

**A Survey of Oregon Small Business Owners
About Health Insurance and the Availability of Insurance to Small
Businesses through a Health Insurance Exchange**

– conducted on behalf of –

Kaiser Permanente and the Small Business Majority

Availability of insurance through Health Insurance Exchange likely to spur more Oregon small businesses to provide health benefits to employees

Just one in four small business owners in Oregon (26%) say they currently provide health insurance benefits to all their employees and another 8% provide it to some employees.

However, when Oregon small business owners are informed that a state-run Health Insurance Exchange will enable small businesses to shop for health insurance among competing companies either online or through a broker in 2014, the proportion who say they'd be likely to offer health coverage to their employees grows to 42%. Three in ten (30%) of all small business owners in Oregon say they would go to the Exchange to shop for their company's health insurance in 2014. Another 12% say they'd get their insurance through other sources.

Anticipated usage of the Exchange varies according to the partisan leanings of the business owner. Nearly twice as many Oregon small business owners who are Democrats (49%) as Republicans (28%) or Independents (27%) expect to shop for employee health insurance on the Exchange when it becomes available in 2014.

Majority of Oregon small business owners say offering health plans that give greater prevention and wellness services would be an attractive Exchange feature

Small business owners were read a number of features that the Exchange could potentially offer to small businesses and were asked how attractive each would be to them.

The feature with the greatest potential appeal to Oregon small business owners would be for the Exchange to offer health plans with greater prevention and wellness services. A 54% majority of small business owners say this would be attractive to them, 24% of whom feel it would be "very attractive."

Small business owners who expect to offer employee health benefits in 2014 are even more likely to feel this way, with 63% reporting that offering plans with greater prevention and wellness services would be an attractive feature.

Giving small businesses a means to offer their employees the ability to choose their own insurance company would also be attractive

Another Exchange feature that would have appeal to Oregon small business owners is one that would enable small business owners to set a level for the amount they would pay toward each of their employees' health insurance and then allow each employee to go to the Exchange to choose their own insurance company. Under this approach, the Exchange

would also handle the enrollment process and provide owners with a single consolidate bill. When asked about this possibility, 46% of Oregon small business owners say this would be attractive to them. This increases to 63% among those owners expect to offer health benefits to their employees in 2014.

Smaller proportions view other possible Exchange features as attractive

A somewhat smaller proportion of Oregon small business owners – less than three in ten (29%) – maintain that it would be attractive to them if the Exchange also offered COBRA administration services. This increases to 40% among owners who expect to be offering health benefits to employees in 2014.

About one in four Oregon small business owners (24%) say that having the Exchange provide other benefit management services, such as 401k and Section 125 medical savings accounts, would be attractive to them.

Only one in seven (14%) say offering payroll processing services that included issuing paychecks and depositing payroll taxes would be a potentially attractive Exchange feature.

More Oregon small business owners believe the Exchange should offer a smaller number of similar plans that are easy to compare than would prefer it to offer a wider variety of plans that are more difficult to compare

By a five to four margin (50% to 40%) Oregon small business owners prefer having the Exchange offer a limited number of about five to ten health plans whose features were basically the same so that each company's plans could be easily compared rather than offering a wider variety of plans if this made them harder to compare to one another.

Very few Oregon small business owners eligible for the health reform law's small business tax credit are currently taking advantage of it

The survey finds that about three quarters of the small business owners in Oregon are eligible for the health reform law's tax credit based on their number of employees and the average annual wages these employees are paid. These small business owners were asked if they were aware of a provision in the federal health reform law that provides such companies a tax credit, and if so, whether their company was currently taking advantage of the tax credit.

The results show that less than half (45%) of eligible owners was aware that a tax credit is available to them under the health reform law. Thus, the single biggest obstacle to small business owners' usage of the federal tax credit is their lack of awareness of the law.

Even among Oregon small business owners aware of the credit, the take up rate is relatively low. This is mainly due to the fact that about three quarters of those eligible for the credit, (36% of all eligible small business owners) don't currently offer health insurance to all their employees. In addition, only about half of the 9% who do, representing 5% of all Oregon small businesses eligible for the credit, say their company is currently taking advantage of it.

Most Oregon small business owners eligible for the tax credit who are not currently offering employee health benefits would likely shop for insurance on the Exchange if their company qualified for the tax credit

According to the survey slightly more than half of the Oregon small business owners eligible for the health reform law's tax credit are not currently offering health benefits to their employees. Among these owners, a 61% majority says they would be more likely to go to the Exchange to shop for employee health benefits in 2014 if they knew their company qualified for the federal tax credit. This compares to 32% who say this would not affect their decisions, while 7% don't know.

About the Survey

This survey of small business owners in Oregon was conducted for Kaiser Permanente (Kaiser) and the Small Business Majority (SBM) by Field Research Corporation (Field), an independent research organization based in San Francisco. Field was responsible for providing advice and assistance to Kaiser and SBM in the development of the survey questionnaire, sample development, completing all data collection and processing, sample weighting, and the preparation of this Executive Summary of the survey results.

Oregon small business owners with 2 – 50 employees who had some responsibility for their company's employee compensation and benefits were eligible for the survey. The sample was developed from Dun and Bradstreet listings of named small business owners in throughout the state of Oregon. The survey was conducted by telephone by professionally trained interviewers working from Field's central location call center during the period April 16 – May 6, 2012. A total of 200 small business owners participated in the survey. According to statistical theory findings from the overall sample have a maximum sampling error of plus or minus 7 percentage points at the 95% confidence level.