

# Toplines

## How Corporate Executives View Rising Health Care Costs and the Role of Government

PBGH and KFF worked with Beresford Research to survey key decision makers at large U.S. employers that provide health benefits to their employees. Respondents were asked about their views around the cost of health benefits and potential expansion of government roles in providing benefit alternatives and in addressing health care costs. The survey was designed by researchers at KFF, PBGH, and Beresford Research. Telephone surveys were completed by Beresford Research with a convenience sample of representatives from 302 employers with at least 5,000 employees, widely distributed by region and industry. Respondents were chief executive officers, chief financial officers, chief operational officers, chief human resource officers, or people directly reporting to those positions. A detailed breakout of respondents is shown below. Follow-up conversations were completed with 10 of the respondents to get additional information and perspective on their views. The telephone surveys were completed in December 2020 and January 2021. KFF and PBGH researchers analyzed the responses and prepared this report.

**Q1. Are you the final decision-maker or key influencer for the policies or spending on employee health benefits in the US? Select one.**

<u>Label</u>	<u>N</u>	<u>Result</u>
Yes, I am a key influencer for the policies or spending on employee health benefits	124	41
Yes, I am the final decision-maker for the policies or spending on employee health benefits	178	59

**Q2. Please indicate which industry sector you work in.**

<u>Label</u>	<u>N</u>	<u>Result</u>
Agriculture, Forestry & Fishing	31	10
Construction	32	11
Financial Services	33	11
Manufacturing	40	13
Mining	27	9
Retail trade	37	12
Services	36	12
Telecoms	28	9
Transportation & distribution	38	13

**Q3. What is your title?**

<u>Label</u>	<u>N</u>	<u>Result</u>
CEO	41	14
CFO	46	15

<u>Label</u>	<u>N</u>	<u>Result</u>
COO	48	16
CHRO	46	15
Direct report to CFO	42	14
Direct report to COO	40	13
Direct report to CHRO	39	13

**Q4. How many employees are in your US facilities (excluding any free-lance non-employees)?**

<u>Label</u>	<u>N</u>	<u>Result</u>
5,000 - 7,499	79	26
7,500 - 9,999	38	13
10,000 - 19,999	89	29
20,000 or more	96	32

**Q5. In what region of the US is your company headquartered (or if your company is based outside the US, the location of the US headquarters)?**

<u>Label</u>	<u>N</u>	<u>Result</u>
Northeast (CT, MA, ME, NH, NJ, NY, PA, RI, VT)	58	19
Southeast (AL, DC, DE, FL, GA, KY, MD, MS, NC, PR, SC, TN, VA, WV)	62	21
Midwest (AR, IA, IL, IN, KS, LA, MI, MN, MO, ND, NE, OH, OK, SD, TX, WI)	95	31
West (AZ, CO, ID, MT, NM, NV, WY, UT)	27	9
Pacific (AL, CA, HI, OR, WA)	60	20

**Q6. To set the stage, what percentage of your company's US employees participate in medical health care benefits among those who are eligible for coverage? (mean score) US headquarters)?**

<u>Label</u>	<u>N</u>	<u>Result</u>
100%	1	0
98%	1	0
97%	1	0
95%	35	12
94%	10	3
93%	1	0
92%	20	7
90%	100	33
88%	27	9
87%	5	2
86%	7	2
85%	67	22
84%	1	0

<u>Label</u>	<u>N</u>	<u>Result</u>
82%	1	0
80%	17	6
70%	2	1
58%	1	0
54%	1	0
41%	1	0
34%	1	0
32%	1	0
30%	1	0

**Q7. To what extent do you agree that employer costs for health care benefits are excessive?**

<u>Label</u>	<u>N</u>	<u>Result</u>
Don't agree at all	12	4
Slightly agree	42	14
Moderately agree	147	49
Considerably agree	84	28
Strongly agree	17	6

**Q8. How large a factor is each of the following possible reasons for health care costs being as high as they are? Please rate each reason.**

***Prescription Drug Prices***

<u>Label</u>	<u>N</u>	<u>Result</u>
Not a factor	1	0
Slight factor	21	7
Moderate factor	110	36
Considerable factor	133	44
Very large factor	37	12

***Hospital and health care provider consolidation/increased market power to raise prices***

<u>Label</u>	<u>N</u>	<u>Result</u>
Not a factor	1	0
Slight factor	17	6
Moderate factor	117	39
Considerable factor	128	42
Very large factor	39	13

***Unhealthy behaviors among large segments of the populace***

<u>Label</u>	<u>N</u>	<u>Result</u>
Not a factor	2	1
Slight factor	27	9
Moderate factor	118	39
Considerable factor	118	39
Very large factor	37	12

***Hospitals and clinicians paid for volume of services, not patient outcomes***

<u>Label</u>	<u>N</u>	<u>Result</u>
Not a factor	1	0
Slight factor	22	7
Moderate factor	118	39
Considerable factor	122	40
Very large factor	39	13

**Q9. To what extent do you believe (a) employers collectively can meaningfully change the costs of US employee health care, and to what extent do you believe that (b) your company can meaningfully change the costs for your employees' health benefits?**

***(a) Employers collectively can meaningfully change costs***

<u>Label</u>	<u>N</u>	<u>Result</u>
Not at all	9	3
Slight extent	37	12
Moderate extent	170	56
Considerable extent	75	25
Large extent	11	4

***(b) My company can meaningfully change costs of employee health care benefits***

<u>Label</u>	<u>N</u>	<u>Result</u>
Not at all	25	8
Slight extent	44	15
Moderate extent	127	42
Considerable extent	101	33
Large extent	5	2

**Q11. What has been COVID-19's impact, if any, on your company's health benefits costs?**

<u>Label</u>	<u>N</u>	<u>Result</u>
Moderate decrease (7% - 9%)	2	1

<u>Label</u>	<u>N</u>	<u>Result</u>
Slight decrease (under 7%)	3	1
No impact	6	2
Slight increase (under 7%)	111	37
Moderate increase (7% - 9%)	152	50
Large increase (10% or more)	28	9

**Q12. Please indicate your level of concern about the long-term effect of COVID-19 on your company's health care costs for each of the following factors:**

***Long-term health effects on COVID survivors***

<u>Label</u>	<u>N</u>	<u>Result</u>
Slight concern	13	4
Moderate concern	94	31
Considerable concern	133	44
Great concern	62	21

***Increases in depression and substance abuse***

<u>Label</u>	<u>N</u>	<u>Result</u>
No concern at all	3	1
Slight concern	19	6
Moderate concern	107	35
Considerable concern	134	44
Great concern	39	13

***Missed immunizations***

<u>Label</u>	<u>N</u>	<u>Result</u>
No concern at all	5	2
Slight concern	30	10
Moderate concern	114	38
Considerable concern	120	40
Great concern	33	11

***Missed preventative screenings (e.g., cancer)***

<u>Label</u>	<u>N</u>	<u>Result</u>
Slight concern	29	10
Moderate concern	99	33
Considerable concern	119	39

<u>Label</u>	<u>N</u>	<u>Result</u>
Great concern	55	18

***Deferred care for patients with chronic conditions***

<u>Label</u>	<u>N</u>	<u>Result</u>
No concern at all	1	0
Slight concern	20	7
Moderate concern	105	35
Considerable concern	128	42
Great concern	48	16

**Q13. How would you characterize your level of agreement or disagreement with public policy changes to expand or modify the following two coverage options for (a) your employees and (b) the general public?**

***For Your Employees: Lowering eligibility for Medicare to age 60***

<u>Label</u>	<u>N</u>	<u>Result</u>
Strongly Disagree	1	0
Somewhat Disagree	2	1
Slightly Disagree	28	9
No Opinion	90	30
Slightly Agree	103	34
Somewhat Agree	58	19
Strongly Agree	20	7

***For Your Employees: Providing the option for employees to join a new or existing public program***

<u>Label</u>	<u>N</u>	<u>Result</u>
Somewhat Disagree	3	1
Slightly Disagree	20	7
No Opinion	83	27
Slightly Agree	127	42
Somewhat Agree	48	16
Strongly Agree	21	7

***For General Public: Lowering eligibility for Medicare to age 60***

<u>Label</u>	<u>N</u>	<u>Result</u>
Somewhat Disagree	2	1
Slightly Disagree	20	7

<u>Label</u>	<u>N</u>	<u>Result</u>
No Opinion	67	22
Slightly Agree	124	41
Somewhat Agree	57	19
Strongly Agree	32	11

***For General Public: Providing the option for employees to join a new or existing public program***

<u>Label</u>	<u>N</u>	<u>Result</u>
Somewhat Disagree	1	0
Slightly Disagree	36	12
No Opinion	55	18
Slightly Agree	115	38
Somewhat Agree	71	24
Strongly Agree	24	8

**Q14. How likely, if at all, is your company to implement each of the following actions to control future health care expenses?**

***Pushing for value-based provider payment models***

<u>Label</u>	<u>N</u>	<u>Result</u>
Not at all	1	0
Slightly likely	45	15
Moderately likely	94	31
Considerably likely	133	44
Highly likely	29	10

***Using high-performing (“narrow”) provider networks***

<u>Label</u>	<u>N</u>	<u>Result</u>
Not at all	6	2
Slightly likely	44	15
Moderately likely	113	37
Considerably likely	113	37
Highly likely	26	9

***Using value-based benefit designs***

<u>Label</u>	<u>N</u>	<u>Result</u>
Not at all	2	1
Slightly likely	59	20

<u>Label</u>	<u>N</u>	<u>Result</u>
Moderately likely	98	32
Considerably likely	101	33
Highly likely	42	14

***Direct contracting with high-performing provider systems***

<u>Label</u>	<u>N</u>	<u>Result</u>
Not at all	3	1
Slightly likely	47	16
Moderately likely	110	36
Considerably likely	112	37
Highly likely	30	10

***Use of ICHRA to offer alternative coverage to employees***

<u>Label</u>	<u>N</u>	<u>Result</u>
NA	1	0
Slightly likely	39	13
Moderately likely	119	39
Considerably likely	114	38
Highly likely	29	10

***Moving to higher employee deductibles***

<u>Label</u>	<u>N</u>	<u>Result</u>
NA	1	0
Not at all	4	1
Slightly likely	53	18
Moderately likely	112	37
Considerably likely	104	34
Highly likely	28	9

***Shifting larger percentage of health care costs to employees***

<u>Label</u>	<u>N</u>	<u>Result</u>
NA	2	1
Slightly likely	51	17
Moderately likely	104	34
Considerably likely	117	39
Highly likely	28	9



**Q15. Which of these policies do you think are likely to have the most impact in reducing costs? Which of these policies should be pursued by policymakers? Select one in the first column and all that apply in the second column.**

**Which of these policies do you think are likely to have the most impact in reducing costs?**

<u>Label</u>	<u>N</u>	<u>Result</u>
Improving transparency of prices and total cost of care	161	53
Strengthening anti-trust enforcement and prohibiting anti-competitive conduct	94	31
Reduce barriers for development and use of generic drugs and biosimilar products	47	16

**Which of these policies should be pursued by policymakers?**

***Improving transparency of prices and total cost of care***

<u>Label</u>	<u>N</u>	<u>Result</u>
Yes	273	90
No	29	10

***Strengthening anti-trust enforcement and prohibiting anti-competitive conduct by providers, drug manufacturers, and health plans***

<u>Label</u>	<u>N</u>	<u>Result</u>
Yes	277	92
No	25	8

***Reduce barriers for development and use of generic drugs and biosimilar products, and expedite approval of certain generic applications***

<u>Label</u>	<u>N</u>	<u>Result</u>
Yes	169	56
No	133	44

**Q16. Please indicate the extent to which you believe that a stronger role for government is needed in containing costs in the following situations. Some economists have labeled these as “market failure situations.”**

***Establishing limits on prices charged by out-of-network providers (e.g., in surprise billing situations)***

<u>Label</u>	<u>N</u>	<u>Result</u>
Slightly disagree	9	3
No opinion	67	22
Slightly agree	114	38

<u>Label</u>	<u>N</u>	<u>Result</u>
Somewhat agree	70	23
Strongly agree	42	14

***Allowing the federal government to negotiate prices for certain high-cost drugs that have no competitors, or setting limits on drug price increases***

<u>Label</u>	<u>N</u>	<u>Result</u>
Strongly disagree	1	0
Somewhat disagree	1	0
Slightly disagree	8	3
No opinion	74	25
Slightly agree	107	35
Somewhat agree	73	24
Strongly agree	38	13

***Capping prices for hospitals in certain markets with limited or no competition***

<u>Label</u>	<u>N</u>	<u>Result</u>
Slightly disagree	11	4
No opinion	58	19
Slightly agree	99	33
Somewhat agree	93	31
Strongly agree	41	14

**Q17. In the next 5-10 years, is there a point at which you believe (a) the cost of providing health benefits to your employees would be unsustainable and that (b) there would therefore need to be a greater role for government in providing coverage and containing costs?**

***(a) the cost of providing health benefits to your employees would be unsustainable***

<u>Label</u>	<u>N</u>	<u>Result</u>
Yes	262	87
No	40	13

***(b) there would therefore need to be a greater role for government in providing coverage and containing costs***

<u>Label</u>	<u>N</u>	<u>Result</u>
Yes	256	85
No	46	15

Q18. What are the pros and cons from your perspective of a greater role for government in providing coverage and containing costs? Select all that apply.

**PROs:**

***Relieves employers of the responsibility and the costs of managing health benefits***

<u>Label</u>	<u>N</u>	<u>Result</u>
Yes	184	61
No	118	39

***May enable the government to hold down costs***

<u>Label</u>	<u>N</u>	<u>Result</u>
Yes	184	61
No	118	39

***May be able to increase consumer choices by offering public plans (e.g., public option or Medicare buy-in) to compete with private plans***

<u>Label</u>	<u>N</u>	<u>Result</u>
Yes	142	47
No	160	53

***Might reduce administrative costs***

<u>Label</u>	<u>N</u>	<u>Result</u>
Yes	87	29
No	215	71

**CONS:**

***Government doesn't have a great track record of running big programs like this effectively***

<u>Label</u>	<u>N</u>	<u>Result</u>
Yes	131	43
No	171	57

***Since the health care industry contributes so much money to political campaigns, lawmakers are never going to take steps to reduce costs***

<u>Label</u>	<u>N</u>	<u>Result</u>
Yes	125	41
No	177	59

***We might not have the ability to tailor our health benefits to our employees needs***

<u>Label</u>	<u>N</u>	<u>Result</u>
Yes	92	30
No	210	70

**Q20. Do you think a greater role for government in providing coverage and containing costs would be better for (a) your business and (b) your employees?**

***(a) your business***

<u>Label</u>	<u>N</u>	<u>Result</u>
Yes	250	83
No	52	17

***(b) your employess***

<u>Label</u>	<u>N</u>	<u>Result</u>
Yes	261	86
No	41	14