

# Appendix D | Summary of the FGI Research Focus Group Report

## Overview

**A**s a part of the NC Department of Health and Human Services (NC DHHS) one-year State Planning Grant from the Health Resources and Services Administration (HRSA), the Sheps Center for Health Services Research at the University of North Carolina at Chapel Hill contracted with FGI Research to conduct focus groups to examine: (1) uninsured individuals' healthcare and insurance decisions; (2) employers thoughts regarding offering health insurance to their employees; and (3) perspectives from insurance agents and brokers regarding the uninsured and potential health insurance policies to serve them. The purpose of these groups was to learn: how decisions are made by individuals with regard to seeking health insurance and by employers with regard to offering health insurance, and what policy options are favored for expanding coverage by each group.

Discussion topics included factors considered in making decisions to take-up or offer health insurance, consequences of being uninsured/not offering insurance, and the willingness of both individuals and employers to pay for insurance. Other discussion included possible trade-offs in lifestyle or benefits to make insurance more affordable. Focus group participants were also presented with a number of hypothetical insurance plans and asked to offer their policy preferences.

These focus groups were conducted in a manner designed to provide a wide array of experience and opinion. However, the sample is not scientifically representative of the larger population, and the data must be approached with this in mind. Focus groups of uninsured individuals were held in Beaufort, Cabarrus, Jackson, Robeson, and Wake counties. Focus groups for employers and representatives responsible for managing their company's healthcare benefits were divided by firm size. Four groups were held with small employers (1-49 employees), two groups with medium employers (25-99), and two groups with large employers (100+). The focus groups for small employers were held in Catawba, Halifax, Pitt, and Moore counties. Medium employer groups were located in Buncombe and New Hanover counties. The large employer groups were held in Guilford and Mecklenburg counties. Participants in these groups represented diverse professions, including agriculture, hospitality, government, and construction. Focus groups for agents and brokers were held in Mecklenburg and Wake counties.

## **Factors in Deciding to Take-up/Offer Health Insurance**

The focus groups highlighted the following as factors in deciding whether to take-up/offer health insurance: cost, retention and attraction, and coverage trends. Cost was the principal reason uninsured participants noted for not having health coverage, although the majority expressed concern about not having health insurance. About half of the employed, uninsured participants had insurance available through their employer, but felt they couldn't afford the portion they would be required to pay to participate in the plan. Employers also mentioned cost as the primary barrier to providing coverage to their employees. Participants representing businesses reported that skyrocketing yearly premium increases created difficulties for both the business and the employee.

For the businesses offering health insurance to their employees, they noted doing so to attract and retain good workers. Employers cited competition and the cost of training as important factors in their decisions. Additionally, they saw health benefits as a cost effective method of offering employees greater compensation. Other factors perceived by insurance agents, brokers, and employers as contributors to the lack of affordable health insurance included: fewer insurance companies in the state, leading to a lack of competition and rising costs; increases in required participation rates for small employers; and paying more for less coverage than five years ago.

## **Consequences of Being Uninsured or Not Offering Insurance**

Numerous uninsured respondents reported health problems for which they were currently receiving less than adequate treatment. Many uninsured participants also noted they were not getting check-ups or other routine preventive care. Some people said this was due to the cost, others reported trouble finding doctors who would treat them without insurance coverage. Some employers noted losing good employees as a negative consequence of not offering employer-sponsored health insurance coverage.

Insurance agents, employers, and uninsured individuals all spoke of the importance of the hospital emergency departments in meeting the healthcare needs of the uninsured. While many participants recognized that the use of the emergency department for primary healthcare is a driver in rising healthcare costs, uninsured participants often viewed it as a viable healthcare choice. Other avenues that were mentioned included urgent care centers, county clinics, and doctors with sliding-scale fee systems.

## **Trade-Offs for Affordable Coverage**

Many focus group participants recognized that trade-offs would be necessary for more people to access health insurance. Younger participants without current health problems were more likely to have an interest in a limited benefit policy than older respondents or those with current health problems. The cost of prescription medications was a recurring concern for participants. The low-wage, uninsured workers didn't see how

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they could pay much more than \$50 a month for health insurance. However, most were reluctant to trade amenities like cable television or cell phones to offset the price of coverage.

Generally, the employers described changing plans, restricting benefits, and/or raising deductibles in order to manage premium increases. Many participants said that their companies no longer paid any portion of the family coverage. Some respondents said that they actively discouraged employees from taking up family coverage because of the costs. Employers are shifting benefits packages around, letting go of profit-sharing plans, or postponing raises to offset the increased cost of insurance. Both employers and human resources professionals spoke of having to get creative to continue offering health insurance to their employees.

### Solutions

All groups noted a need to increase government involvement in healthcare, particularly in the areas of the uninsured and rising healthcare costs. Potential government interventions mentioned in the groups included: tax credits for businesses or individuals, government-run insurance pools, subsidies toward premium expenses, and government-sponsored systems of care. Increased regulation of healthcare costs, including doctors, hospitals, pharmaceuticals, attorneys, and insurance companies, was also mentioned in all groups. In particular, respondents cited prescription drug advertising and litigation as factors in rising prices.

Education of healthcare consumers was also noted as an important need. Several uninsured participants spoke of lacking a basic understanding of health insurance and required explanations of the terms “deductible,” “co-pay,” and “co-insurance.” Employers mentioned needing to spend a lot of time with employees reviewing their health insurance benefits and educating them on healthcare issues.

### Product Preferences

At the end of each focus group, participants were asked to prioritize their preferences for five different hypothetical health insurance plans. These plans and their costs mirrored products that might be available through an insurance broker in North Carolina. The five plans discussed were a Preferred Provider Organization (PPO), a Health Savings Account (HSA), two Limited Benefit plans (LBP and LBP with high-deductible hospital option), and a Hospital-Only plan. Uninsured individuals gave lower ratings to all the plans than did other participants, as they perceived these products to be out of their price range. Employers and brokers gave the PPO the highest ratings. Many respondents thought the PPO plan was under-priced. Agents and brokers expressed a high level of interest in all the plans and suggested that variety was currently lacking in the marketplace. Small businesses also found the variety more attractive than did larger businesses. A number of participants representing small employers expressed a desire for a tiered product that would allow employees limited benefits with an opportunity to “buy up.”

## **Conclusions**

Cost is the main driver with regard to health insurance take-up by individuals and offers of insurance by employers. All parties consulted in these focus groups—agents, employers, and uninsured individuals—expressed concern about rising healthcare costs and the lack of affordable health insurance. Although employer-sponsored health insurance has been the backbone of the industry in the United States for most of the last century, employers are finding it difficult to maintain benefit levels. Thus, employees are paying more for less coverage than they did just five years ago. Small businesses are feeling the pinch more than their larger counterparts. They report having few choices when it comes to insurance offers.

The complete FGI Research Focus Group Report can be accessed online at:  
<http://www.nciom.org/projects/uninsured/uninsured.html>.