
Highlights and Chartpack



The Kaiser Family Foundation

National Survey of Small Businesses

April 2002

Methodology:

The Kaiser Family Foundation's *National Survey of Small Businesses* reports findings from a random representative sample of 805 small business owners and top executives of United States companies and organizations with 3 to 24 employees. Both for-profit companies and non-profit organizations were included in the sample while government and public institutions were excluded. If the company or organization operated out of more than one location, the total number of employees across all locations was used to determine if the company was eligible for the sample.

Researchers at the Foundation designed and analyzed the survey. Fieldwork was conducted between May 17 and July 9, 2001 by Princeton Survey Research (PSRA). The margin of sampling error is +/- 4 percentage points for the total sample, +/- 4 percentage points for small organizations (3 to 9 employees), and +/- 6 percentage points for large organizations (10 to 24 employees). For results based on subsets of respondents the margin of error is higher. Note that in addition to sampling error there are other possible sources of measurement error.

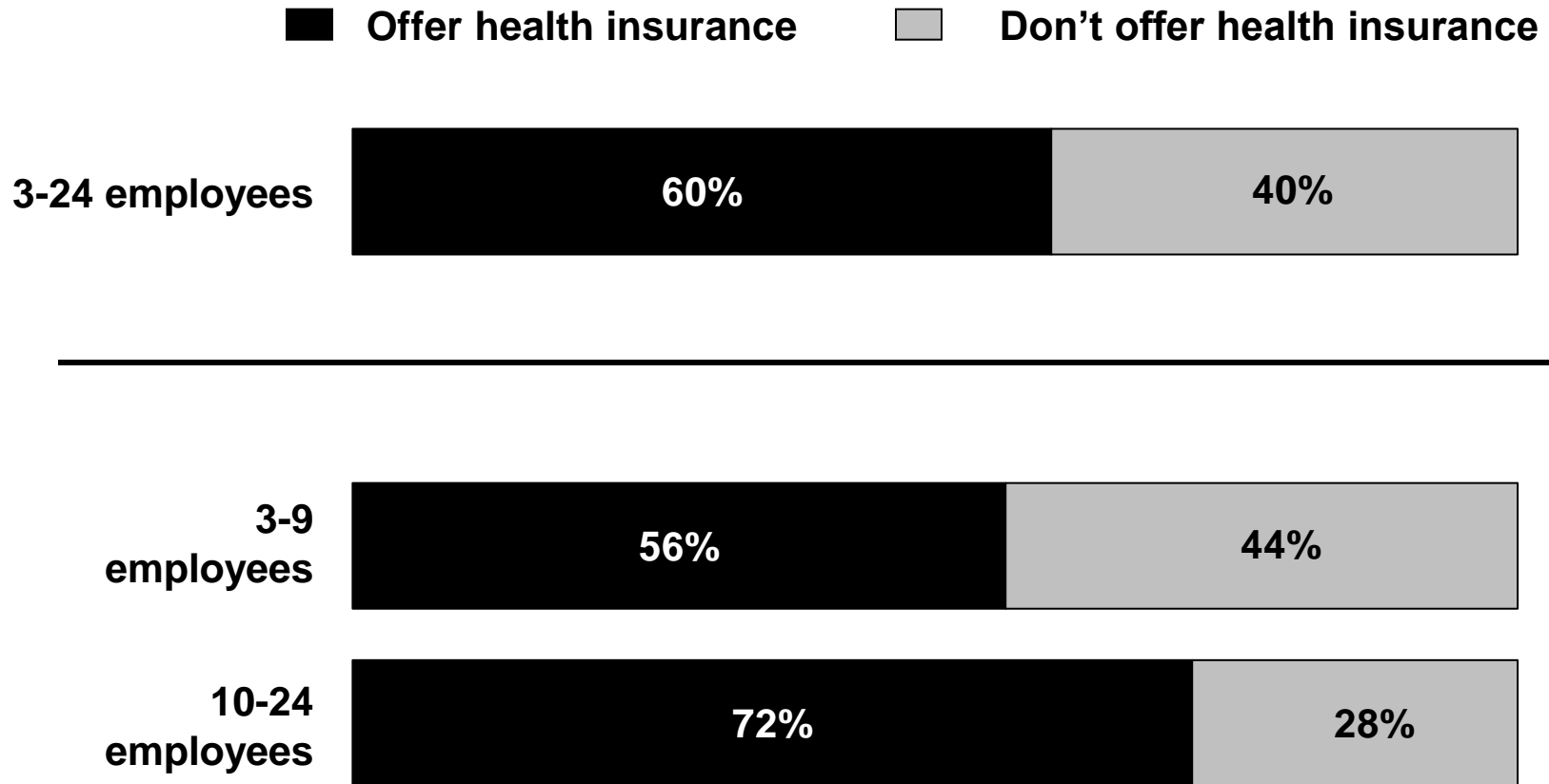
NOTE: Percentages may not add to 100% due to rounding.

The Kaiser Family Foundation is an independent, national health care philanthropy dedicated to providing information and analysis on health issues to policymakers, the media, and the general public. The Foundation is not associated with Kaiser Permanente or Kaiser Industries.

Availability of Health Insurance Coverage in Small Businesses

Chart 1

Percent of Small Businesses Offering Health Benefits, by Number of Employees



Note: Small businesses represent United States companies and organizations with 3 to 24 employees.

Source: The Kaiser Family Foundation *National Survey of Small Businesses*, April 2002 (conducted May-July 2001)

Small Businesses that Offer Health Insurance Coverage

Percent of firms that offer coverage in each category

• Average wage level	
– Higher Wage (\$2,200 or more a month)	75%
– Lower Wage (Less than \$2200 a month)	48%
• Run or owned by:	
– Family run or owned	48%
– Woman run or owned	46%
– Minority run or owned	61%
• Race of most employees:	
– White	61%
– Mixed	60%
– Minority	43%
• Level of education required for most jobs in the company:	
– College graduate or more	73%
– Some college	68%
– High school graduate or less	55%
• Annual gross revenue:	
– 1 million and over	74%
– \$500,000-\$999,999	68%
– Under \$500,000	42%
• Turnover:	
– High turnover	40%
– Low turnover	63%

Note: Small businesses represent United States companies and organizations with 3 to 24 employees.

Note: Low turnover is defined as “employees rarely leave” and “most employees stay a few years”. High turnover is defined as “many employees leave after a few months, but a core of employees stay” and “most employees stay only a few months”.

Source: The Kaiser Family Foundation *National Survey of Small Businesses*, April 2002 (conducted May-July 2001)

Demographic Characteristics That Influence Whether or Not a Small Business Offers Coverage

Even after accounting for the influence of other characteristics, the following characteristics influence whether or not a small business offers health insurance coverage to workers.

Characteristic	Impact on Whether a Business Offers Coverage
Firm Size	Larger businesses with 10-24 workers are more likely to offer coverage.
Wage Level per Employee	Higher wage businesses where workers make more than \$2,200 a month on average are more likely to offer coverage.
Attrition (Employee Turnover)	Firms with low turnover, where most employees stay more than a few months tend to offer coverage more often.
Higher Education Level	If most jobs in a firm require more than a high school education, firm is more likely to offer coverage.

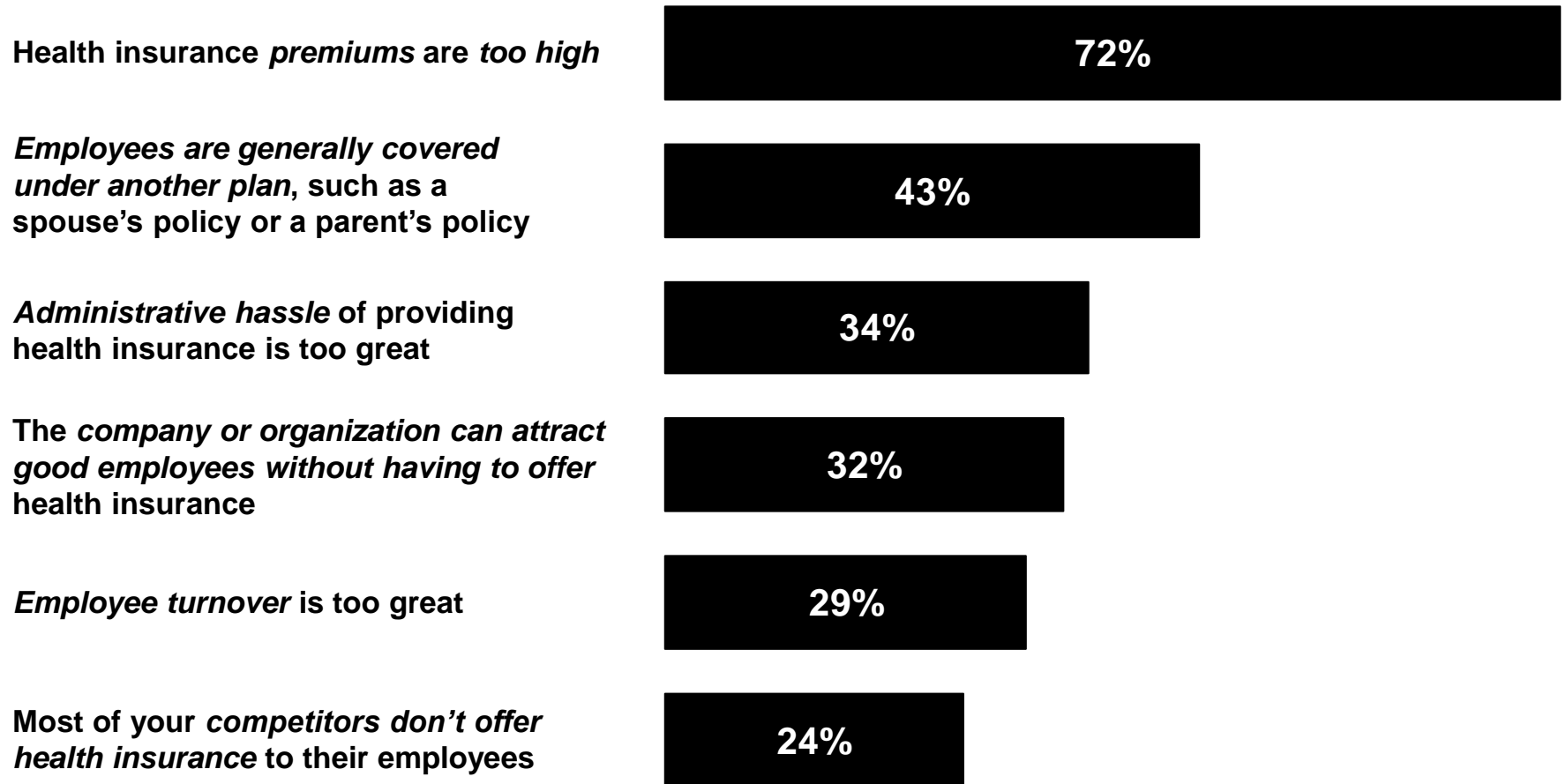
Note: Small businesses represent United States companies and organizations with 3 to 24 employees.

Source: The Kaiser Family Foundation *National Survey of Small Businesses*, April 2002 (conducted May-July 2001)

Reasons that Influence Small Business Owners Decision Not to Offer Health Insurance

(Among Small Businesses Who Do Not Offer Health Insurance)

Percent who say each of the following reasons are “very important” in deciding not to offer health insurance...



Note: Small businesses represent United States companies and organizations with 3 to 24 employees.

Source: The Kaiser Family Foundation *National Survey of Small Businesses*, April 2002 (conducted May-July 2001)

Monthly Cost of Single Health Insurance Premiums

	Estimated cost of Health Insurance (among firms that do not offer coverage)	Observed Cost of Health Insurance faces by small businesses
\$150 or less	28%	20%
\$151-200	10%	28%
\$201-300	15%	36%
More than \$300	19%	16%
Don't know/refused	29%	N/A

*On average Small business owners who do not offer coverage estimate the cost of single premiums is \$264 per month.

Data from the Kaiser/HRET Employer Health Benefits Survey show that in 2001, the average cost of single premiums in firms with 3-24 workers was \$227 per month (\$221 a month for all firms).

Note: Small businesses represent United States companies and organizations with 3 to 24 employees.

Source: The Kaiser Family Foundation *National Survey of Small Businesses, April 2002* (conducted May-July 2001)

Small Business Owners Estimate the Amount that They and their Employees Could Afford to Pay for Health Insurance

(Among Small Businesses Who Do Not Offer Health Insurance)

	Estimated Amount Company Could Afford to pay for Health Insurance	Estimated Amount Employees Could Afford to pay for Health Insurance
\$0	14%	8%
<=\$50	22%	23%
\$51-100	16%	25%
\$101-200	13%	20%
More than \$200	8%	7%
Don't know/refused	27%	17%

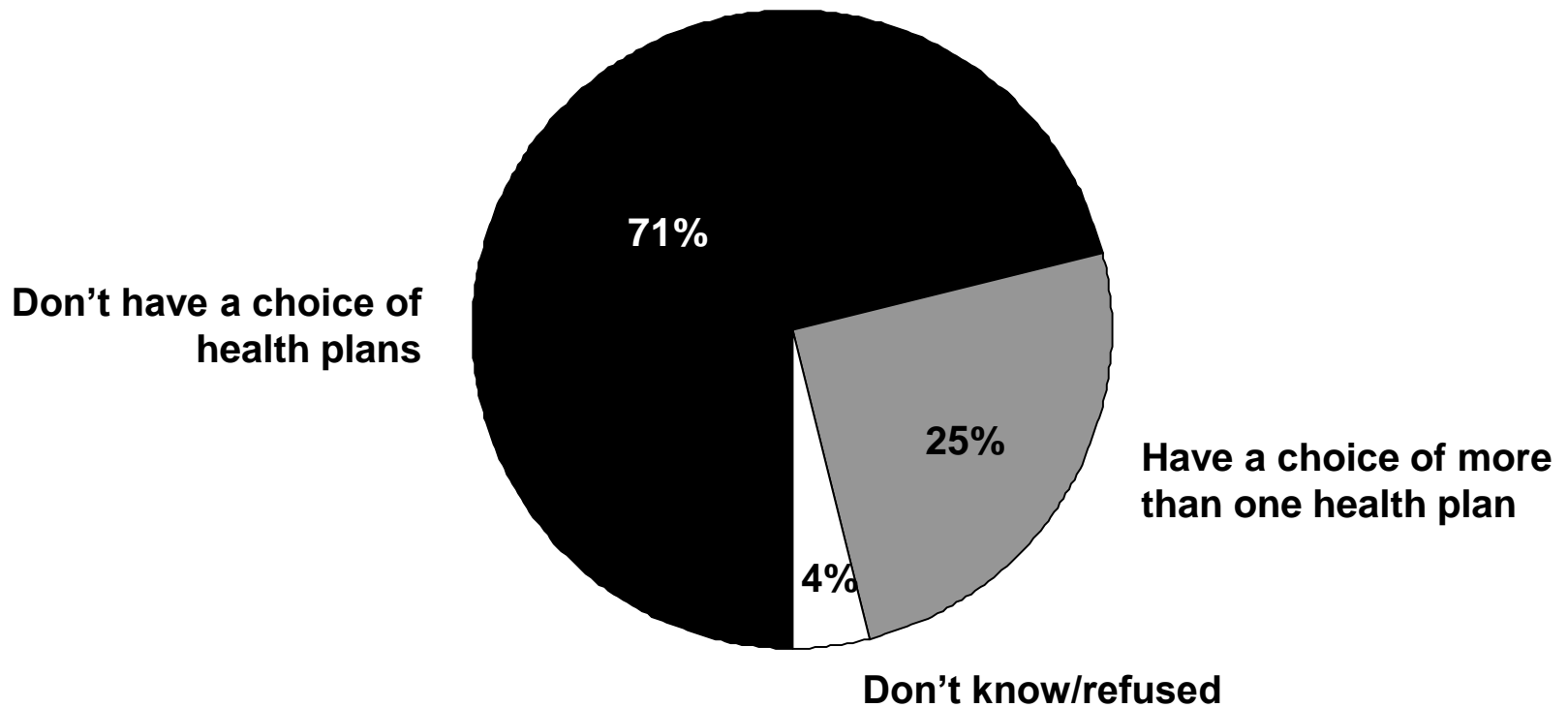
The average amount small businesses who do not offer coverage estimate they could pay for an employee's health insurance is \$110 per month. The average amount they estimate that their employees could pay for health insurance is \$89 per month.

Note: Small businesses represent United States companies and organizations with 3 to 24 employees.

Source: The Kaiser Family Foundation *National Survey of Small Businesses*, April 2002 (conducted May-July 2001)

Choice of Health Plans Offered By Small Businesses

(Among Small Businesses Offering Health Insurance)



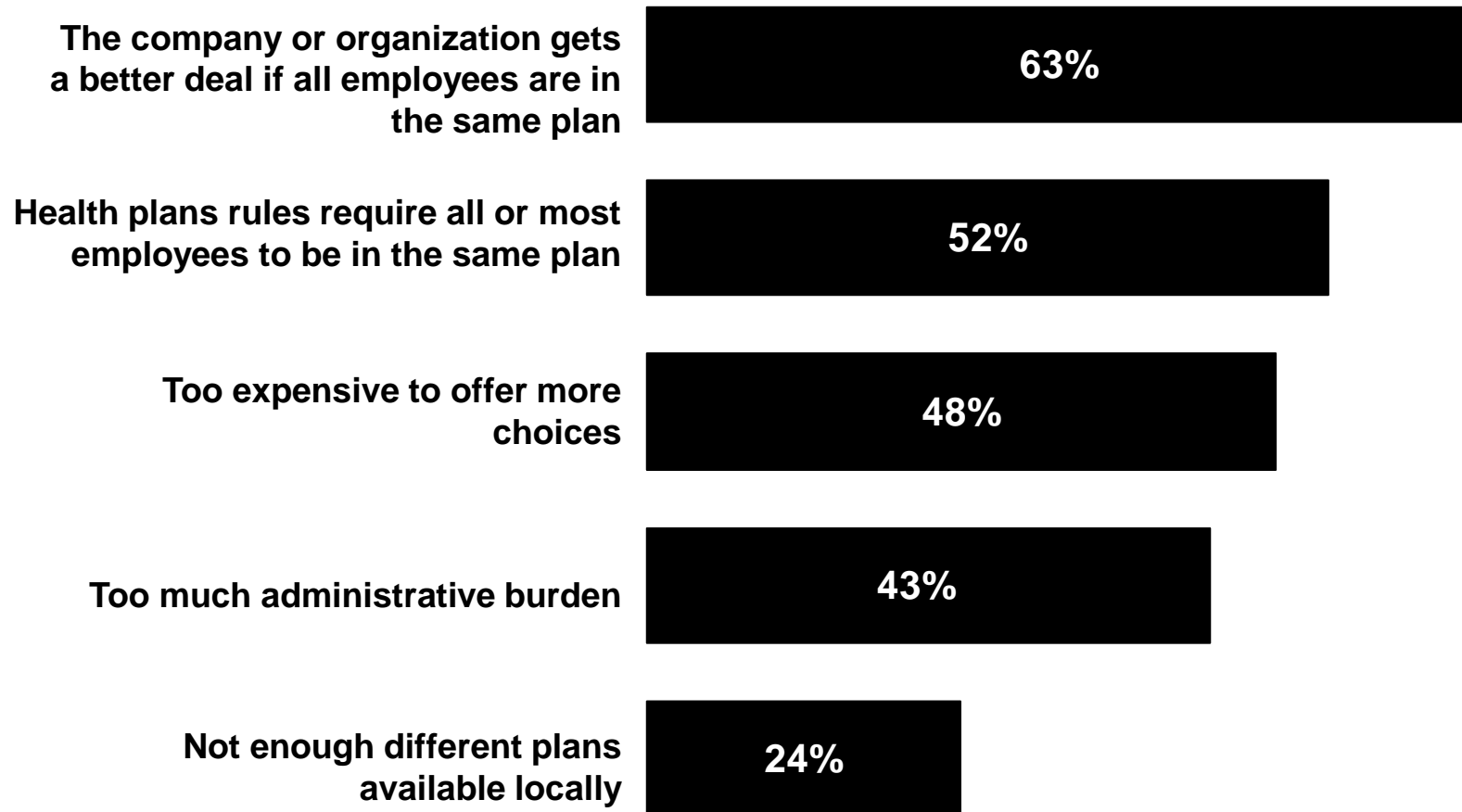
Note: Small businesses represent United States companies and organizations with 3 to 24 employees.

Source: The Kaiser Family Foundation *National Survey of Small Businesses*, April 2002 (conducted May-July 2001)

Reasons Small Businesses Do Not Offer More Choices

(Among Small Businesses Offering Health Insurance and who offer only one choice of plan)

Percent who say each of the following is a “major reason” why they don’t offer more choices...



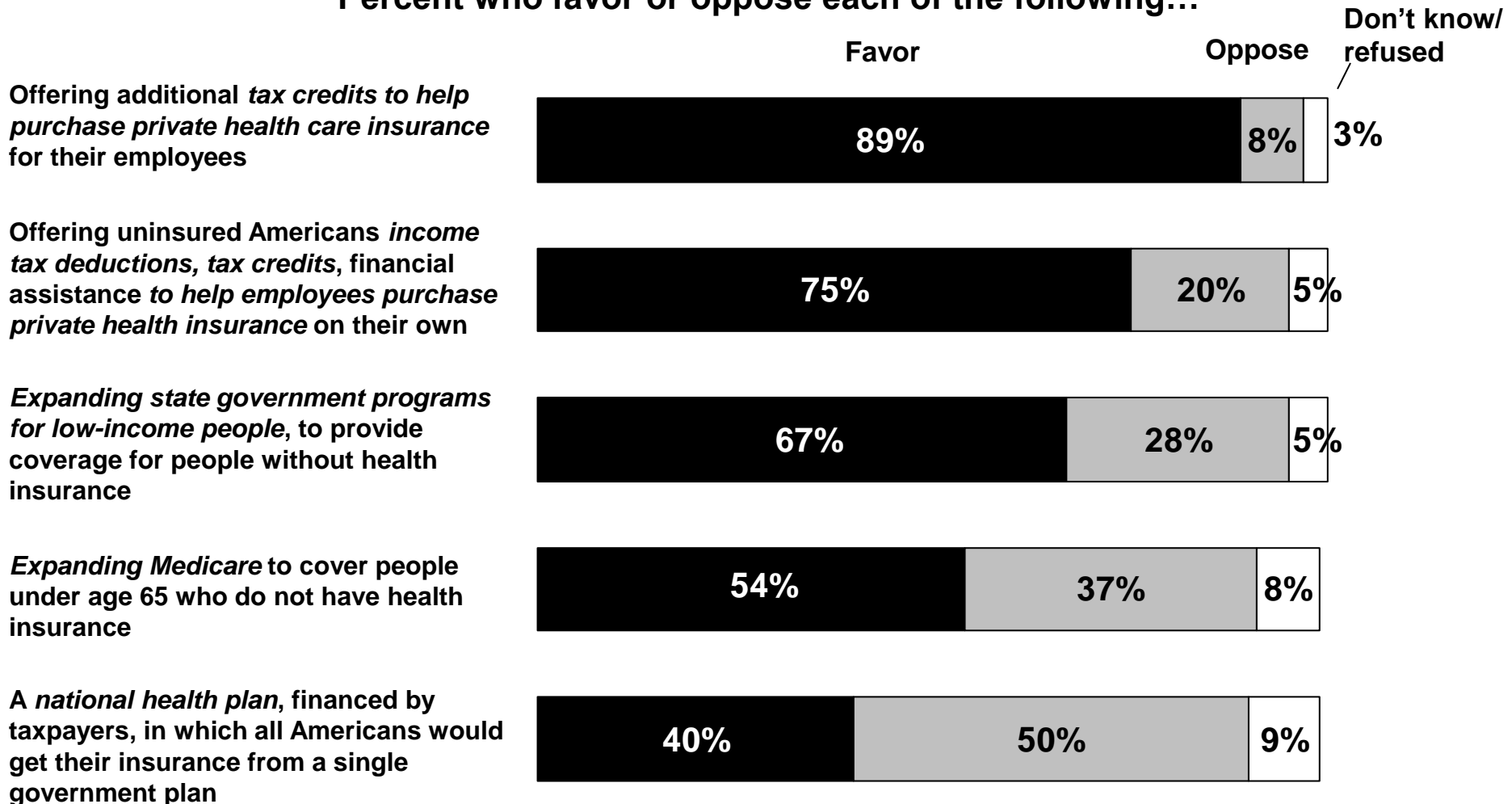
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Source: The Kaiser Family Foundation *National Survey of Small Businesses*, April 2002 (conducted May-July 2001)

Potential Approaches to Expanding Health Insurance Coverage

Views on Different Ways to Guarantee Health Insurance for More Americans

Percent who favor or oppose each of the following...

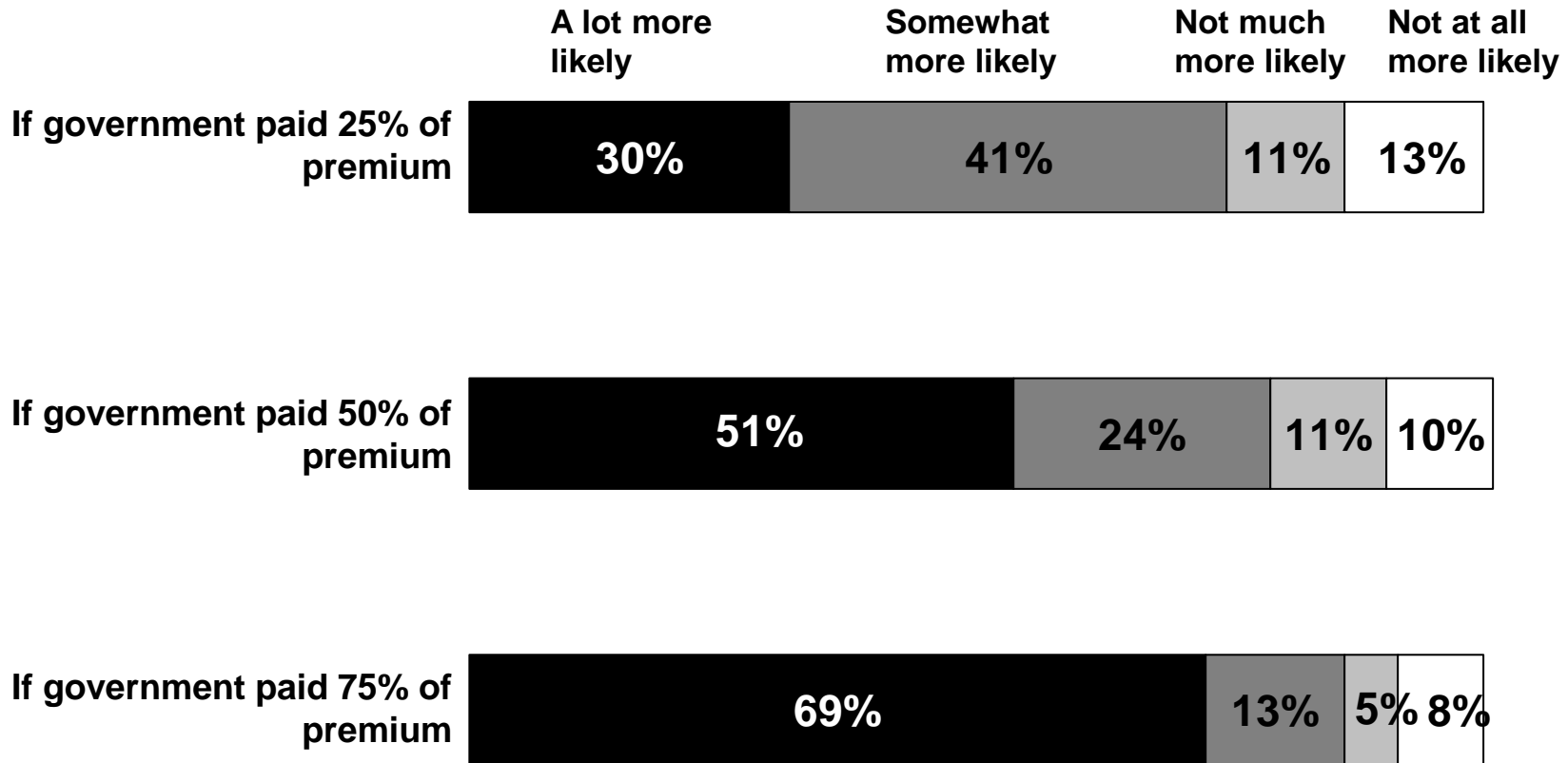


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Source: The Kaiser Family Foundation *National Survey of Small Businesses, April 2002* (conducted May-July 2001)

Likelihood of Offering a Health Plan If the Business Received Cash from the Government to Cover a Percent of Health Insurance Premiums

(Among Small Businesses Who Do Not Offer Health Insurance)

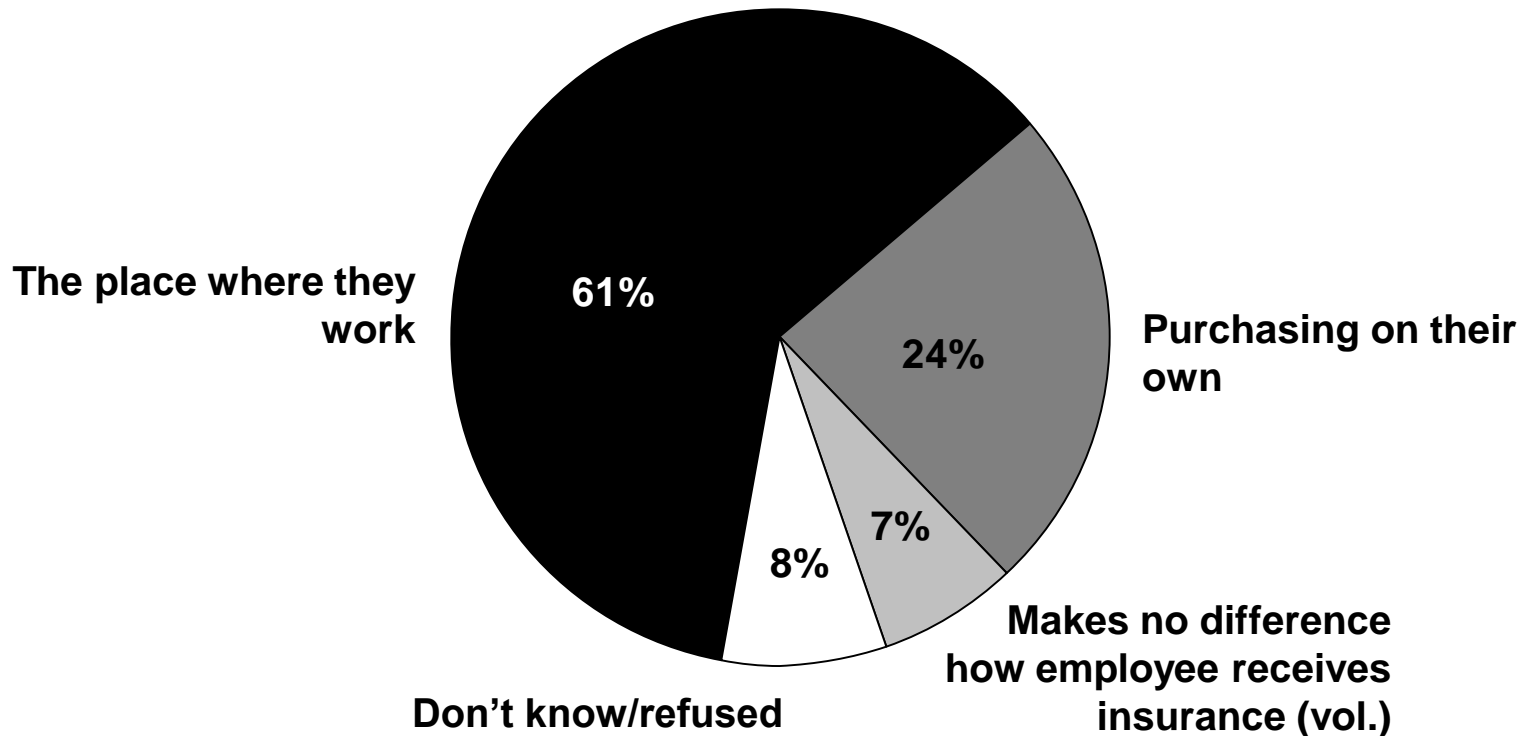


Note: Small businesses represent United States companies and organizations with 3 to 24 employees.

Note: Don't know not shown

Source: The Kaiser Family Foundation *National Survey of Small Businesses*, April 2002 (conducted May-July 2001)

Percent of Small Business Owners Who Believe Most People Would Be Better Off If They Got Their Health Insurance Policy Through...



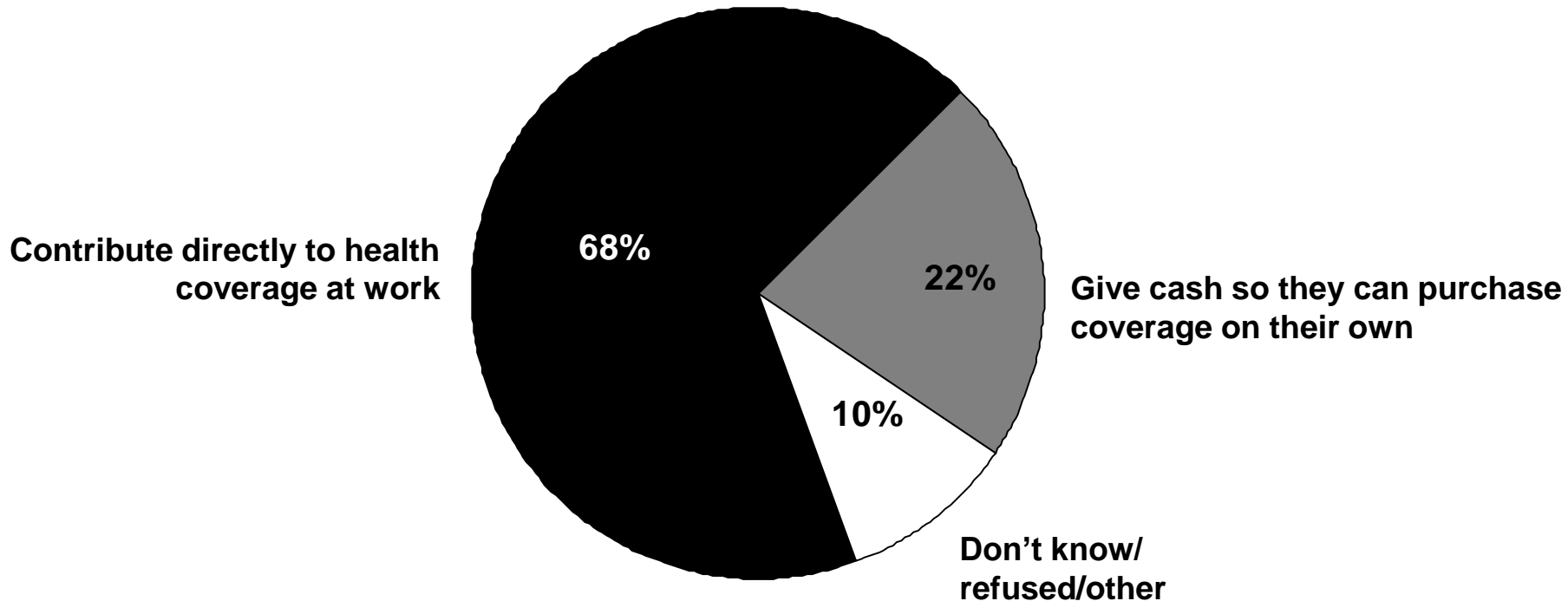
Note: Small businesses represent United States companies and organizations with 3 to 24 employees.

Source: The Kaiser Family Foundation *National Survey of Small Businesses*, April 2002 (conducted May-July 2001)

Small Businesses' Predictions About Employees' Preferences Regarding Contribution Policies

(Among Small Businesses Offering Health Insurance)

Do you think most of your employees would prefer that your company or organization contribute directly to health coverage at work or give cash so they can purchase coverage on their own?



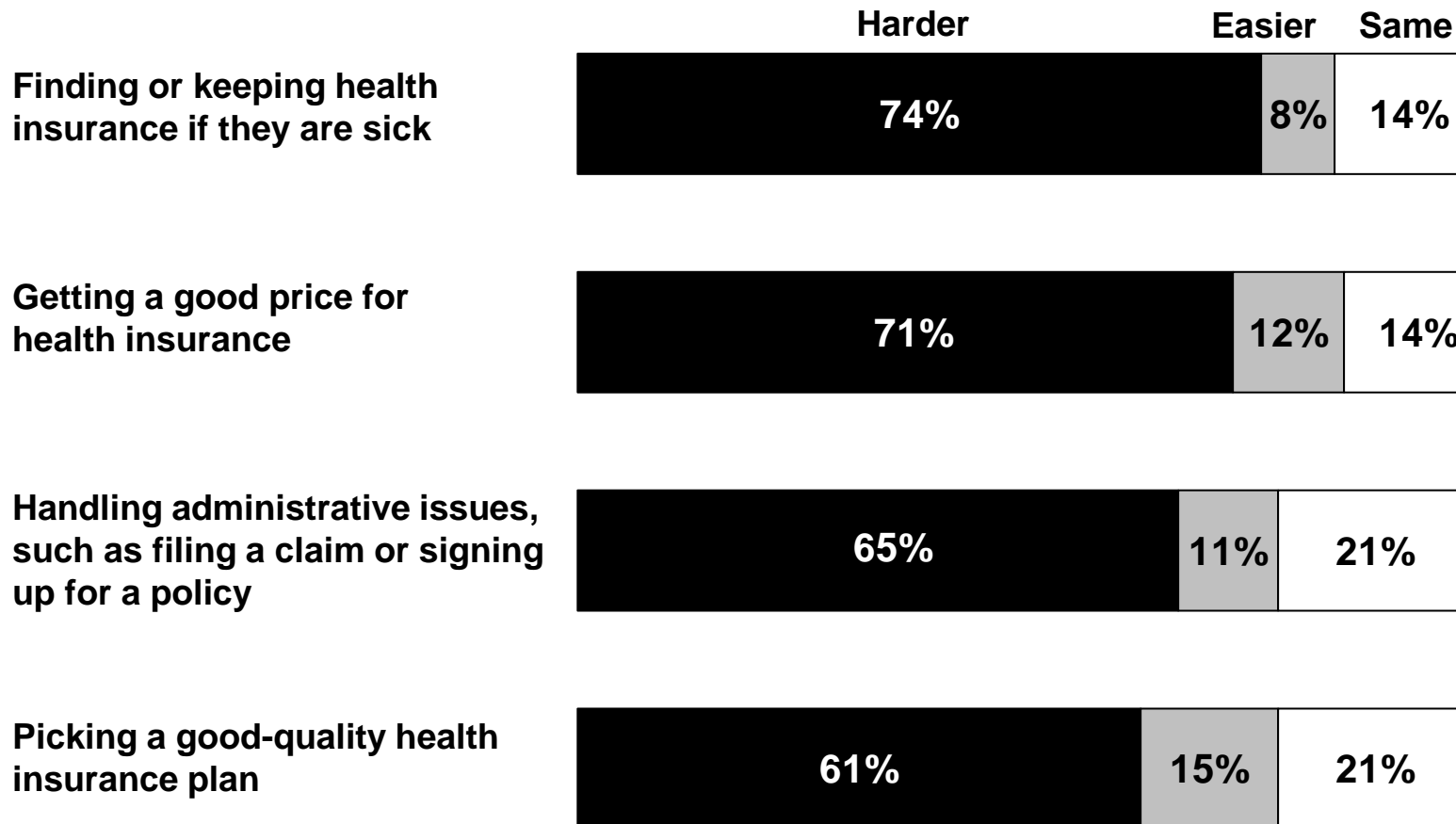
Note: Small businesses represent United States companies and organizations with 3 to 24 employees.

Source: The Kaiser Family Foundation *National Survey of Small Businesses*, April 2002 (conducted May-July 2001)

Small Businesses' Views on Individual Health Insurance

(Among Small Businesses Who Offer Health Insurance)

Percent who say each would be easier or harder for their employees if they gave employees cash to buy health insurance on their own ...



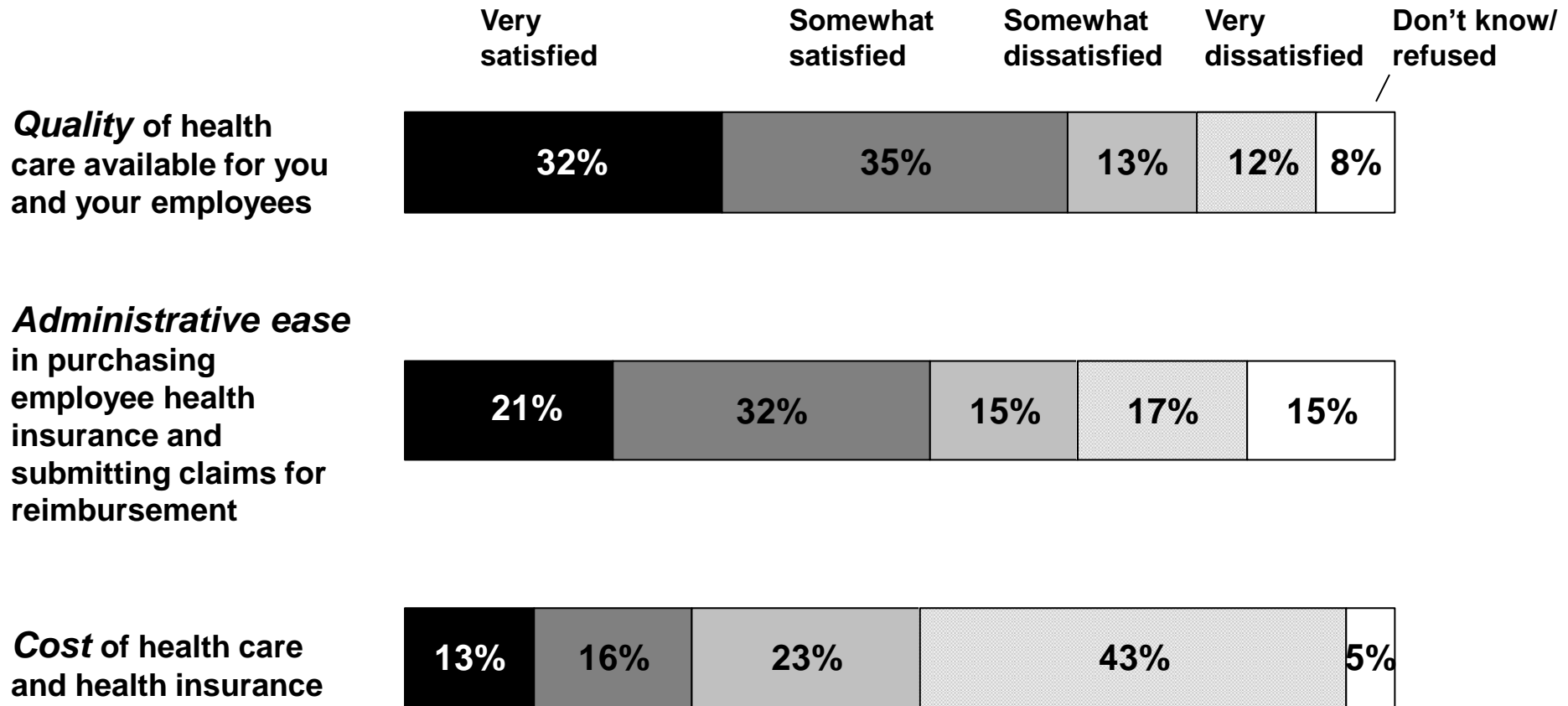
Note: Don't know not shown; Note: Small businesses represent United States companies and organizations with 3 to 24 employees.

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Rising Health Care Costs

Small Business Owners Views on America's Health Care System

Percent who are satisfied or dissatisfied with each of the following...



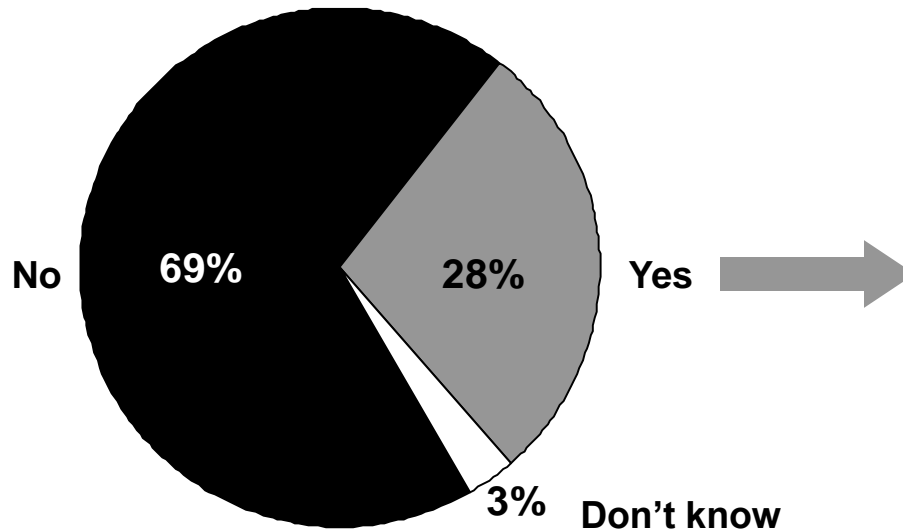
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Most Important Reasons Employers Switched Health Plans

Has your company or organization switched the health plans offered to employees in the past two years?

(Asked of the 28% who switched plans in the past two years) Which one of the following is the most important reason why you switched health plans?



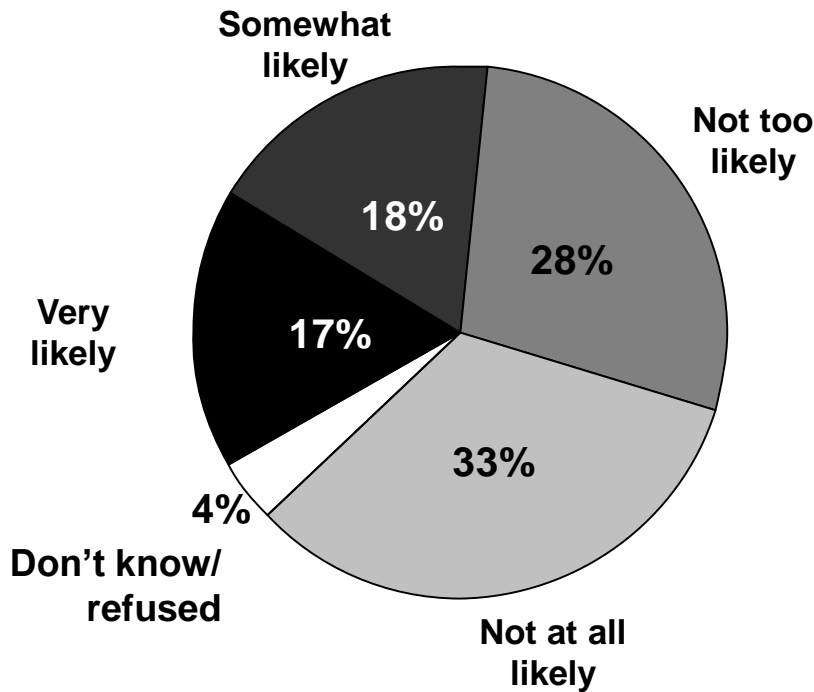
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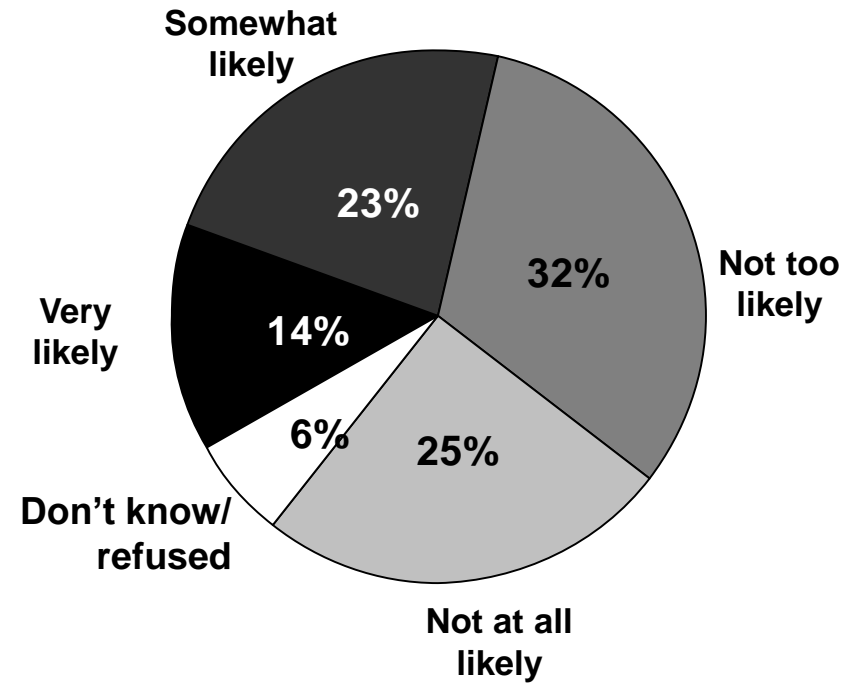
Likelihood of Small Businesses Increasing Employee Share of Cost or Switching to Defined Contribution

(Among Small Businesses Offering Health Insurance)

**Increase Employees Share of Cost
In the Next Year**



**Switch to Defined Contribution
In the Next Five Years**



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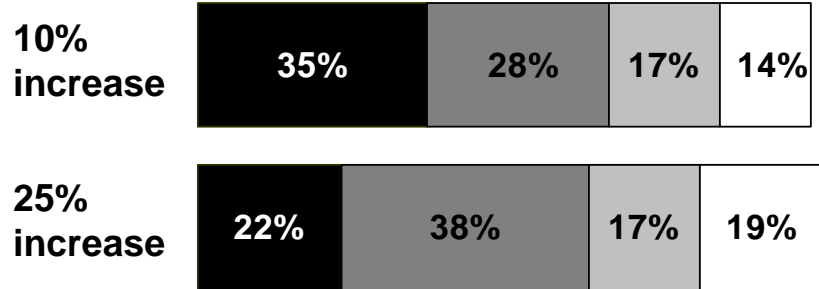
Source: The Kaiser Family Foundation *National Survey of Small Businesses*, April 2002 (conducted May-July 2001)

Chart 17

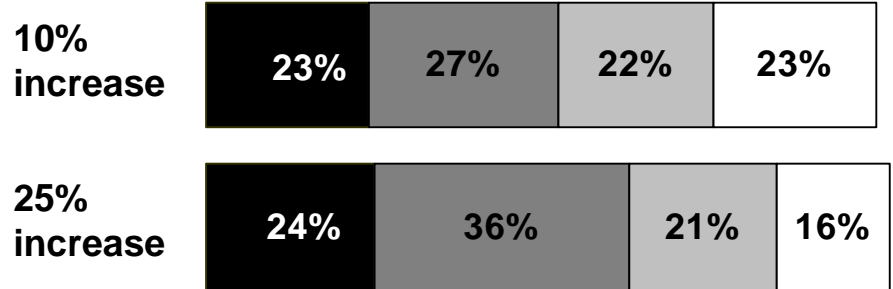
Likelihood the Business Will Make the Following Changes If Costs of Health Insurance Coverage Increases 10% or 25% (Among those who currently offer Health Insurance)

Very likely
 Somewhat likely
 Not too likely
 Not at all likely

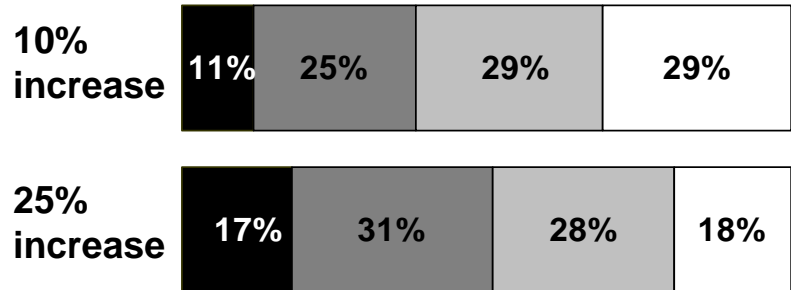
Absorb the costs



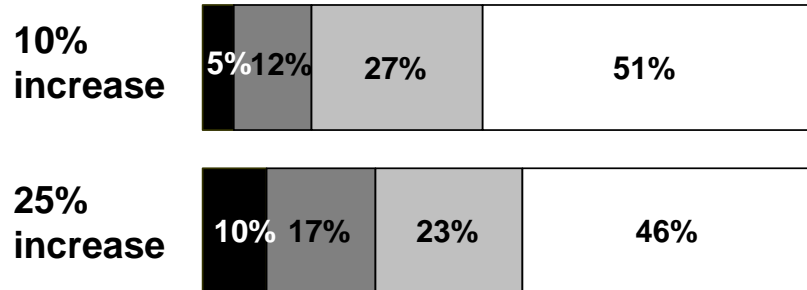
Increase the amount employees have to pay for insurance



Reduce the scope of benefits offered



Drop coverage



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Note: Don't know/refused not shown

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