UNIVERSITY OF MINNESOTA MORRIS

A Health Care System in Critical Condition:

Evidence of the Declining Affordability of Health Care Insurance and the Erosion of Health Care Infrastructure in West Central Minnesota

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Executive Summary

During the winter of 2002-03, business owners, farmers, local governmental representatives, insurance agents, and health care providers came together at four public forums held in West Central Minnesota to discuss the problem of rapidly increasing health care insurance costs. At those meetings, area employers expressed frustration both with the limited number of health care insurance options available to them, as well as the cost of the plans. A summary report of the forums was published in early 2003 and is available at http://www.insureruralminnesota.org.

As a result of the public forums, a steering committee was formed to further examine both the interest and the viability of forming a health care purchasing alliance in West Central Minnesota. For those new to the concept, a health care purchasing alliance (HCPA) is a coalition of employers who pool their purchasing power in order that they may collectively negotiate better rates and better features in their employer-sponsored health care plans.

To determine the interest and viability of forming a health care purchasing alliance in the region, two surveys were administered within the 12-county area of Western Minnesota. Participating counties included Big Stone, Chippewa, Douglas, Grant, Kandiyohi, Lac qui Parle, Pope, Renville, Stevens, Swift, Traverse and Yellow Medicine counties. A total of 402 employers (10.1%) responded to the Purchaser Survey, while 31 area health care providers (20.3%) responded to the Provider Survey.

Some of the most important findings from the surveys include:

1) More than four-fifths (82.9%) of employers in the region believe that offering health care insurance is either very or somewhat important in attracting new employees. An even larger percent (84.5%) indicate that it is either very or somewhat important in retaining their existing employees.
2) Just under half of area employers (48.8%) offer health insurance benefits to their full-time employees. Only 13% of employers offer health care insurance benefits to their part-time employees.
3) On average, employers in the region experienced 15% increases in their health care insurance premiums in the past year.
4) These steep increases are threatening the ability of area employers to continue to offer health care insurance to their employees. An alarming 55.3% of employers indicated that they are either very or somewhat likely to drop health care coverage for their employees if premiums continue to rise at their present rate. In fact, more than one in ten employers (11.1%) has already discontinued offering health insurance to their employers in the past five years.

5) A large majority of area employers are either very or somewhat dissatisfied with both the number of health care insurance options available to them (72%) and the costs of these plans (88%). When asked if they were offered a plan by the West Central Health Care Purchasing Alliance that was competitively priced, had caps on premium increases, and required a 3-year commitment, more than 8 in 10 employers (81.4%) indicated that they would seriously consider purchasing it. 82.5% of employers asked to be contacted about future developments with the West Central Health Care Purchasing Alliance.
6) Area health care providers are also under extreme stress. While the median expense inflation increased by an average of more than 5% for area providers this past year, 75% of area health care providers reported flat or ***lower*** reimbursement rates from insurers. As a result, nearly half of area providers (48.4%) reported that they are less financially stable due to recent trends in reimbursement, while 63.3% of area health care providers indicated that the reimbursement trends are threatening their viability as a health care provider in the community.
7) Support for the formation of both a health care purchasing alliance (HCPA) and an Accountable Provider Network (APN) were strong among our area health care providers. 96.7% of area health care providers were either very or somewhat interested in forming an APN, while 95.8% of area providers supported the formation of a health care purchasing alliance in our region.

In summary, we conclude that there appears to be both a significant need, as well as significant interest in our 12-county region, in forming a health care purchasing alliance.

Background:
During the winter of 2002-03, business owners, farmers, local governmental representatives, insurance agents, and health care providers came together at four public forums held in West Central Minnesota to discuss the problem of rapidly increasing health care insurance costs. At those meetings, area employers expressed frustration both with the limited number of health care insurance options available to them, as well as the cost of the plans. A summary report of the forums was published in early 2003 and is available at http://www.insureruralminnesota.org.

As a result of the public forums, a steering committee was formed to further examine both the interest and the viability of forming a health care purchasing alliance in West Central Minnesota. For those new to the concept, a health care purchasing alliance (HCPA) is a coalition of employers who pool their purchasing power in order that they may collectively negotiate better rates and better features in their employer-sponsored health care plans.

The formation of health care purchasing alliances was made possible by the Minnesota Legislature in 1997 through the passage of the Community Purchasing Arrangements Act, commonly referred to by its legislative chapter number 62T. Subsequent amendments to 62T allow health care purchasing alliances to contract directly with area health care providers, who would then collectively organize to form an Accountable Provider Network (APN). Many health care policy analysts view formation of for HCPAs and APNs as a promising vehicle for potential cost savings. HCPAs allow businesses to contract directly with area health care providers and their APN, thus offering the potential to significantly reduce administrative costs.

As of July 25, 2003, two health care purchasing alliances have begun offering health care insurance plans within Minnesota. The Northwest Health Care Purchasing Alliance (NWPA) launched its RuralCare Partners plans to employers located in Kittson, Lake of the Woods, Marshall, Pennington, Polk, Red Lake, and Roseau counties. The NWPA originally encouraged area health care providers to form an APN. Despite significant monetary support from the Robert Wood Foundation, the North Regional Health Alliance, the proposed APN for the Northwest region, failed to organize. The NWPA subsequently turned to and contracted with Health Partners, a licensed HMO operating in Minnesota. The RuralCare Partners product was launched on January 1, 2003.

In Southwest Minnesota, the Prairie Health Purchasing Alliance (PHPA) began offering health care insurance plans to employers in Lincoln, Lyon, Murray, Redwood, Pipestone, Cottonwood, Rock, Jackson and Nobles counties. PHPA contracted with Sioux Valley Health Plan of Minnesota. PHPA launched their health care insurance products on July 25, 2003.

Understanding both the interests and the needs of business owners in ***our*** region is important to determining the viability of forming a health care purchasing alliance. A survey was therefore designed to provide the steering committee of the West Central Health Care Purchasing Alliance with knowledge about area employers (Purchaser Survey). Since the formation of an APN may also be of interest to our region, a separate survey was administered to assess the interest that providers; hospitals/clinics, dentists, chiropractors and optometrists, have in working directly with businesses in Rural Minnesota (Provider Survey).

Survey Design:
The objectives of the Purchaser survey included the assessment of conditions within the 12 county area of West Central Minnesota that includes Big Stone, Chippewa, Douglas, Grant, Kandiyohi, Lac qui Parle, Pope, Renville, Stevens, Swift, Traverse and Yellow Medicine counties.

The Steering Committee requested information about which types of area employers are currently offering health care insurance, what type of coverage they are offering, whether or not this coverage in jeopardy, and recent trends in premiums. Additionally, the Committee wanted to determine the level of interest in this project and the types of products people would be most interested in purchasing; such as high cost/high coverage HMO type, low cost/low coverage HMO type, high/low deductible plan, etc. The complete survey is provided in Appendix A.

The Provider Survey was developed to identify how familiar area health care providers were in working with networks, whether their viability as a provider has been threatened by recent trends in reimbursements and whether or not they would support and be interested in participating in an APN. The Provider Survey can be found in Appendix B.

Survey Administration:
The administration of both surveys took place June 9-23, 2003. To increase the response rates for the surveys, a cash award incentive was used. American Solutions for Business contributed $500 for these awards. Awards of $250, $150, and $100 were given out to randomly selected respondents.

The Farm Service Agency provided a random sample of 2,000 farmers from the total population in our region of 15,369. A total of 139 farmers (7.0%) responded to the survey.

The Minnesota Workforce Center (MWC) provided a random sample of 2,000 non-farm employers in our region out of a total population of 9,356. A total of 263 non-farm employers (13.2%) responded to the survey.

Taken together, a total of 402 of the 4,000 organizations responded to the Purchaser Survey, thus producing an overall response rate of 10.1%.

The Provider Survey was sent out to all 153 hospitals, clinics, chiropractic clinics, dental offices, and optometry clinics in the 12 county region. Thirty-one offices returned the completed surveys, producing a 20.3% response rate.

The aggregate results (farm and non-farm employers combined) from the Purchaser Survey thus have a corresponding margin of error of +/- 4.9%. The farm-only results have a margin of error of +/- 8.3%; the non-farm employer results have a margin of error of +/- 6.0%. The Provider Survey, due to its very small sample size, has a margin of error of +/- 17.2%.

Results from the Purchaser Survey:

Table 1 summarizes the types of organizations represented in the Purchaser Survey sample. Just over 46.5 percent of respondents described their organization as a For Profit Business (Farmer), 34.4 percent identified themselves as For Profit Business (Non-Farmer), Government Organizations made up 6.9 percent of the sample, 5.9 percent of respondents were from Non Profit Organizations, while the remaining 6.3 percent came from the Educational Institutions or Other categories.

Table 1:Which of the following best describes your organization?

Category	All (Weighted)[1]	Farm Employers	Non-Farm Employers
For Profit Business (Farm)	187 (46.5%)	139 (100%)	0 (0%)
For Profit Business (Non-Farm)	139 (34.4%)	0 (0%)	169 (64.3%)
Government (Non-Education)	28 (6.9%)	0 (0%)	34 (12.9%)
Non Profit Organization	24 (5.9%)	0 (0%)	29 (11.0%)
Educational Institution	11 (2.6%)	0 (0%)	13 (4.9%)
Other	15 (3.7%)	0 (0%)	18 (6.8%)
Total:	408 (100%)	139 (100%)	263 (100%)

When asked approximately how many total people are employed by their organization, 74.1 percent of respondents reported that they had ten or fewer employees, 11.5 percent indicated that they had between 11 and 25 employees, and 14.4 percent of employers replied that they employed over 25 people in their organization.

Table 2: Number of Employees per Organization

Category	All (Weighted)[1]	Farm Employers	Non-Farm Employers
0-10	74.1%	93.9%	56.9%
11-25	11.5%	4.6%	17.6%
26+	14.4%	1.5%	25.5%
Total:	100.0%	100%	100.0%

Employers were asked if they currently offered health care insurance benefits to their employees. Table 3 shows that 48.8 percent of respondents currently offer health care insurance benefits to their full time employees while 51.2 percent do not.

Table 3: Does your organization currently offer health care insurance benefits to their full time employees?

Category	All (Weighted)[1]	Farm Employers	Non-Farm Employers
Yes	48.8%	37.0%	58.3%
No	51.2%	63.0%	41.7%
Total:	100.0%	100%	100.0%

Table 4 shows that 13.4 percent of employers offer health care insurance benefits to their part time employees while 86.6 percent do not offer insurance to their part time employees.

Table 4: Does your organization currently offer health care insurance benefits to their part time employees?

Category	All (Weighted)[1]	Farm Employers	Non-Farm Employers
Yes	13.4%	10.0%	16.1%
No	86.6%	90.0%	83.9%
Total:	100.0%	100%	100.0%

Employers were also asked if the rising costs of health care insurance threatened their ability to offer coverage to their employees. Table 5 reports the likelihood of employers dropping coverage due to rapidly rising premiums. Over 52.3 percent of respondents indicate they are either very likely or somewhat likely to drop coverage while 44.6 percent point out that they are not likely to drop coverage.

Table 5: If your organization does currently offer health insurance to your employees, how likely is it that your organization might drop the coverage if premiums continue to rise at their present rate?

Category	All (Weighted)[1]	Farm Employers	Non-Farm Employers
Very likely	11.2%	20.0%	7.0%
Somewhat likely	44.1%	48.9%	40.6%
Not likely	44.7%	31.1%	52.4%
Total:	100.0%	100.0%	100.0%

Additional questions were asked to determine the current rates that employers and employees in the region were paying for their health care coverage. The median cost for single person coverage under the age of 50 was $2160. The median annual premium for family coverage for an employee under the age of 50 was $5332.

Table 6: If your organization does currently offer health insurance to your employees, what is the approximate annual cost for …? (Note: Entries are Reported Median Annual Premiums)

Category	All (Weighted)[1]	Farm Employers	Non-Farm Employers
Single Coverage (Under 50)	$2160	$1764	$2340
Single Coverage (50+)	$3000	$1800	$3072
Family Coverage (Under 50)	$5332	$3774	$5988
Family Coverage (50+)	$7200	$3600	$7300

Employers were also asked what percentage change they had experienced in the past year in their health care insurance premiums. Table 7 shows that the median increase in health care insurance premiums was 15.0 percent.

Table 7: If your organization does currently offer health insurance to your employees, what has been the average percent change in premium over the last year?

Category	All (Weighted)[1]	Farm Employers	Non-Farm Employers
Median Change in Premium	15.0%	15.0%	15.0%

Table 8 shows that 11.1 percent of employers have discontinued offering health care insurance to their employees in the last five years.

Table 8: Has your organization discontinued offering health insurance to their employees (either full or part time) in the past five years?

Category	All (Weighted)[1]	Farm Employers	Non-Farm Employers
Yes	11.1%	11.5%	10.8%
No	88.9%	88.5%	89.2%
Total	100.0%	100.0%	100.0%

Furthermore, Table 9 shows widespread dissatisfaction that employers have with the range of health care insurance options available to them. Table 9 shows that 72.0 percent of respondents are either very or somewhat dissatisfied with the range of insurance options available to their organization.

Table 9: How satisfied are you with the range of health care insurance options available to your organization?

Category	All (Weighted)[1]	Farm Employers	Non-Farm Employers
Very Satisfied	4.4%	2.2%	6.4%
Somewhat Satisfied	23.5%	20.1%	25.9%
Somewhat Dissatisfied	37.5%	36.6%	38.6%
Very Dissatisfied	34.5%	41.0%	29.1%
Total	100.0%	100.0%	100.0%

Table 10 shows that 87.9 percent of respondents feel very or somewhat dissatisfied with the cost of heath care insurance options available to their organization.

Table 10: How satisfied are you with the cost of health care insurance options available to your organization?

Category	All (Weighted)[1]	Farm Employers	Non-Farm Employers
Very Satisfied	2.1%	0.0%	4.0%
Somewhat Satisfied	10.0%	7.4%	12.4%
Somewhat Dissatisfied	27.5%	27.2%	27.1%
Very Dissatisfied	60.5%	65.4%	56.6%
Total	100.0%	100.0%	100.0%

Despite their frustration with the limited number of health care insurance options and their cost, employers in the region believe that offering health care insurance is important in order to both retain existing employees as well as to recruit new employees. Table 11 shows that 84.4 percent of employers believe that it is either very or somewhat important to offer health care insurance in order to retain their existing employees.

Table 11: In your opinion, how important is it to your organization to offer health care insurance in order to retain existing employees?

Category	All (Weighted)[1]	Farm Employers	Non-Farm Employers
Very Important	59.2%	52.3%	65.3%
Somewhat Important	25.3%	27.7%	23.1%
Not Very Important	15.6%	20.0%	11.6%
Total	100.0%	100.0%	100.0%

Table 12 shows that 82.8 percent of employers believe that it is either very or somewhat important to offer health care insurance in order to recruit new employees.

Table 12: In your opinion, how important is it to your organization to offer health care insurance in order to recruit new employees?

Category	All (Weighted)[1]	Farm Employers	Non-Farm Employers
Very Important	56.9%	48.2%	63.6%
Somewhat Important	26.0%	24.1%	27.6%
Not Very Important	17.2%	27.7%	8.8%
Total	100.0%	100.0%	100.0%

When employers in the region were asked if they would seriously consider purchasing a health care insurance plan that was competitively priced, had caps on premium increases, and required a 3-year commitment, Table 13 shows that fully 81.4 percent of employers in the region indicated that they would seriously consider purchasing it.

Table 13: If the health care plans developed by the West Central Health Care Purchasing Alliance were competitively priced and had caps on premium increases and required a 3 year commitment, would your organization seriously consider purchasing it?

Category	All (Weighted)[1]	Farm Employers	Non-Farm Employers
Yes	81.4%	84.0%	79.1%
No	18.6%	16.0%	20.9%
Total	100.0%	100.0%	100.0%

In addition, Table 14 shows that 82.5 percent of area employers wanted to be contacted about future developments with the West Central Health Care Purchasing Alliance.

Table 14: Would you like to be contacted about future developments with the West Central Health Care Purchasing Alliance?

Category	All (Weighted)[1]	Farm Employers	Non-Farm Employers
Yes	82.5%	85.9%	79.7%
No	17.5%	14.1%	20.3%
Total	100.0%	100.0%	100.0%

A series of questions were asked as to what type of health care plan the employer currently buys as well as what type of plan the employer would most be interested in purchasing. Table 15 shows that the most common type of plan purchased by employers in our region are Deductible Plans.

Table 15: If your organization does provide health insurance to their employees, which of the following best describes the plan?

Category	All (Weighted)[1]	Farm Employers	Non-Farm Employers
Low Deductible Plan (less than $1000 for individuals or $2500 for family)	35.8%	25.5%	41.8%
High Deductible Plan (over $1000 for individuals or $2500 for family)	30.2%	53.6%	18.5%
High Cost/High Coverage HMO (copays less than $20; preventative health coverage, etc.)	27.6%	17.0%	32.9%
Flex/Cafeteria Plan (employees allowed to select which types of coverage i.e. dental, vision they want and to pay for them using pre-tax dollars)	16.1%	4.3%	23.3%
Low Cost/Low Coverage HMO (copays $20 or greater; less coverage for preventative health coverage)	12.1%	10.6%	14.4%
Health Care Reimbursement Account (typically paired with an HMO, this plan allows for employees to get reimbursed from their own pre-tax reimbursement accounts)	4.6%	4.4%	6.2%
Medical Savings Accounts (high deductible plan plus additional funds set aside on a pre-tax basis for more routine health care costs)	0.4%	0.0%	2.1%

Table 16 shows that employers in the region were most interested in purchasing Deductible Plans in the future and were least interested in HMO plans.

Table 16: Which of the following types of plan would your organization be most interested in purchasing? (% Either Very or Somewhat Interested)

Category	All (Weighted)[1]	Farm Employers	Non-Farm Employers
Low Deductible Plan (less than $1000 for individuals or $2500 for family)	79.4%	81.9%	77.7%
High Deductible Plan (over $1000 for individuals or $2500 for family)	77.9%	84.4%	72.0%
Medical Savings Accounts (high deductible plan plus additional funds set aside on a pre-tax basis for more routine health care costs)	73.0%	74.5%	72.2%
Health Care Reimbursement Account (typically paired with an HMO, this plan allows for employees to get reimbursed from their own pre-tax reimbursement accounts)	72.5%	76.7%	69.4%
Flex/Cafeteria Plan (employees allowed to select which types of coverage i.e. dental, vision they want and to pay for them using pre-tax dollars)	67.4%	63.2%	70.9%
Low Cost/Low Coverage HMO (copays $20 or greater; less coverage for preventative health coverage)	58.8%	59.3%	58.5%
High Cost/High Coverage HMO (copays less than $20; preventative health coverage, etc.)	51.1%	46.7%	54.8%

Additional questions were asked to measure what types of features that area employers wanted in their health care plans. Table 17 shows that area employers wanted to have greater emphasis on preventative care (92.9 percent were either very or somewhat interested) and include wellness programs that encourage healthier lifestyles (88.0 percent were either very or somewhat interested).

Table 17: Which of the following would you most like to see in any health care insurance plan developed by the WCHPA? (% Either Very or Somewhat Interested)

Category	All (Weighted)[1]	Farm Employers	Non-Farm Employers
Greater Emphasis on Preventative Care	92.9%	92.8%	93.4%
Wellness Programs	88.0%	87.8%	88.4%
Higher Share of Non-Premium Costs to be Paid by Consumer	82.0%	81.7%	82.5%
Higher Co-pays than Traditional Health Plans	81.5%	83.8%	79.7%
Higher Percentage of Premium to be Paid by Employees	75.2%	73.9%	76.2%

Employers were also asked which services they would be interested in having in a health care plan that they would purchase. Prescription coverage was favored by 94.9 percent of employers followed by chiropractic and dental services (both at 84.7 percent), and optical coverage (82.9 percent).

Table 18: For each of the following service, please identify whether you are very interested, somewhat interested, or not interested in a heath care product developed by the WCHCPA? (% Either Very or Somewhat Interested)

Category	All (Weighted)[1]	Farm Employers	Non-Farm Employers
Prescription	94.9%	97.1%	93.6%
Chiropractic	84.7%	84.2%	85.4%
Dental	84.7%	85.2%	84.4%
Optical	82.9%	85.7%	81.0%
Mental Health	72.4%	66.1%	78.4%

Provider Survey Results

A separate survey was mailed to area hospitals, clinics, dentists, optometrists, chiropractors, and mental health clinics.

Each provider was asked with how many insurance plans they contract. Twenty percent responded that they contract with three or fewer plans, 40 percent indicated that they contracted with between four and seven plans, while 20 percent responded that they contracted with more than 8 insurance plans.

Area providers were also asked in how many networks they participated. Just over 23 percent indicated they were either a part of one network or no networks, 69.2 responded they were a part of between two and ten networks, while the remaining eight percent indicated that they were a part of more than 10 provider networks.

Area providers were asked about changes in their overall reimbursement rates from insurance companies. Table 19 shows that 30 percent of providers have experienced reductions in their reimbursements while 45 percent of providers have seen no change in their reimbursement rates during the past year.

Table 19: Approximately how much have insurer reimbursement rates changed since last year (please state as a +/- %)?

Percent Change in Reimbursement	Percent of Providers	Cumulative Percent
-10.00	10.0	10.0
-7.00	5.0	15.0
-5.00	5.0	20.0
-2.00	5.0	25.0
-.50	5.0	30.0
.00	45.0	75.0
1.00	5.0	80.0
2.00	5.0	85.0
5.00	10.0	95.0
7.00	5.0	100.0

Area providers were also asked about their expense inflation. While many experienced decreases in their reimbursements, the median expense inflation for providers was 5 percent.

Table 20: Approximately what was your organizations' expense inflation since last year?

Expense Inflation	Percent of Providers	Cumulative Percent
.00	5.3	5.3
2.50	5.3	10.5
3.00	15.8	26.3
4.00	10.5	36.8
5.00	26.3	63.2
6.00	5.3	68.4
7.00	5.3	73.7
10.00	10.5	84.2
10.90	5.3	89.5
15.00	10.5	100.0

Area providers were asked whether these trends in reimbursement and/or health care costs have had on the financial health of their organizations. Table 21 shows that 48.4 percent of providers surveyed were either in about the same financial condition or less financially stable due to recent reimbursement trends. Only 1 provider surveyed stated that they were more financially stable due to recent trends in reimbursement.

Table 21: Which of the following best describes the effects that recent trends in reimbursement and/or health care costs have had on the financial health of your organization?

	Percent of Providers	Cumulative Percent
More financially stable due to recent trends	3.2	3.2
Less financially stable due to recent trends	48.4	51.6
About the same financial condition	48.4	100.0

Indeed, Table 22 shows that 61.3 percent of providers feel their viability as a provider is being threatened due to recent trends in reimbursement.

Table 22: Are recent trends in reimbursement and/or health care costs threatening your viability as a health care provider in the community?

	Percent of Providers
Yes	63.3
No	36.7

Area providers were also asked whether they would be interested in participatin in the formation in an APN in the region. Table 23 shows that 96.7 percent of respondents would be either very interested or somewhat interested in participating in a provider network that contracts directly with area employers (APN).

Table 23: Would you be interested in participating in a provider network that offers affordable health care directly to employers in your region (i.e. forming an APN)?

	Percent of Providers	Cumulative Percent
Very Interested	36.7	36.7
Somewhat Interested	60.0	96.7
Not Interested	3.3	100.0

Area health care providers were also asked what plan features they would prefer in any health care plan developed by the WCHCPA. Over 96 percent of providers surveyed would like to see a plan with a greater emphasis on preventative care while 93.3 percent would be very or somewhat interested in a plan that included wellness programs.

Table 24: Which of the following would you most like to see in any health care insurance plan developed by the WCHPA?

Plan Feature	% either Very or Somewhat Interested
Greater Emphasis on Preventative Care	96.7%
Wellness Programs	93.3%
Provide incentives to encourage consumer to be more aware of the cost of services	90.0%
Higher Share of Non-Premium Costs to be Paid by Consumer	69.0%
Higher Co-pays than Traditional Health Plans	69.0%

Finally, area health care providers were asked whether they supported the formation of a health care purchasing alliance in our region. Over 95 percent of providers surveyed support the formation of a health care purchasing alliance in our region.

Table 25: Do you support the formation of a Health Care Purchasing Alliance in our region?

	Percent of Providers
Yes	95.8%
No	4.2%

Conclusions

Results from the two surveys show some fairly discernible trends. First, it is clear that many employers in our region are very dissatisfied with the range of health care options available to them in our region. In that respect alone, a new product developed by the WCHCPA would be a welcome addition to the marketplace.

Second, the data show some fairly disturbing trends for the region. A significant number of area employers are actively considering dropping health care insurance from their benefit packages. Similarly, many health care providers have indicated that their viability is being threatened by recent trends in cost and reimbursements. A collaborative effort by both the area purchasers and health care providers may be required to allow area employers to compete for workers as well as to protect the health care infrastructure in the region.

Third, it is clear that area employers view the availability of health care insurance as key to their competitiveness as organizations. The data strongly show that area employers believe that offering competitive health care benefits is very important in not only attracting new employees, but also retaining their existing personnel. Thus the effects of this effort seem to reach far beyond simply the availability of health care insurance to extend to the competitive economic development of the entire region.

In summary, we conclude that there appears to be both a significant need, as well as significant interest in our 12-county region, in forming a health care purchasing alliance.

Note

[1] Due to the different response rates and population sizes of farm and non-farm employers in the region, a weight variable was applied in order that the aggregate results from the Purchaser Survey could be generalized to the entire employer population (farm and non-farm). The weight variable used for farm employers was 1.35 while the weight variable used for non-farm employers was .82.