

# Insights on Group Health Insurance Plans Among Maryland Small Businesses

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Survey Finds Positive Ratings of SHOP,  
Yet Awareness Remains Low

Aug 13, 2019



# Background and Introduction

# Background and Objectives

Research among Maryland-based small businesses is needed to investigate knowledge, attitudes, receptivity and motivations around health insurance for employees overall and specifically about Maryland Health Connection's Small Business Health Options Program (SHOP). The research scope for an online survey of business owners and operators includes these five primary objectives:

- Investigate and clarify needs and the appetite for acquiring health insurance for employees.
- Identify obstacles that small businesses face in making insurance options available, including policy solutions that might address them.
- Gather feedback on overall and specific awareness of SHOP, including – how the program works and what it offers businesses who sponsor group health plans.
- Inquire about experience with SHOP, exploration of SHOP offerings or other insurance options available to small businesses.
- Explore and test motivations to sponsor a SHOP group health plan:
  - Identify reasons that SHOP is/is not a good option for their business.
  - Test ways to influence businesses to consider – learning about the program, visiting MHC, engaging with brokers, highlighting program characteristics, offering tax savings, identification of motivating factors.

# Executive Summary: General

## *Enrollment Behaviors*

The majority (62%) of Maryland-based small businesses (with 2-25 employees) offer some form of financial support for health insurance to their employees, while 39% do not.

At least three-in-ten (34%) of businesses in this survey that sponsor group health plans report using SHOP\*. Among those not with SHOP, 71% are interested in the program (12% very interested).

For information on health plan options, brokers (40%), MHC (36%) and insurance companies (33%) are the most cited sources. Seven-in-ten rate search experience as “excellent” or “good.”

Among those with full-year coverage plans, half (48%) acquired them from brokers. Brokers are perceived as a reliable source of information. When asked specifically about their experience acquiring information about coverage from a broker, 73% rate the experience as excellent or good.

## *Views on Enrollment*

Primary reasons to sponsor a group health insurance plan center on employee needs – satisfying demand from employees, attracting talented staff, and investing in employees as an investment in their business overall: 63% each say that these are major reasons to sponsor a group health plan.

Driving decision-making on whether to sponsor a group health plan are cost, complexity of plans, regulations and employee considerations; such as, the ability to recruit talent without providing insurance and considering whether to subsidize employee coverage in the individual market in lieu of providing a group health plan.

# Executive Summary: SHOP

## *Views on SHOP*

Small businesses are not widely aware of SHOP or its features. Only about two-in-ten (22%) have heard “a lot” about SHOP and as many as a third (34%) have heard nothing at all. Among those not participating in SHOP, only 11% have heard “a lot”, 42% “a little”, 47% have heard nothing about it.

While visibility may be low, impressions of SHOP are very positive. Solid majorities offer favorable ratings of big picture characteristics of SHOP: 68% have a favorable view of the choice of health plan options (including 33% very favorable), while 63% have a favorable view of the cost of employee premiums (including 28% very favorable).

Likewise, on specific SHOP characteristics, about seven-in-ten say it is “mostly positive” that SHOP health plans cover essential benefits (74%) and SHOP offers flexibility on contributions to employee premiums (69%). On flexibility, 75% of those who rate this positively, say it is a “major reason” to sponsor a health plan through SHOP.

Maryland businesses have favorable views of the small employer health insurance tax credit (SEHITC). More than six-in-ten small businesses say that it is “mostly positive” that the SEHITC helps to offset the cost of employee premiums (64%) and that it covers up to 50% of their contribution towards premiums (63%). About three-quarters say that each of these features is a “major reason” to sponsor a SHOP plan.

Changing the policy that would allow for tax savings to take effect right away (rather than at tax time) could motivate businesses to sponsor SHOP. More than eight-in-ten (84%) say that this change would influence their decision to enroll in SHOP a “great deal” (46%) or “fair amount” (38%).

Knowledge of the tax savings a business could receive has a positive impact on interest and motivation to sponsor a SHOP plan. After reviewing scenarios tailored to their situation, 64% of businesses are more likely to consider SHOP.

# Methodology

MHBE and GMMB contracted with EurekaFacts to administer a 10-minute online survey of owners and employees<sup>1</sup> of Maryland-based businesses with 25 or fewer employees, including a minimum of 33% businesses with 2-10 employees. Potential respondents were screened based on employment status, business size, primary role and decision-making authority.

The survey was programmed online for web-based survey administration (available 24/7) and delivered by email. The sample frame of businesses included email lists of Maryland-based businesses assembled by EurekaFacts, Dynata web-panel participants and Branded web-panel participants.

Each respondent received a unique URL to log in to the survey to ensure a single response per sampled individual. The survey was conducted June 10 – July 23, 2019. The first round of emails was sent on June 10, 2019 followed by multiple reminders. The survey closed on July 23, 2019 with a total of N=188 completes. The margin of error for the final sample is plus or minus 7.1% points.

<sup>1</sup> Employees include only those with decision-making authority over health insurance benefits for staff, including the review of health plan options.



# Demographics

# Demographics: Businesses

Maryland small businesses are the population of interest and how the results of this survey are discussed.

Number of Small Business Employees	
2-10 employees	70%
11-25 employees	30%

Source: Q2. MBHE SHOP Survey, June 10 – July 23, 2019.

Number of Business Locations	
Only 1 location	37%
2 total locations	25%
3 or more locations	37%

Source: Q110. MBHE SHOP Survey, June 10 – July 23, 2019.  
Note: Percentages may not total to 100% because of rounding.

2018 Net Revenue (after taxes and expenditures)	
\$500K or less	49%
\$500,001 - \$1 million	18%
\$1 million+	34%

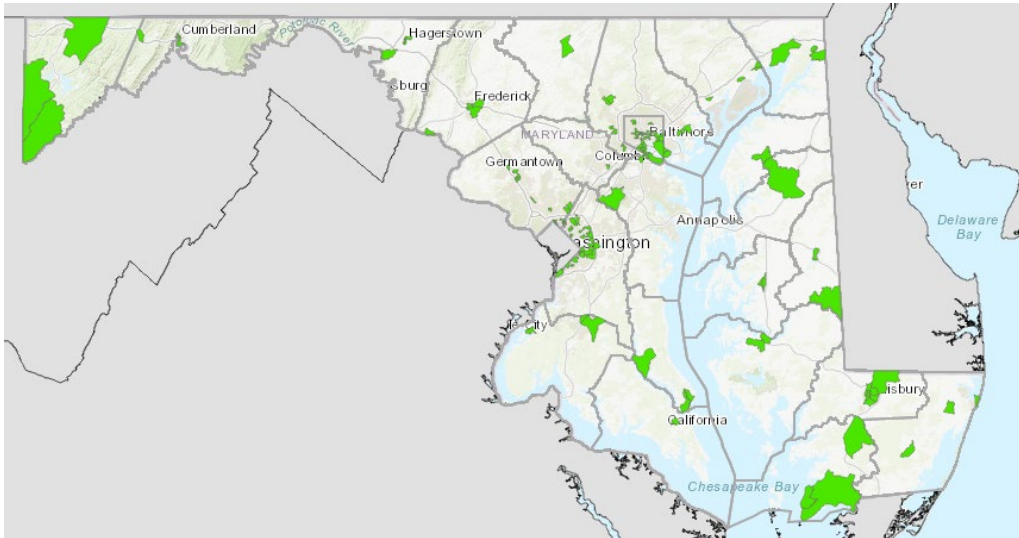
Source: Q108. MBHE SHOP Survey, June 10 – July 23, 2019.  
Note: Percentages may not total to 100% because of rounding.

- On average, businesses who participated in this survey have been in operation for three years (2016).



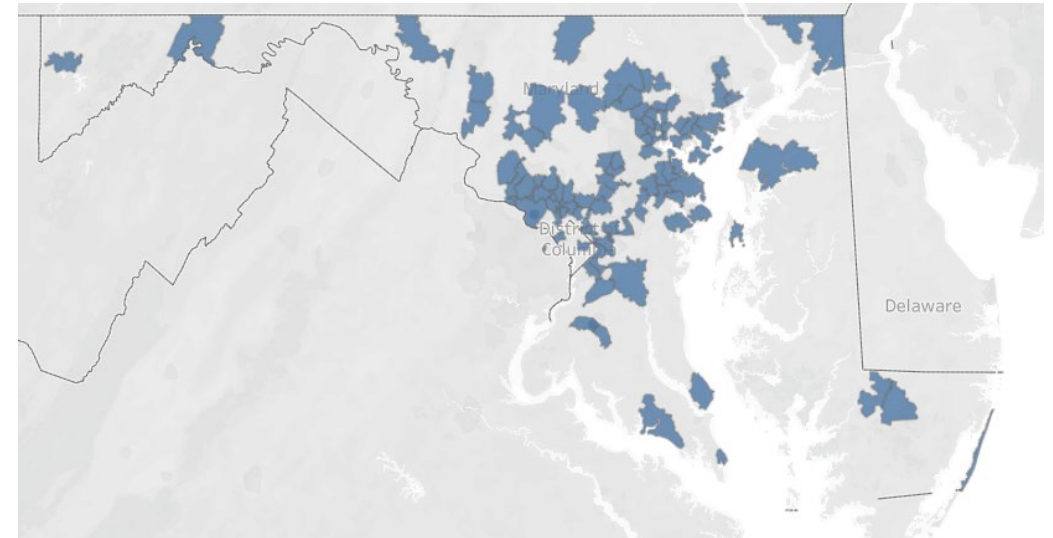
# Distribution of Businesses Across Maryland Counties and Opportunity Zones

**Census Tracts of Maryland Opportunity Zones**



Source: *Uninsured Population overlaid Economic Opportunity Zones*. MHBE web application.

**Zip Code Distribution of Businesses Participating in Survey**



Source: Q107. MBHE SHOP Survey, June 10 – July 23, 2019.

The geographic distribution of MHBE SHOP survey participants is distributed among all MD Consumer Assistance/Connector Regions. This includes many counties with opportunity zones (where business zip codes match to census tracts designated as opportunity zones).

# Demographics: Respondents

Respondents, and their characteristics, present a profile of the individuals answering on behalf of their business – all of which are responsible for decision-making about health insurance.

Primary Position	
Owner	49%
Business manager	11%
General Manager	9%
Operator	6%
Other	6%
HR director/manager	4%
Benefits manager/specialist	4%
Comptroller	2%

Source: Q3. MBHE SHOP Survey, June 10 – July 23, 2019.

Age	
18-29	29%
30-49	33%
50-64	31%
65+	7%

Source: Q102. MBHE SHOP Survey, June 10 – July 23, 2019.

Gender	
Female	49%
Male	48%
Prefer not to answer/Other	4%

Source: Q101. MBHE SHOP Survey, June 10 – July 23, 2019.

Personally Covered by Insurance	
Yes	93%
No	7%

Source: Q106. MBHE SHOP Survey, June 10 – July 23, 2019.

# Section 1

Small Businesses and the Health Insurance Market:  
Current State, Resources, Motivations, and  
Characteristics Influencing Decision-making

# Current Landscape of Employer-Provided Health Insurance/Financial Support

Fully **62%** of businesses offer some type of financial support for health insurance

- When offering support, businesses most commonly offer full-year health insurance coverage. This group is 44% of all businesses in this survey.
  - This equates to about seven-in-ten of the businesses offering any form of financial support.
- About 13% of all businesses assist with costs in other ways (ex. HSAs or reimbursing costs) rather than through direct coverage (full-year or short-term).
- Nearly four-in-ten businesses do not provide some type of financial support for health insurance to their employees.

## State of Small Businesses Offering Financial Support for Health Insurance

*While most offer some assistance, many do not*

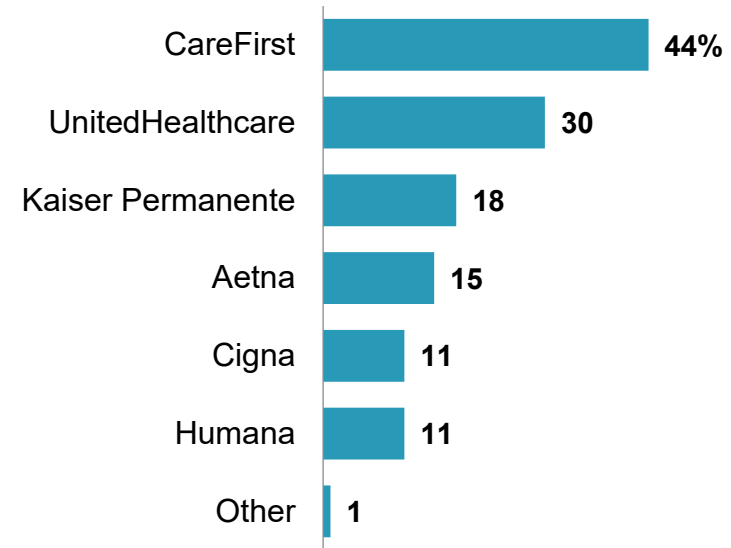
Type of support offered, or not	
<b>Offer some form of financial support</b>	<b>62%</b>
<i>Full-year health insurance as benefit</i>	44%
<i>Employers assists with insurance costs in other was (HSAs, FSAs, etc.)</i>	8%
<i>Provides short-term coverage</i>	5%
<i>Reimburses costs of employees buying own insurance</i>	4%
<i>Other</i>	1%
<b>No financial support offered</b>	<b>38%</b>
	100%

Source: Q11/Q12. MBHE SHOP Survey, June 10 – July 23, 2019. Note: Percentages read down and may not total to 100% because of rounding.

# Health Insurance Companies Providing Plans

- Of businesses providing full-year health coverage, close to half (44%) receive their health insurance through CareFirst.
- A sizeable minority (30%) use UnitedHealthcare for health plan options.
- All but 1% use the remaining 4 major providers to offer health insurance to employees.

**Health Insurance Providers of Full-year Coverage**  
*More than seven-in-ten businesses use CareFirst or UnitedHealthcare*

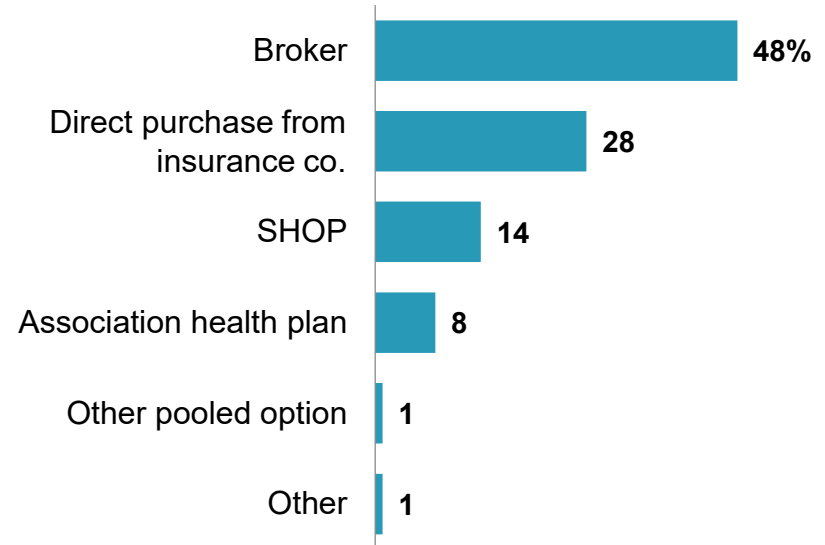


Source: Q12. MBHE SHOP Survey, June 10 – July 23, 2019. Note: Percentages are from check all that apply list and do not total to 100%.

# Process to Obtain Insurance

- Of responding businesses who provide full-year health coverage to employees, more than seven-in-ten utilized a broker or the insurance company directly.
- Nearly half (48%) used a broker, and a sizable minority (28%) directly purchased their group plan through an insurance company.
- Approximately 14% of businesses in this survey offering full-year health plans noted purchasing the plan through SHOP.
- *Note: The options are not mutually exclusive. This item tells us who or where they perceive the purchasing mechanism to exist.*
- One-in-ten of responding businesses report following another process to provide full-year health insurance to employees. This includes 8% who use association health plans, 1% who used another type of pooled option, and 1% who use any other method.

## Process Business Follows to Purchase Full-Year Health Plans



Source: Q16. MBHE SHOP Survey, June 10 – July 23, 2019. Note: Percentages may not total to 100% because of rounding.

# Sources of Health Insurance Information

- Businesses do not overwhelmingly utilize one source over another.
- Sources directly involved with health insurance are used more frequently.
  - Insurance brokers are the most common source of information (41%).
  - More than three-in-ten turn to MHC (36%) or insurance companies (33%) as part of their research.
- Other professional contacts and organizations are less likely to be used.
- Only 13% of businesses have never sought information about employee health insurance.

## Sources of Information to Learn About Health Insurance Options for Employees

*Brokers, MHC, and insurance companies are popular resources*

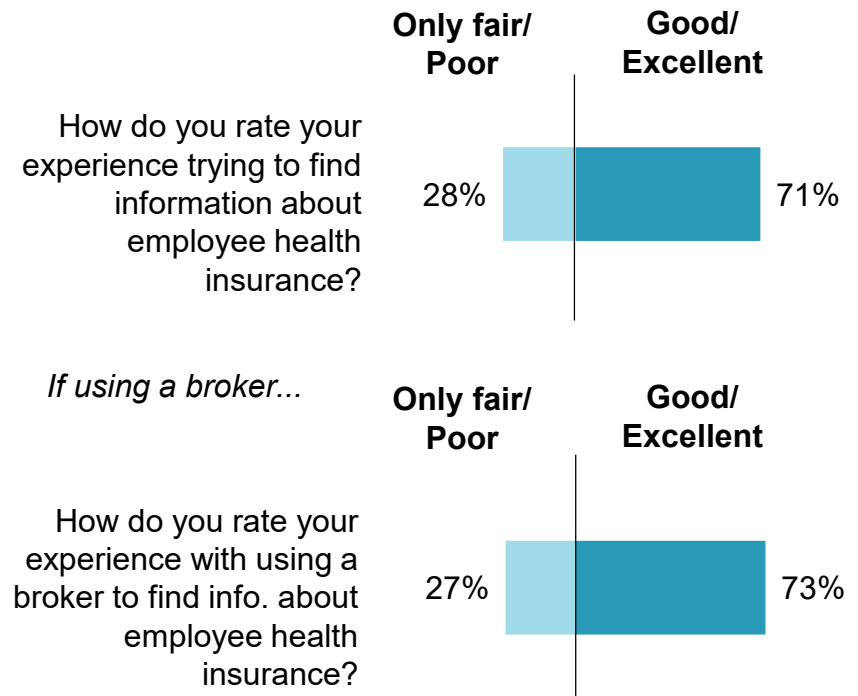
Source used for information	
Insurance broker	41%
Maryland Health Connection	36%
Insurance companies	33%
Other businesses/colleagues	17%
Trade associations	10%
Other	3%
Have never sought information	13%

Source: Q18. MBHE SHOP Survey, June 10 – July 23, 2019. Note: Percentages are from check all that apply list and do not total to 100%.

# Experience Finding Information

- Overall, seven-in-ten are satisfied with their experience as they try to find information.
  - Includes 31% of businesses who say the experience has been excellent and 40% who say it has been good.
  - Only 5% rate their experiences as poor.
- Experiences using brokers specifically are not different from overall experiences using other/a combination of resources (73% vs 71%, respectively).

## Assessment of Overall Experience Researching Employee Health Insurance



Source: Q20/21. MBHE SHOP Survey, June 10 – July 23, 2019. Note: Percentages may not total to 100% because of rounding.



# Overcoming Obstacles

- About half (48%) of businesses consult their insurance broker or company when faced with an obstacle to acquire health insurance for employees.
- This is consistent with insurance brokers and companies as the major source businesses use to purchase full-year group health plans (combined 76%).
- More than two-in-ten turn to a trusted friend (27%) or seek advice from a business or SBA (23%).
- Less than more than two-in-ten businesses report not facing any obstacles in efforts to acquire group health insurance.

## Methods to Overcome Obstacles in Acquiring Health Insurance for Employees

*Insurance brokers and companies are the most used resource*

Source used to overcome obstacles	
Consult from an insurance broker or company	48%
Trusted friend or colleague	27%
Advice from other businesses or SBA	23%
Information from trade groups or associations	18%
Other	5%
Have not faced obstacles	18%
Source: Q28. MBHE SHOP Survey, June 10 – July 23, 2019. Note: Percentages are from check all that apply list and do not total to 100%.	

# Reasons to Sponsor Health Insurance

- More than six-in-ten businesses (63%) agree a major reason they provide health insurance is to attract, satisfy, retain, and invest in their employees.
- A majority also say a major reason to offer health insurance is because it is an important commodity.
  - Includes 56% who say offering it is the right thing to do.
  - And 51% say it is an additional form of compensation.
- Businesses are split on how important the health and financial benefits are as reasons to offering health plans.
  - 46% see it as a major reason to invest in a healthier workforce, compared to 37% seeing it as a minor reason.
  - Nearly evenly split about receiving financial incentive through tax credits: 39% major reason vs. 40% minor reason.

## To what degree are the following a reason to sponsor a group health insurance plan for employees?

*Attracting, satisfying, and retaining employees are greatest reasons to offer health insurance*

	Major reason	Minor reason	Not much of a reason
Satisfying employee demand for health insurance coverage	63%	26%	11%
Investing in your employees is an investment in your business	63%	24%	13%
Attracting and retaining talented workers	63%	22%	15%
Offering health insurance is the right thing to do	56%	32%	12%
Providing additional forms of compensation to employees	51%	36%	13%
Making an investment in a healthier workforce	46%	37%	17%
Financial incentive, through tax credits, to do so	39%	40%	21%

Source: Q26. MBHE SHOP Survey, June 10 – July 23, 2019. Note: Percentages read across and may not total to 100% because of rounding.

# Factors Influencing Decision-Making Process

- If providing insurance, about eight-in-ten are significantly influenced by the upfront and potentially high costs compounded by the complexity of options available.
- About 70% of businesses consider conditions of not providing health insurance: 72% consider how to recruit qualified employees if no insurance offered, while 69% recognize the many options on the individual marketplace as an alternative.
- Also, 68% are at least a fair amount influenced by the rules for health plan sponsorship (which may influence if and how much sponsorship a business decides to offer).

## How much does each statement influence your decision-making process on whether to provide employee health insurance?

	NET: A great deal/ Fair amount	NET: Not too much/ Not at all
Potentially high or variable cost of health insurance premiums over time	83%	18%
Upfront costs of providing health insurance	81%	19%
The structure and complexity of health plan options available	79%	22%
The ability to recruit qualified employees without providing health insurance	72%	29%
Employee options for subsidized coverage in the individual health insurance marketplace	69%	32%
Regulations and rules for health plan sponsorship	68%	32%
Conditions of your workforce, including turnover, part-time or seasonal work	61%	39%
Financial assistance through tax credits for the business	59%	42%
Practices of other small businesses within the industry	58%	42%

Source: Q27. MBHE SHOP Survey, June 10 – July 23, 2019. Note: Percentages read across and may not total to 100% because of rounding.

# Factors Influencing Decision-Making Process

- About half of businesses say upfront costs of health insurance and the variable costs of premiums over time influence their decision-making process a great deal: 50% and 52%, respectively.
- For other issues, no more than four-in-ten qualify these as having a great deal of influence over their decision-making process.
- No more than 14% of businesses say they are not at all influenced by any of these issues.

**How much does each statement influence your decision-making process on whether to provide employee health insurance?**

	NET	A great deal	Fair amount	NET	Not too much	Not at all
Potentially high or variable cost of health insurance premiums over time	83%	52%	31%	18%	12%	6%
Upfront costs of providing health insurance	81%	50%	31%	19%	14%	5%
The structure and complexity of health plan options available	79%	35%	44%	22%	16%	6%
The ability to recruit qualified employees without providing health insurance	72%	38%	34%	29%	19%	10%
Employee options for subsidized coverage in the individual health insurance marketplace	69%	35%	34%	32%	20%	12%
Regulations and rules for health plan sponsorship	68%	27%	41%	32%	24%	8%
Conditions of your workforce, including turnover, part-time or seasonal work	61%	26%	35%	39%	26%	13%
Financial assistance through tax credits for the business	59%	28%	31%	42%	30%	12%
Practices of other small businesses within the industry	58%	21%	37%	42%	28%	14%

Source: Q27. MBHE SHOP Survey, June 10 – July 23, 2019. Note: Percentages read across and may not total to 100% because of rounding.

# Section 2

## SHOP Awareness & Favorability



# Awareness of SHOP

- Only about two-in-ten small businesses (22%) have heard “a lot” about SHOP, 44% have heard “a little,” and as many as three-in-ten (34%) know “nothing at all.”
- Businesses with an annual net revenue of \$500,000 or more (30%) are more aware of SHOP than businesses with less net revenue (15%).
- More than four-in-ten small businesses (47%) use the Maryland Health Connection website to learn about SHOP. More than three-in-ten use an insurance company (38%) or healthcare.gov (34%).

## Awareness of SHOP

2 out of 10 businesses are highly aware of SHOP

	A lot	A little	Nothing
<b>Total</b>	<b>22%</b>	<b>44%</b>	<b>34%</b>
Using Brokers	23%	43%	35%
<i>Business Size</i>			
10 or fewer employees	21%	45%	34%
11 to 25 employees	25%	42%	34%
<i>Business Revenue</i>			
Under \$500k	15%	43%	42%
\$500k or more	30%	45%	25%
Source: Q34. MBHE SHOP Survey, June 10 – July 23, 2019. Note: Percentages read across and may not total to 100% because of rounding.			

## Sources Used to Explore SHOP

Most businesses learn about SHOP through MHBE website

Type of Source	
Maryland Health Connection website	47%
Insurance company	38%
Healthcare.gov	34%
Insurance broker	30%
Other business / colleague	27%
Trade association or trade publication	19%
Source: Q35. MBHE SHOP Survey, June 10 – July 23, 2019. Note: Percentages are from a check all that apply list and do not total to 100%.	

# Enrollment Through SHOP

- More than three-in-ten businesses say they sponsor a group health plan through SHOP (34%).
- *Note: This is not fully representative of what is known of the Maryland small business market. A closer examination of businesses that affirmed using SHOP and their potential confusion is discussed on the next slide.*
- Of businesses not participating in SHOP, 71% have some level of interest to enroll in a group plan through SHOP.
- This includes 12% who are very interested and 59% who are somewhat interested.
- Just 10% are not at all interested.

## Current SHOP Sponsorship and Interest in the Program



Source: Q36/38. MBHE SHOP Survey, June 10 – July 23, 2019.

# Confusion if Business Utilizes SHOP

## Businesses Reveal Misunderstanding of Whether or not They are Enrolled Through SHOP

% of businesses saying they purchase health insurance through SHOP		
(Q16) Of small businesses offering full-year health plans ...	(Q36) Of all small businesses...	<b>Gap</b>
14%	34%	<b>+20</b>
Source: Q16/36. MHBE SHOP Survey, June 10 – July 23, 2019. Note: Percentages are for comparison.		

- While 14% of businesses offering full-year health plans noted purchasing the plan through SHOP, 34% of all responding businesses attest to sponsoring a plan through SHOP.
- Of all businesses who say they provide a health plan through SHOP, about 22% previously noted directly purchasing a full-year plan from an insurance company, 16% said SHOP, 12% noted using an association health plan or pooled insurance, and 5% used a broker.

- This 20-point discrepancy reveals potential misunderstanding of plans SHOP offers and how businesses utilize SHOP resources in purchasing group health plans.
- Of small businesses offering full-year health plans, 48% say they use a broker; however, it is unknown if the broker ultimately enrolled the business through SHOP.
- This indicates potential misunderstanding of the process of buying insurance, especially if businesses reference multiple sources. Who/What method the insurance is ultimately purchased may be confusing.
  - Ex. If a business used a broker to understand SHOP plans but ultimately picked a non-SHOP plan, they may be unsure which source to name (broker, SHOP or selected carrier).
- Moreover, 31% of those who say they currently sponsor a plan through SHOP, also report offering plans that are not full-year coverage. However, SHOP does not offer short-term coverage.



# Characteristics of SHOP

- At least two-in-ten businesses are aware of the main characteristics of SHOP (26% to 28%).
- Having flexibility to choose the amount to contribute towards premiums is the feature with the highest awareness among small businesses (28%).
- At least three-in-ten businesses are unaware of the aspects of SHOP (34% to 41%).

## Awareness of SHOP Characteristics

*Over a third of businesses are unaware of the main characteristics of SHOP*

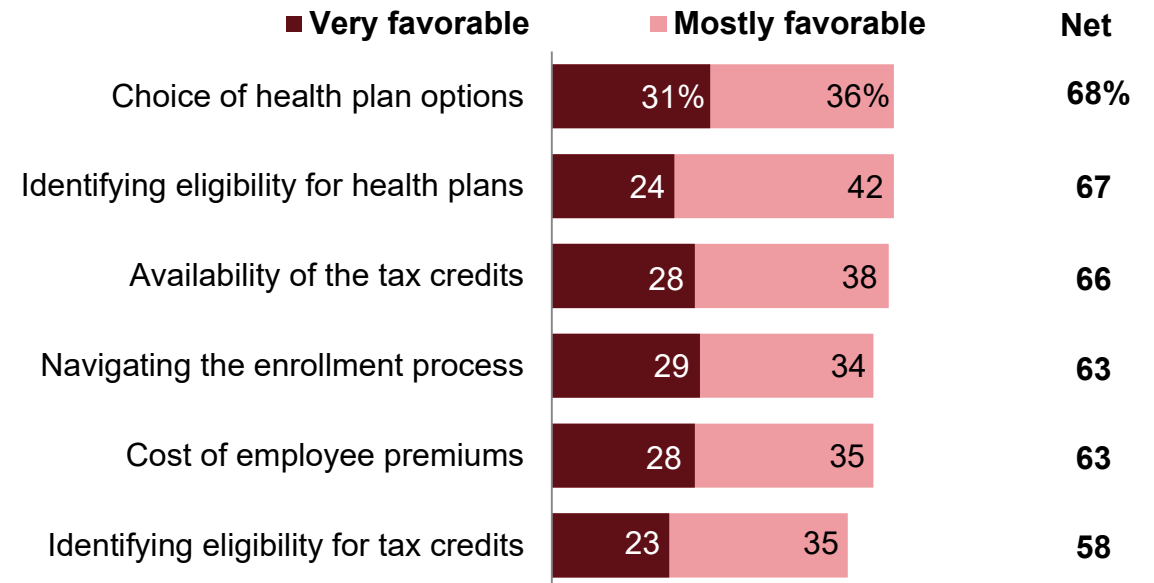
	A lot	A little	Nothing
Flexibility to decide how much your business wants to contribute towards employee premiums	28%	33%	39%
The ability to offer multiple plan options to your employees	27%	38%	34%
Tax credits to help offset the cost of a business's share of employee premiums	27%	36%	37%
Online tools and navigators to help determine a business's eligibility for tax credits and plan options	26%	33%	41%
Source: Q39. MBHE SHOP Survey, June 10 – July 23, 2019. Note: Percentages read across and may not total to 100% because of rounding.			

# Rating Big Picture Characteristics of SHOP

- The choice of health plan options has the highest favorability (68%) and three-in-ten small businesses (31%) find this choice to be very favorable.
- While identifying their eligibility for health plans is favorable to more than six-in-ten businesses (67%), more than two-in-ten (24%) have a very favorable view of this characteristic.
- More than half of small businesses find identifying their eligibility for tax credits to be favorable (58%).

## Favorability of SHOP Characteristics

*More than half of businesses find the characteristics of SHOP to be favorable*



Source: Q37. MBHE SHOP Survey, June 10 – July 23, 2019.

# Views on Specific Characteristics of SHOP

## Specific Characteristics of SHOP

*At least about two thirds of businesses have positive views on specific features of SHOP*

- More than seven-in-ten businesses (74%) have a positive view of the fact that SHOP health plans are certified to include coverage of essential health benefits.
- Most businesses have mostly positive feelings about all these aspects of SHOP.

	Mostly positive	Mostly negative	Neither positive nor negative
All SHOP health plans are certified to include coverage of essential health benefits	74%	13%	14%
SHOP offers businesses flexibility to decide how much they want to contribute towards employee premiums	69%	15%	17%
SHOP offers a wide range of health plan options to choose from	67%	14%	19%
Businesses with 25 employees or fewer might be eligible for tax credits to help cover employee premiums	66%	15%	19%
Employers can either choose an insurance company where employees have choice of coverage level, OR select coverage level where employees have choice of insurance company	65%	11%	24%

Source: Q44. MBHE SHOP Survey, June 10 – July 23, 2019. Note: Percentages read across and may not total to 100% because of rounding.

# Major Drivers to Sponsor a Plan Through SHOP

- More than seven-in-ten businesses (75%) consider having the flexibility to choose their premium contributions to be a major reason to use SHOP.
  - *Of note, while essential health benefits are among the most positive characteristics of SHOP, they are not as motivating to enroll.*
- At least six-in-ten businesses (63% to 75%) rate each characteristic as a major reason for using SHOP.

## Reasons to Use SHOP

*More than six-in-ten businesses consider each characteristic to be a major reason*

	Major reason	Minor reason	Not much of a reason
SHOP offers businesses flexibility to decide how much they want to contribute towards employee premiums	75%	21%	4%
SHOP offers a wide range of health plan options to choose from	71%	25%	5%
Employers can either choose an insurance company where employees have choice of coverage level, OR select coverage level where employees have choice of insurance company	71%	21%	8%
Businesses with 25 employees or fewer might be eligible for tax credits to help cover employee premiums	70%	20%	10%
All SHOP health plans are certified to include coverage of essential health benefits	63%	33%	4%

Source: Q45. MBHE SHOP Survey, June 10 – July 23, 2019. Note: Percentages read across and may not total to 100% because of rounding.



## Section 3

# SHOP and the Small Employer Health Insurance Tax Credit (SEHITC)

# Views on characteristics of SEHITC through SHOP

- Maryland business owners and operators express highly positive views of the small employer health insurance tax credit (SEHITC) available to qualified Maryland businesses who enroll in SHOP.
- Six-in-ten or more of small businesses say it is “mostly positive” that the SEHITC helps to offset the cost of the business share of employee premiums (64%), that SEHITC covers up to 50% of the business contribution towards those premiums (63%), and that businesses can claim the SEHITC for up to two consecutive years (60%).
- Among those with positive impressions of these tax credit features, more than seven-in-ten say that offsetting premium costs and covering up to 50% of those premiums are “major reasons” that they would sponsor a group health plan through SHOP (76% and 75%, respectively).

## Businesses View Assistance With Premiums Positively and are a Driver for SHOP

Rating characteristics of the Small Employer Health Insurance Tax Credit (SEHITC) available through SHOP

	% saying aspect of SEHITC is ...			Among those saying “mostly positive”
	Mostly positive	Mostly negative	Neutral	“Major reason” to sponsor a SHOP plan
SEHITC via SHOP offsets premium costs	64%	17%	19%	76%
SEHITC covers up to 50% of premiums	63%	19%	18%	75%
Can claim SEHITC 2 consecutive years	60%	16%	25%	60%
Employers pay premiums first, and may then apply for savings on taxes	42%	33%	26%	57%
SEHITC phases out as businesses employ up to 25 FTEs at higher wages	40%	30%	31%	65%

Source: Q47/48. MHBE SHOP Survey, June 10 – July 23, 2019. Percentages read across.

# Views on characteristics of SEHITC through SHOP

- Views are somewhat mixed on the requirement that premiums be paid first before applying for tax savings at the end of the year (42% mostly positive vs. 33% mostly negative), and that the SEHITC phases out as a business employs up to 25 full time employees (40% mostly positive vs. 30% mostly negative).
  - However, among those rating these factors positively, majorities say that they are major reasons to sponsor a SHOP group plan.
- No more than 33% offer “mostly negative” ratings to any of the characteristics tested. There are no quantifiable findings on the proportion of businesses that would be discouraged from sponsoring through SHOP based on negative impressions of the rules and characteristics the SEHITC.

# Close to half say that making SEHITC available immediately would have “great deal” of impact on sponsoring SHOP

*Maryland Health Connection and the SHOP program are considering changes to the SEHITC to make it available upon enrollment rather than at tax time.*

- More than eight-in-ten businesses (84%) report that this change would have a positive impact on their decision to sponsor a group health plan through SHOP, including close to half (46%) who say it would have a “great deal” of effect.
- Businesses currently offering financial support for employee health insurance are slightly more likely to say that this change would have a “great deal” of impact on their decision to sponsor a SHOP plan than are those not currently providing financial support (50% vs. 40%).

## Views on Making the SEHITC Available at the time of Enrollment Rather than at Tax Time

*Impact on decision to sponsor a group health plan via SHOP (%)*

	Total	Among those currently offering financial support for coverage	
		Yes	No
Great deal	46%	50%	40%
Fair amount	38%	36%	40%
Not too much	11%	9%	15%
Not at all	5%	5%	5%
	100%	100%	100%

Source: Q52. MHBE SHOP Survey, June 10 – July 23, 2019. Note: Percentages read down and may not total to 100% because of rounding.



# Tax Savings Scenarios through SHOP and SEHITC

The dollar value in potential tax savings that a small business might receive from the SEHITC varies based on number of employees and on average annual wages. Taking these factors into account can potentially impact level of support for sponsoring a group health plan through the SHOP program.

To better understand these effects, small businesses were presented with a scenario based on the following:

- Number of employees: 1-5, 6-10, 11-20, or 21-25
- Average annual wages: Less than \$26,000, or between \$26,000-\$53,000;
- Total annual premiums per employ: \$3,876 (held constant);
- Tax credit: Ranging from \$4,850 - \$9,690.

## *Example scenario*

A business with 1-5 employees, with annual average wages less than \$26,000, sponsors health plans through SHOP and pays total premiums of \$3,876 for each employee. If a business with 5 employees makes a 50% employer contribution, the employer's total premium cost would be \$1,938 per employee for a total of \$9,690. At the end of the year, this example business can expect a tax credit of \$4,850, if they qualify for the full tax credit.

# Tax Savings Scenarios through SHOP and SEHITC

- Overall, across all scenarios, businesses respond positively to the tax credit they might receive and how that impacts their views of SHOP.
- At least six-in-ten businesses (64%), say that after learning about the potential tax savings that applies to their situation, they would be more likely to consider enrolling in SHOP, while only 17% say they would be less likely to consider SHOP. Two-in-ten (20%) say it would not have much influence either way.
- Focusing on potential customers, among those whose business is not currently sponsoring a group health plan through SHOP (66% of total), 59% say that after hearing about the tax savings they are now more likely to consider enrolling in SHOP, while just 15% say they are less likely.
- In terms of motivation, after hearing this information, 75% of businesses overall say they are likely to sponsor a group plan through SHOP, including 35% who are “very likely”.
- Among those whose business is not currently sponsoring a group health plan through SHOP (66% of total), 66% say that after hearing about how the potential tax savings for their business they are likely to sponsor a SHOP health plan, including 29% who say they are “very likely”.

## Influence of Tax Credit on Sponsoring a SHOP Plan

*Upon learning of the tax credit, businesses are more interested and motivated to use SHOP (Based on Total)*

*How would this scenario influence your decision to sponsor a SHOP plan?*

More likely 64%

Less likely 17

Not much influence 20

*After hearing this information, how likely are you to sponsor a SHOP group health plan?*

Very likely 35%

Somewhat likely 40

Not too likely 20

Not at all likely 6

Source: Q54/55. MBHE SHOP Survey, June 10 – July 23, 2019.

# Tax Savings Scenarios through SHOP and SEHITC

- In a qualitative assessment of reactions to the cost and savings scenarios, majorities among the businesses with wages \$26,000 to \$53,000, independent of business size, report that after reading about the cost savings available to their business they are now more likely to consider enrolling in a SHOP plan.
- Just under half of businesses with 1-5 employees and less than \$26,000 in average annual wages say that they are more likely to consider SHOP (10 out of 21), but very few say they are less likely (3 out of 21).
- When it comes to motivation, after hearing these cost and savings scenarios, majorities of businesses in each scenario now say that they are “very” or “somewhat likely” to sponsor a group health plan through SHOP.
  - For example, among businesses with 11-15 employees and average wages \$26,000-\$53,000, 84% (16 out of 19) say they are likely to enroll their employees in SHOP.

## Qualitative responses to cost and savings scenarios by business size, wages, tax credits

Scenarios about the cost and savings associated with employer sponsored health coverage available through SHOP

All numbers are reported as counts	Based on how the SEHITC may apply in each situation			
Employees:	1-5	1-5	6-10	11-15
Mean wages:	< \$26K	\$26K-\$53K	\$26K-\$53K	\$26K-\$53K
Eligible tax credit:	\$4,850	\$4,850	\$9,650	\$9,640
<i>How would this scenario influence your decision to sponsor a SHOP group plan?</i>				
More likely to consider enrolling in SHOP	10	23	16	13
Less likely to consider enrolling in SHOP	3	3	3	4
Not have much influence either way	<u>8</u>	<u>7</u>	<u>4</u>	<u>2</u>
	21	33	23	19
<i>After hearing this scenario, how likely are you to sponsor a SHOP group plan?</i>				
Very/somewhat likely	12	26	16	16
Not too/not at all likely	<u>8</u>	<u>7</u>	<u>7</u>	<u>3</u>
	20	33	23	19
Source: Q54, Q55. MHBE SHOP Survey, June 10 – July 23, 2019. Scenarios for businesses with 6-10 employees and less than \$26,000 annual mean wages, businesses with 11-15 employees and less than \$26,000 annual mean wages; and businesses with 16-20 employees and any range of wages not shown because of small sample sizes (N < 5).				



# Section 4

## Motivations Behind SHOP for Your Business

# Reasons to Sponsor SHOP for Employees

- Following up on the series of motivations to sponsor health insurance, businesses were asked about their reasons for sponsoring group health insurance through SHOP.
- The top major reasons for small businesses to sponsor health insurance are investing in employees (59%), satisfying employees (57%), and providing additional compensation to employees (57%).
- More than half of small businesses (54% to 59%) think of each aspect as a major reason to sponsor health insurance for their employees.

## Reasons to Sponsor Group Health Insurance for Employees Through SHOP

*More than half of businesses consider each to be a major reason*

	Major reason	Minor reason	Not much of a reason
Investing in your employees is an investment in your business	<b>59%</b>	29%	12%
Making an investment in a healthier workforce	<b>57%</b>	30%	13%
Providing additional forms of compensation to employees	<b>57%</b>	29%	14%
Satisfying employee demand for health insurance coverage	<b>55%</b>	31%	14%
Financial incentive, through tax credits, to do so	<b>55%</b>	29%	16%
Offering health insurance is the right thing to do	<b>54%</b>	27%	19%
Attracting and retaining talented workers	<b>54%</b>	30%	7%
SHOP health plans are guaranteed to cover all essential health benefits	<b>54%</b>	34%	13%

Source: Q50. MBHE SHOP Survey, June 10 – July 23, 2019. Note: Percentages read across and may not total to 100% because of rounding.

# Characteristics of Health Insurance and Influence on Decision-making

- More than eight-in-ten businesses (82%) consider the potential long-term commitment of providing health insurance to influence their decision at least a “fair amount,” and more than half (52%) say it influences “a great deal.”
- More than half of businesses (53%) also say that the substantial administrative costs influence their decision “a great deal.”

## Influence of Impact on Sponsoring Group Health Insurance for Employees Via SHOP

Potential long-term commitment of providing health insurance to influence businesses a “great deal” to a “fair amount”

	NET	A great deal	Fair amount	NET	Not too much	Not at all
Providing health insurance can be a long-term commitment for an employer	82%	52%	30%	18%	12%	6%
There can be substantial administrative costs to providing health insurance to employees	79%	53%	26%	21%	15%	6%
Providing health insurance impacts the ability to provide employees monetary compensation	73%	39%	34%	28%	20%	8%
Providing health insurance can be complex and I don't have time to sort it out	70%	35%	35%	30%	21%	9%
Most of my employees are not interested in group health insurance because they have other options	55%	28%	26%	46%	23%	23%

Source: Q51. MBHE SHOP Survey, June 10 – July 23, 2019. Note: Percentages read across and may not total to 100% because of rounding.

# Comparisons Between SHOP and Health Plans Overall

## Major Reasons to Sponsor Health Plans Overall vs Sponsored Through SHOP

Major Reason	Health Plans	SHOP	Gap
Financial incentive, through tax credits, to do so	39%	55%	+16
Making an investment in a healthier workforce	46%	57%	+11
Offering health insurance is the right thing to do	56%	54%	-2

Source: Q26, Q50. MBHE SHOP Survey, June 10 – July 23, 2019.

- Many factors go into decision-making when it comes to sponsoring health plans for employees. Nearly four-in-ten businesses (39%) say that tax credits are a major reason to offer health insurance. However, when given specifics on tax credits through SHOP, the share of businesses that say this influences their decision-making increases by 16 points (55%).
- More than half of businesses believe that offering health insurance is the right thing to do, regardless of doing it through SHOP or other health plans (54% vs. 56%).

## Section 5

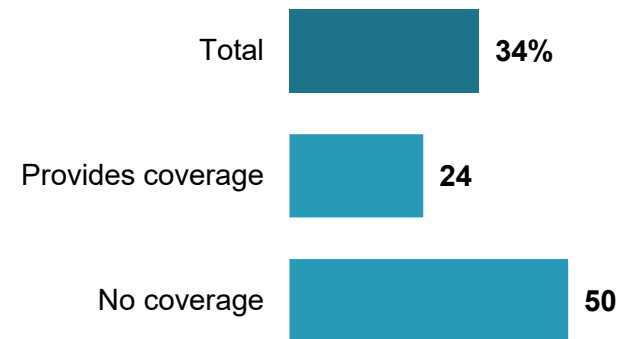
# A Comparison of Businesses Offering Financial Support for Insurance Coverage vs. Those Not Offering Financial Support



# Awareness and Profile

- Businesses offering some form of financial support for health insurance for employees are overall more aware of the health insurance marketplace than are those who do not currently offer financial support towards employee health insurance.
  - For example, 31% of companies who do not provide some coverage have *never* sought information out regarding employee health plans. Among those offering support, nearly all sought out information.
  - Regarding SHOP, twice as many businesses not offering financial support have heard nothing about SHOP, compared to those who are providing coverage to employees: 50% vs. 24%.
  - Looking at the composition of these small business subgroups, companies not providing financial support tend to be smaller organizations. They are more likely to have 2-10 employees (83%) compared to companies providing some coverage (66%).

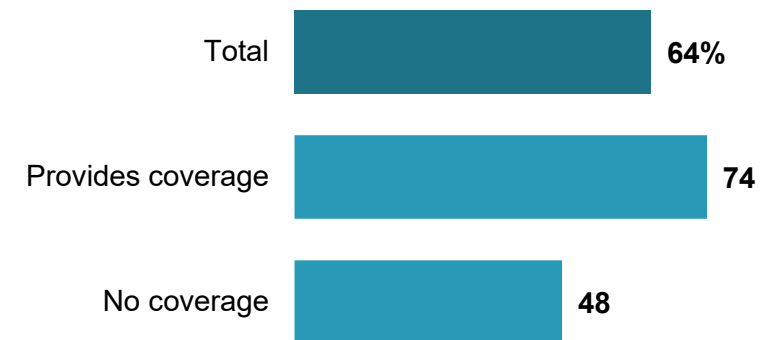
*Have heard nothing about SHOP...*



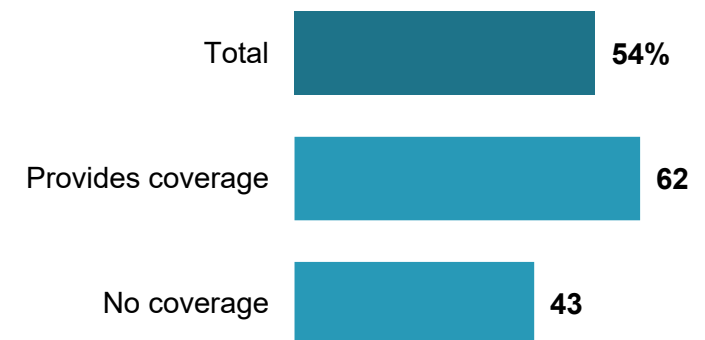
# Motivations and Challenges

- Companies providing coverage are overall more motivated by demands of their employees to provide coverage.
  - One such example, among several, finds that 74% of businesses providing coverage report being motivated to satisfy their employees' demand for insurance. Less than half (48%) of companies not providing financial support are motivated by this factor. Similar patterns were seen on the questions related to retaining talented staff, and insurance as a form of additional compensation to employees.
- Companies not providing coverage face additional challenges.
  - One such factor is cost. More than half (56%) see upfront costs as a challenge, compared to 45% of those providing coverage who say the same.
- Regarding SHOP, those without coverage are not as motivated by the availability of tax credits.
- In a qualitative assessment, among those not using SHOP but offering coverage, 19% (11 out of 57) are very interested in sponsoring a SHOP plan compared to just 5% (3 out of 57) who offer no financial support.

*Satisfy employee demand for coverage...*



*See tax credits as major reason to sponsor plan...*



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