offering health insurance benefits, small business leaders pointed to the following:

Percentage of small business owners who say each option is the biggest drawback to offering health insurance			
% Selected	Small business owners	Offers health insurance	Does not offer health insurance
High cost of health insurance	55%	53%	58%
Increase in health insurance costs	39%	43%	35%
Finding group plans with design for mid to small businesses	30%	33%	27%
Low buying power for small businesses	27%	25%	28%
Keeping up with government regulations	18%	19%	17%
Administrative burdens	18%	16%	20%
Being able to support individual employee needs with a group plan	14%	19%	11%
Lack of choice/options for benefits	14%	13%	14%
Increased legal costs	10%	10%	10%
Regulatory fines	8%	6%	9%

While 42% of small business owners agree “providing health coverage remains critical to attracting and maintaining employees,” only 1 in 5 (17%) of small business leaders strongly agree that “the employer health care solutions available to me have kept up with the changing times” (30% of those offering insurance strongly agree, versus 7% of those not offering insurance today).

While health care solutions may not have kept up with the changing times for some small businesses, small businesses that provide health insurance still see it as a win-win for employees and their companies.

- 66% agree that their business can meaningfully manage costs of employee health insurance benefits for employees by negotiating lower rates, adopting better strategies, or changing plans or benefits (47% small business leaders not providing insurance agree).

SMALL BUSINESSES CALL FOR BUSINESS-FORWARD GOVERNMENT SUPPORT SUCH AS FINANCIAL INCENTIVES AND GREATER TRANSPARENCY AROUND COVERAGE AND COSTS, NOT GOVERNMENT INTERVENTION.

Small business owners agree the private sector (50%) over the government (37%) is best equipped to manage health care costs and benefits for their employees. Of the policies tested, small business owners support policy options that are business-forward, rather than government intervention.

Percentage of small business owners who say they favor each of the following policy options			
	Total favor	Total oppose	Don't know/no opinion
Require health insurance companies to be more transparent about what is covered, and what patients will pay out of pocket	87%	6%	8%
Require hospitals to be more transparent about their costs so patients can plan and aren't bankrupt by surprise hospital bills	87%	5%	7%
Implement tax credit or financial incentives to help businesses cover the cost of health insurance benefits for their low-income employees	79%	11%	11%
Implement tax credit or financial incentives to help businesses cover the cost of health insurance benefits for their employees	78%	13%	9%
Implement tax credits or financial incentives to help individuals or the self-employed cover the cost of health coverage	77%	12%	11%

Among all of the tested potential policies for lawmakers to address health care costs, small business owners are less favorable towards allowing the federal government to determine the price of prescription drugs (46%) and allowing the federal government to determine the price and which prescription drugs are covered in Medicare (46%).

Furthermore, 72% of small business leaders agree that employers and employees, not government, should decide which health plan to offer workers (only 17% disagree).

Methodology: This poll was conducted between June 7-17, 2021 among a sample of 543 Small Business Owners. The interviews were conducted online. Results from the full survey have a margin of error of plus or minus 4 percentage points.

Small business owners are defined as full-time employees occupying a Director level position or above at businesses with 500 employees or less.