



Report

North Dakota Small Business Healthcare Survey

August 7, 2009

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North Dakota Small Business Owners' Perspectives on Healthcare Reform

Executive Summary

Small Business Majority is a leading national small business advocacy organization focused on healthcare reform. The organization conducts original scientific research exploring the experiences and opinions of small business owners about healthcare reform throughout the nation, and projects this voice to policymakers through a network of small business spokespeople.

Small Business Majority's first national online survey, conducted in 2006, showed that the cost of healthcare was the top concern of small business—above taxes, energy and other issues. Follow-up polls by the organization carried out in 2007 and 2008 in California, New York, Ohio and New Mexico have echoed the key findings from this report, as have recent surveys done by the Robert Wood Johnson Foundation (nationwide, Colorado, Kansas), AARP (Washington state, Vermont), the Universal Healthcare Foundation of Connecticut, and The Access Project (Great Plains states and California, focused on farmers and ranchers). Surveys that Small Business Majority just completed in 13 additional states in the West, Midwest, South and Northeast bear out these findings as well. Collectively, these surveys reflect a deep concern on the part of small business owners about healthcare issues and a willingness to consider a range of alternative approaches to crafting a solution to the problem.

The survey found that healthcare costs continue to be a major problem for small business owners. North Dakota entrepreneurs also believe that to make healthcare more affordable, it's important that individuals, employers, insurers, government and healthcare providers share responsibility for financing the system.

Key Findings

North Dakota's small business owners overwhelmingly indicate that affordability is the barrier to providing health insurance. Where they do offer coverage, cost creates a significant struggle to continue to afford it, yet they feel a responsibility to provide coverage. They view lack of access to high-quality, affordable health insurance as a significant barrier to entrepreneurship; see reform as necessary and important to getting the economy back on track; and see themselves as part of the solution, working together with the federal government, insurers and providers.

- The number one concern for North Dakota small businesses in healthcare reform is controlling costs, followed by ensuring high-quality standard minimum benefits and having coverage for everybody.
- 88% of North Dakota small businesses not offering health insurance say they can't afford to, while 65% of those who do offer it say they're really struggling to do so.
- 79% of small businesses want to eliminate rules about health status and preexisting conditions, and 71% see these rules as a barrier to starting a business.

- 78% of small businesses support establishing a health insurance pool to create a marketplace where small businesses and individuals can choose their coverage. Only 18% oppose this proposal.
- 73% support the choice of a private or public health insurance plan, with 18% preferring private only and 5% preferring only a public option.
- 72% say healthcare reform is important for getting the economy back on track.
- 67% say it is important for individuals, employers, insurers, the government and healthcare providers to share the responsibility for making healthcare more affordable.
- 59% say their company has a responsibility to provide health coverage for its employees.
- 51% believe businesses that don't offer health insurance should be required to pay something to cover their employees, although 37% say no contribution should be required. Of those who agree that employers should contribute, about half believe it should be more than 5% of payroll.

North Dakota's small business owners are concerned about the cost of health coverage. They believe healthcare reform is necessary and are willing to participate as part of the solution. However, lack of access to affordable health insurance is currently a problem for most of them. A majority believe that in order to make healthcare more affordable, it is important to share the responsibility for financing among government, individuals, insurers, providers and employers. Small business owners support a variety of reform approaches that involve government action. These include eliminating rules about health status and preexisting conditions, and creating an insurance marketplace that allows small businesses and individuals to choose their coverage.

For more information, visit www.smallbusinessmajority.org

Methodology

Lake Research Partners designed and administered this survey on behalf of Small Business Majority.

Between May 20 and May 29, 2009, professional interviewers conducted telephone interviews with a total of 200 small business owners in North Dakota. For the purposes of this research, a small business is defined as having up to 100 employees, including sole proprietors. The interviews lasted an average of 9 minutes.

Researchers used a random sample of phone numbers obtained from InfoUSA, a leading commercial vendor that provides a constantly updated comprehensive database of all businesses in the US. Respondents were screened to include only those directly involved in determining their company's healthcare benefits and to exclude employers with more than 100 employees and those who didn't know whether their company pays for health insurance benefits for its employees.

Percentages may not always add up to 100%, due to rounding or because a question allowed for multiple answers.

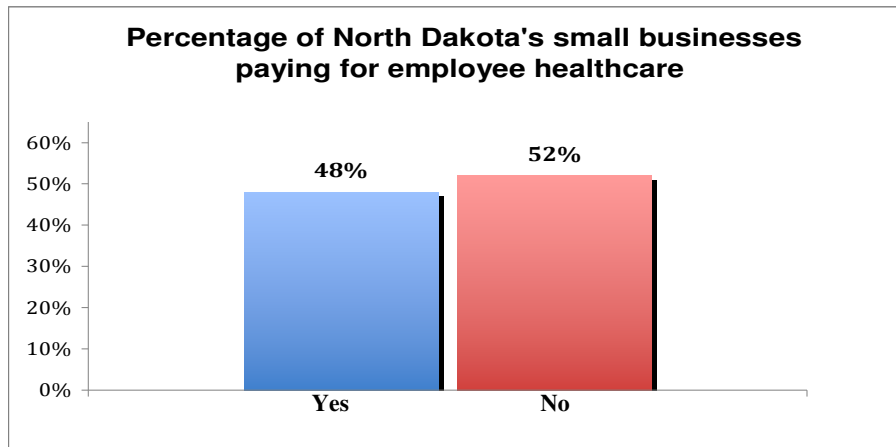
Like all surveys, this survey has the potential for sampling error. The potential for sampling error depends on both the number of respondents to a particular question and the distribution of their responses. The survey has an overall margin of error of 6.9%, with a 95% confidence interval. Answers with fewer responses have higher margins of error than does the survey as a whole.

Survey Results

North Dakota's small business owners overwhelmingly indicate they cannot afford to provide health coverage for their employees. Where they do offer coverage, it's a significant struggle to afford it. They view lack of access to affordable, high-quality health insurance as a significant barrier to entrepreneurship, see reform as necessary and see themselves as part of the solution.

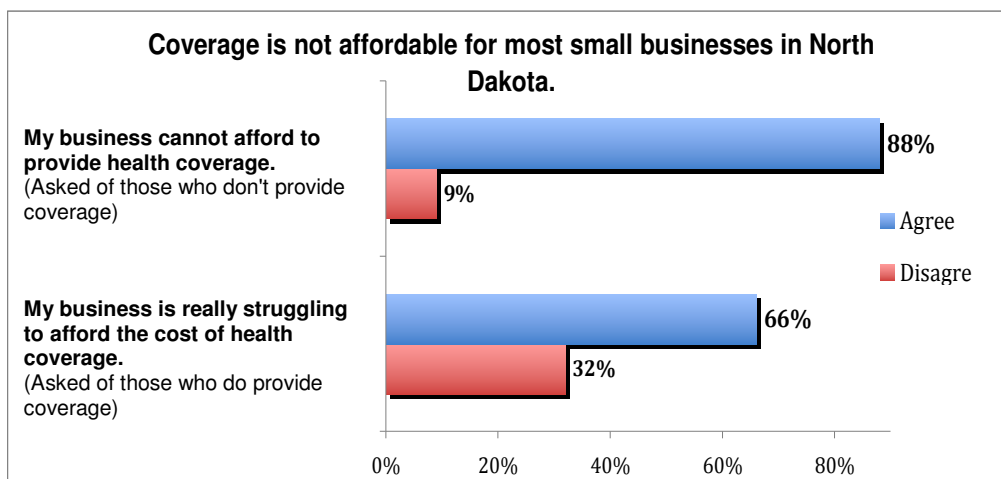
Small businesses can't afford healthcare coverage for their employees.

Healthcare affordability is a big problem for small businesses in North Dakota. More than half (52%) of North Dakota's small businesses don't pay for any part of the cost of health insurance for their employees; only 48% contribute something toward their employees' coverage.



Q: Do you pay for all or part of the cost of health insurance benefits for ANY of your employees other than yourself?

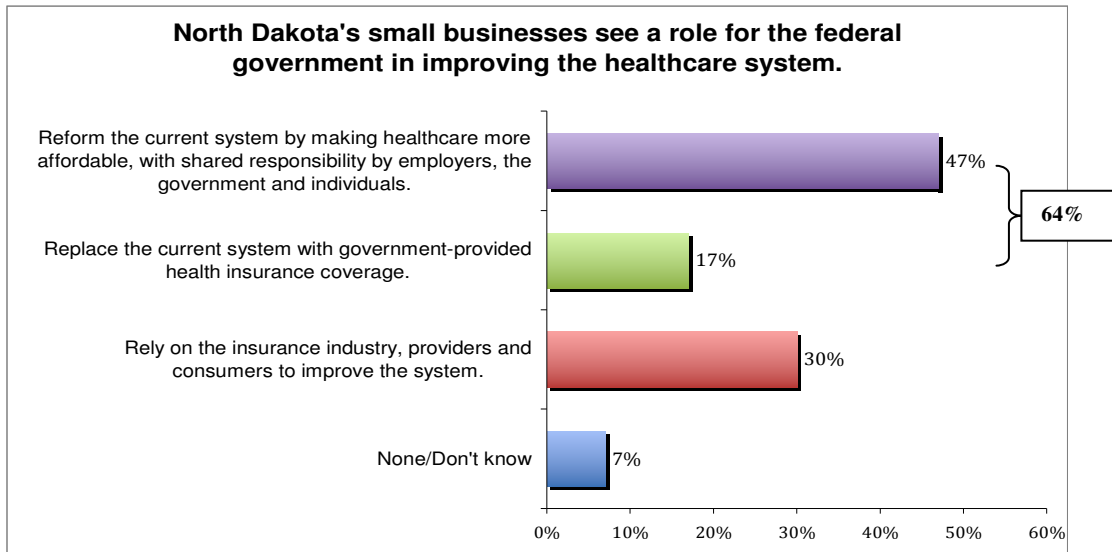
The vast majority (88%) of small businesses that don't offer health insurance say they can't afford to provide it. Moreover, 66% of those that offer it say they're really struggling to do so.



Q: Please tell me whether you strongly agree, somewhat agree, somewhat disagree or strongly disagree with the statement: My business cannot afford to provide health coverage. My business is really struggling to afford the cost of health coverage.

Small businesses see a role for the federal government.

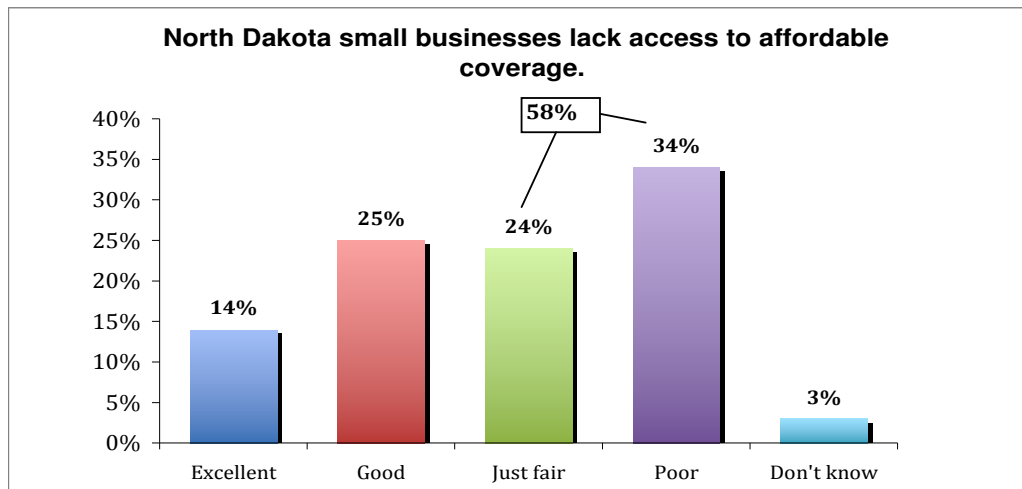
Nearly two-thirds (64%) of North Dakota's small businesses see some role for the federal government in improving the country's healthcare system. Almost half (47%) of those surveyed want to reform the current health insurance system by making healthcare more affordable, with shared responsibility by employers, the government and individuals. Another 17% would prefer to replace the current system with one under which all Americans have health insurance provided by the government. Only 30% want to rely on the insurance industry, providers and consumers to improve the system. Only 7% want to rely on the insurance industry, providers and consumers to improve the system, with no involvement from the federal government.



Q: Which one of the following statements is closest to your view of the role the federal government should play in improving the country's healthcare system?

Small businesses lack access to affordable health insurance.

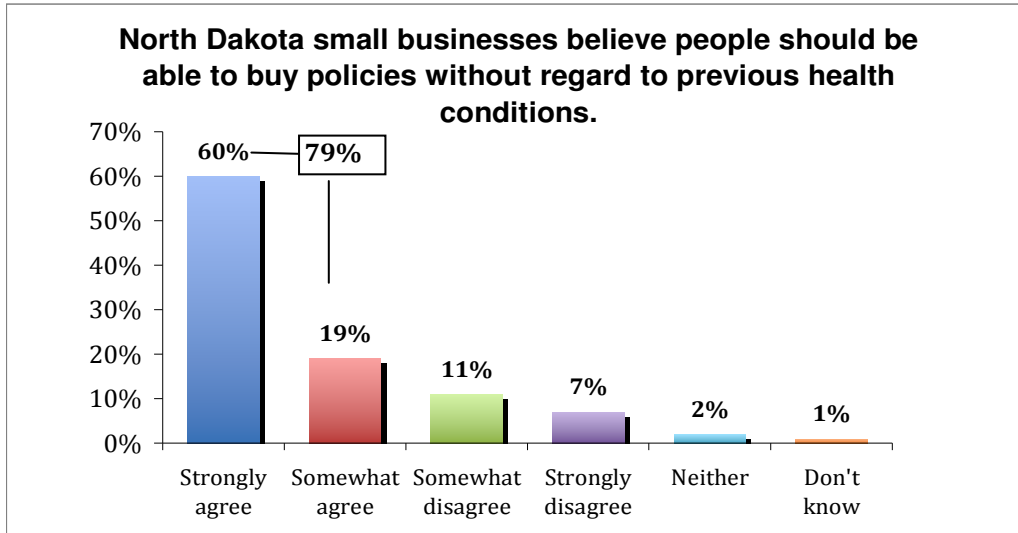
Nearly 6 in 10 (58%) of small business owners describe their access to affordable health insurance as just fair or poor. Only 14% say it is excellent.



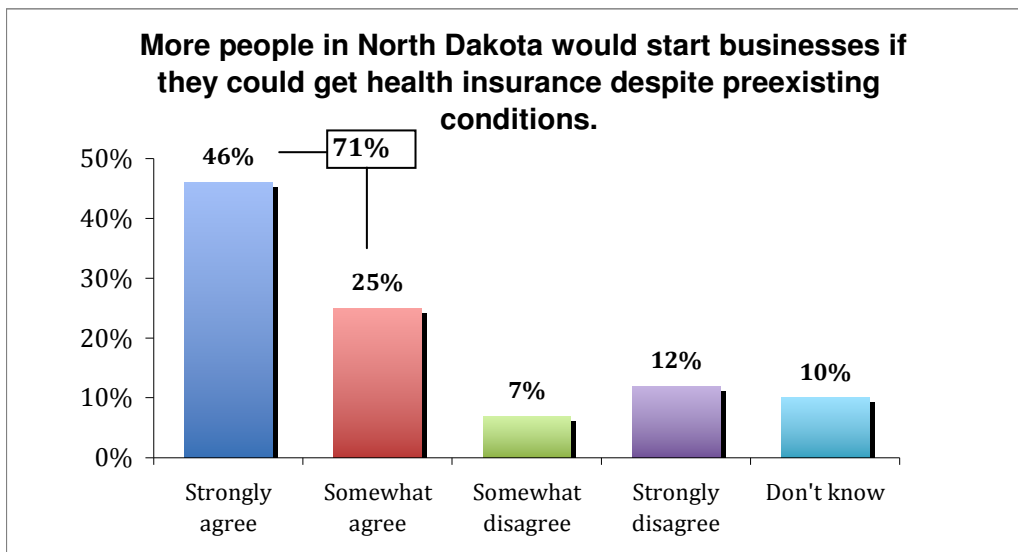
Q: How would you describe your access to affordable health insurance coverage—excellent, good, just fair or poor?

Small business owners want to eliminate rules about preexisting conditions.

Nearly 8 in 10 (79%) of North Dakota's small businesses believe people should be able to buy healthcare policies without regard to their health status or previous health conditions (60% believe this strongly). They view restrictions based on preexisting conditions as a barrier to becoming entrepreneurs. More than 7 in 10 (71%) say more people would start businesses if they knew they could get health insurance despite their preexisting conditions (46% agree strongly).



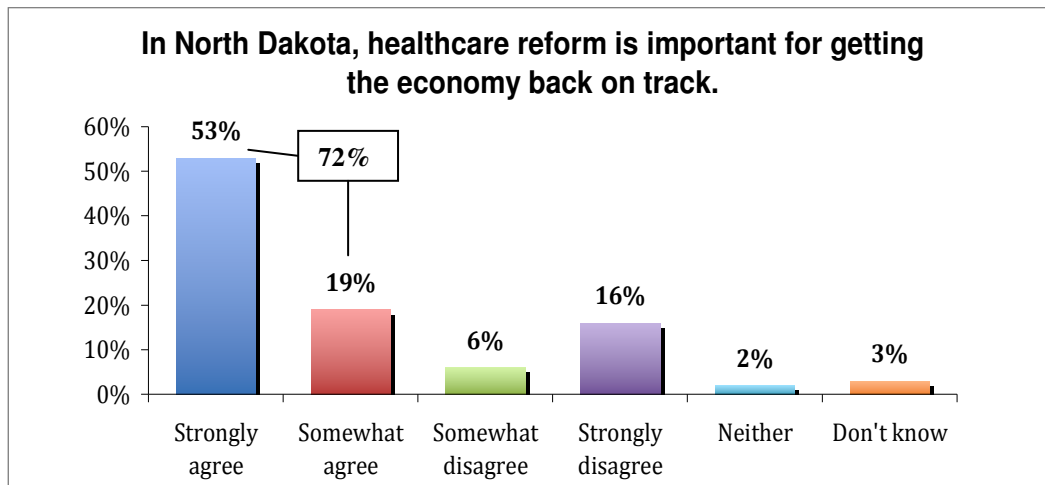
Q: Please tell me whether you strongly agree, somewhat agree, somewhat disagree or strongly disagree with the statement: People should be able to buy healthcare policies without regard to their health status and previous health conditions.



Q: Please tell me whether you strongly agree, somewhat agree, somewhat disagree or strongly disagree with the statement: More people would become entrepreneurs and start businesses if they knew that they could get health insurance despite their preexisting health conditions.

Healthcare reform is important for economic recovery.

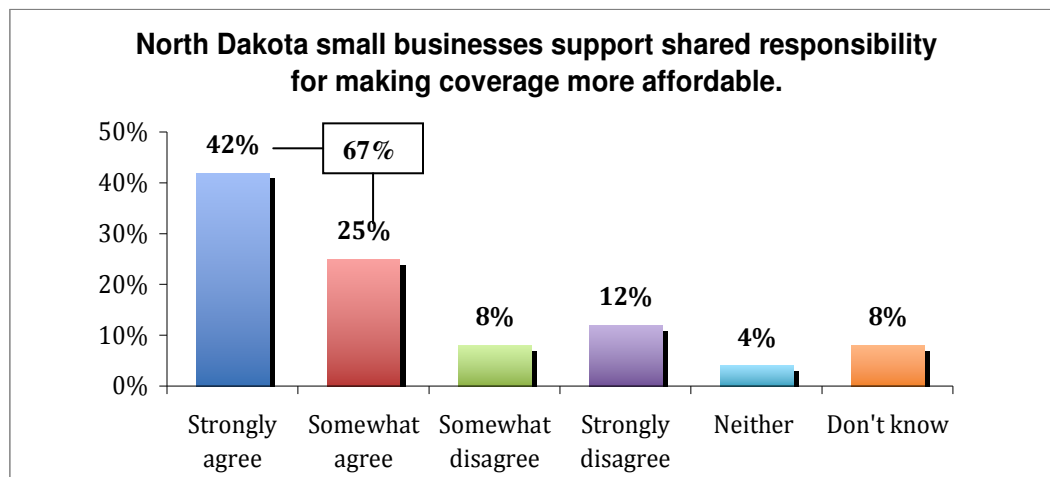
Almost three-quarters (72%) of North Dakota's small business people say healthcare reform is important for getting the economy back on track; 53% strongly agree with this statement.



Q: Please tell me whether you strongly agree, somewhat agree, somewhat disagree or strongly disagree with the statement: In order to get our economy back on track we need healthcare reform now.

Small businesses support shared responsibility.

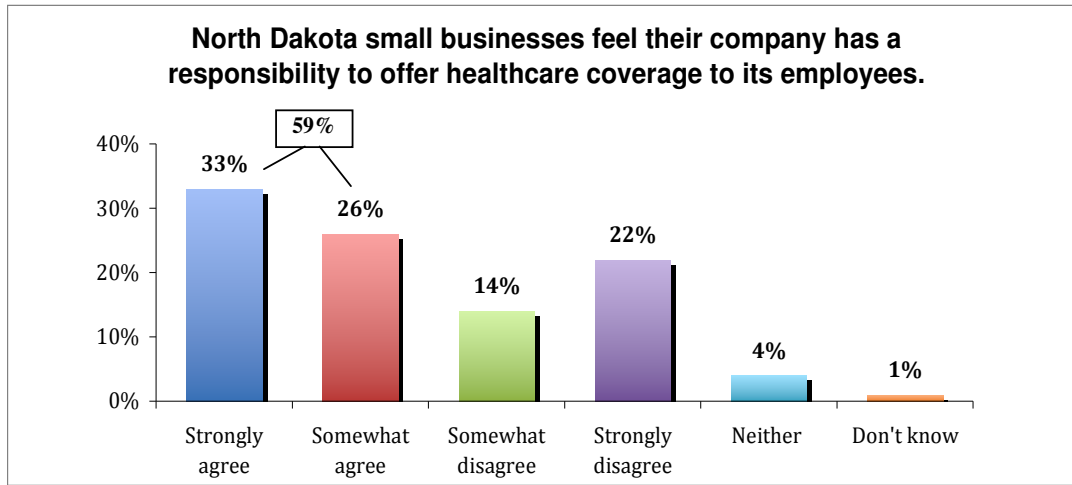
More than two-thirds (67%) of those surveyed in North Dakota say individuals, employers, insurers, the government and healthcare providers should share the responsibility for making coverage more affordable (42% strongly agree).



Q: Please tell me whether you strongly agree, somewhat agree, somewhat disagree or strongly disagree with the statement: In order to make healthcare more affordable it is important to share the responsibility for financing it among individuals, employers, insurance companies, providers and government.

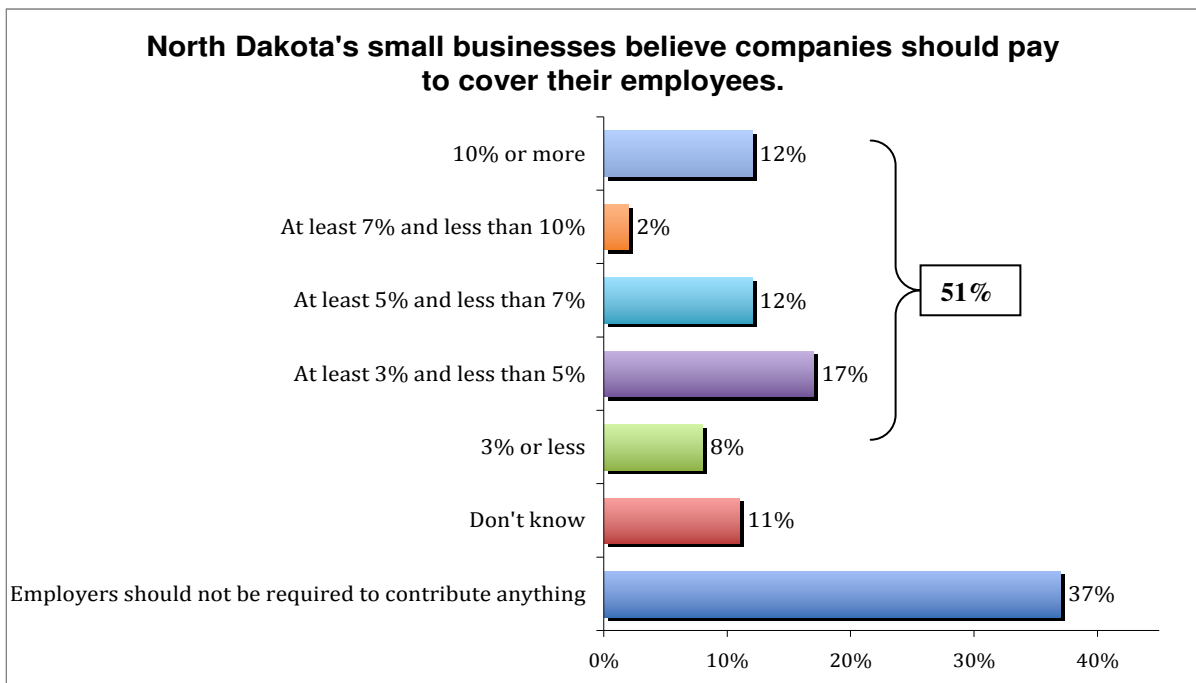
Small business owners feel a responsibility to provide health coverage.

Providing health insurance to their employees is important to a majority of North Dakota's small business owners, with nearly 6 in 10 (59%) saying their company has a responsibility to do so.



Q: Please tell me whether you strongly agree, somewhat agree, somewhat disagree or strongly disagree with the statement: I feel my company has a responsibility to offer health coverage to employees.

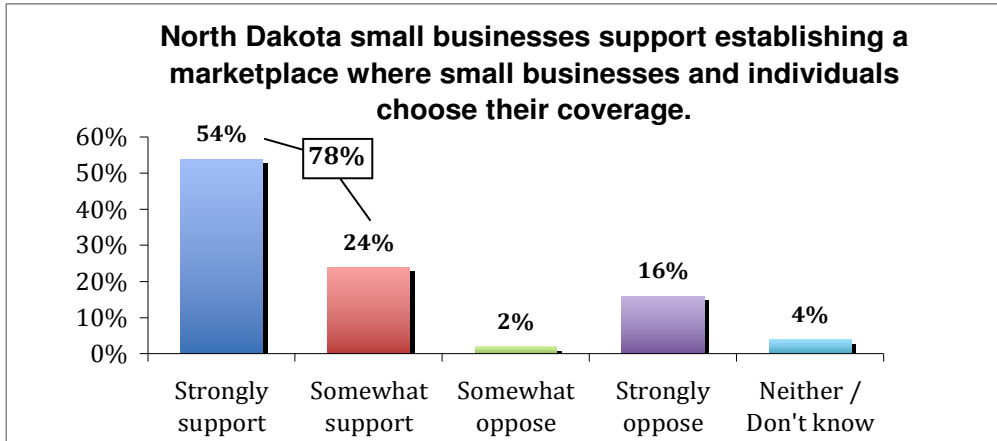
A majority (51%) of small businesses in North Dakota believe businesses that don't offer health insurance should pay something for employee coverage, while 37% believe employers should not be required to do so. Of those who support employer responsibility, about half believe it should be more than 5% of payroll.



Q: For companies that do not currently offer health insurance, what percentage of their payroll costs do you think they should pay to cover their employees?

Small businesses support establishing a health insurance marketplace.

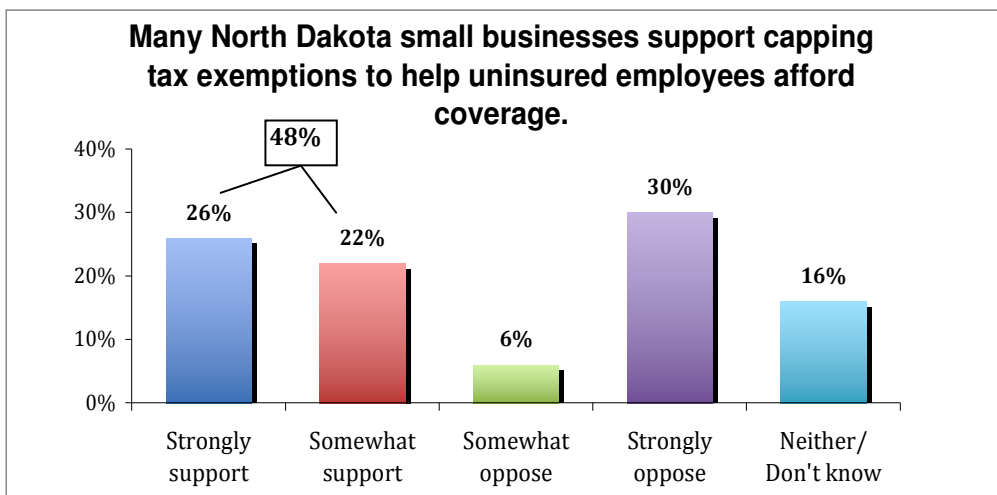
Nearly 8 in 10 (78%) of North Dakota's small business people support a proposal to establish a health insurance pool to create a marketplace where small businesses and individuals can choose their coverage; 54% support this proposal strongly.



Q: Would you support or oppose the following proposal: Establish a health insurance pool to create a marketplace where small businesses and individuals choose their coverage.

Small businesses support capping tax exemptions to expand coverage.

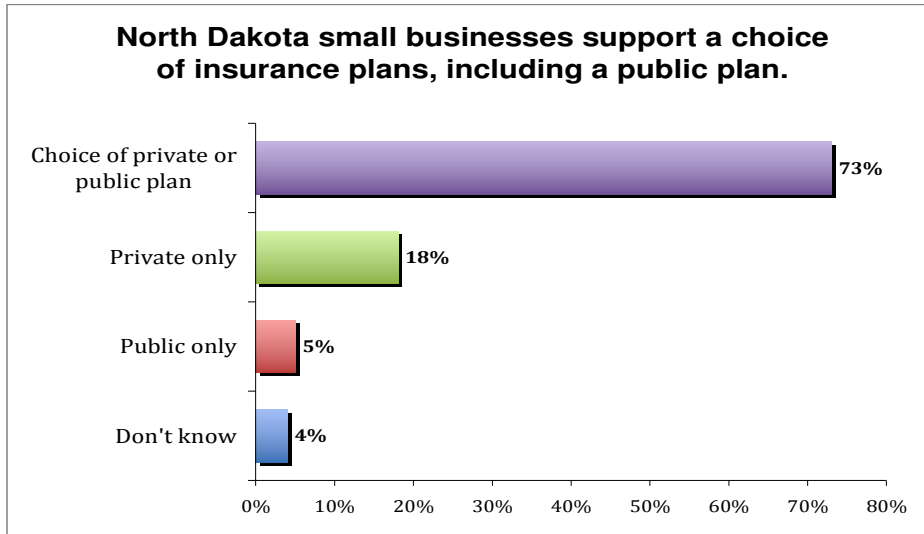
Many small businesses support capping the tax exemption on health benefits when they know that the additional tax revenues will be used to help employees who can't afford coverage. Nearly half (48%) support limiting the tax exemption to \$1,440 in family coverage per month for this purpose (36% oppose). However, when simply proposing a cap on the exemption without stating how the additional tax revenues will be used, 41% support and 46% oppose the proposal.



Q: Currently, the health benefits that businesses provide are fully tax-exempt for their employees. Would you support or oppose a proposal to limit this exemption to \$1,440 in family coverage per month if the additional tax revenues are used to help employees who can't afford coverage?

Small businesses support a choice of plans, including a public option.

Almost three-quarters (73%) of North Dakota's small businesses support having the option of private health insurance or a public plan as part of healthcare reform, as opposed to everyone having coverage through a public plan or having only private insurance.

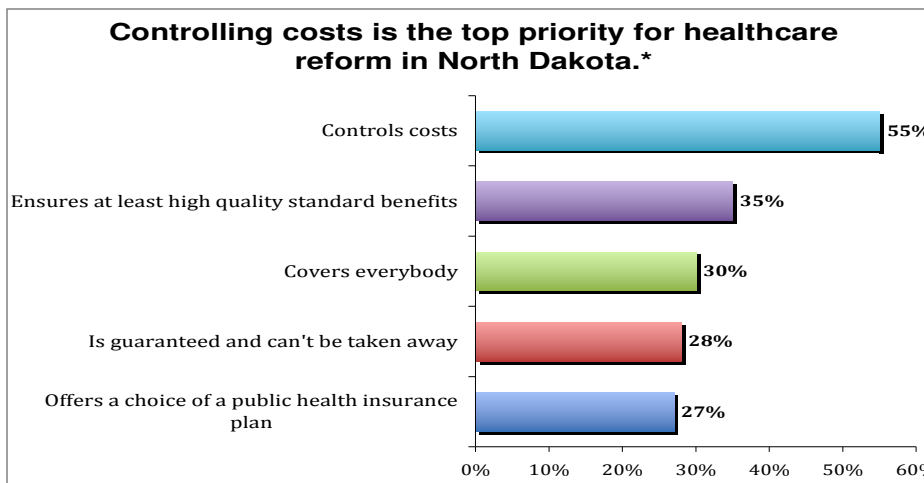


Q: Which of the following three approaches to healthcare reform do you prefer: one, everyone getting health insurance through private health insurance plans; two, everyone getting health insurance through a public health insurance plan; or three, everyone having a choice of private health insurance or a public health insurance plan?

Small business owners' top priority for reform is controlling costs.

The most important goal for North Dakota's small business owners in healthcare reform is controlling costs. One-third (33%) of those surveyed say controlling costs is the most important goal, and 55% say it is among their top two goals for reform.

The goals that North Dakota small business people cite as second and third most important are, respectively, ensuring at least high-quality standard benefits (35%) and having coverage for everybody (30%).

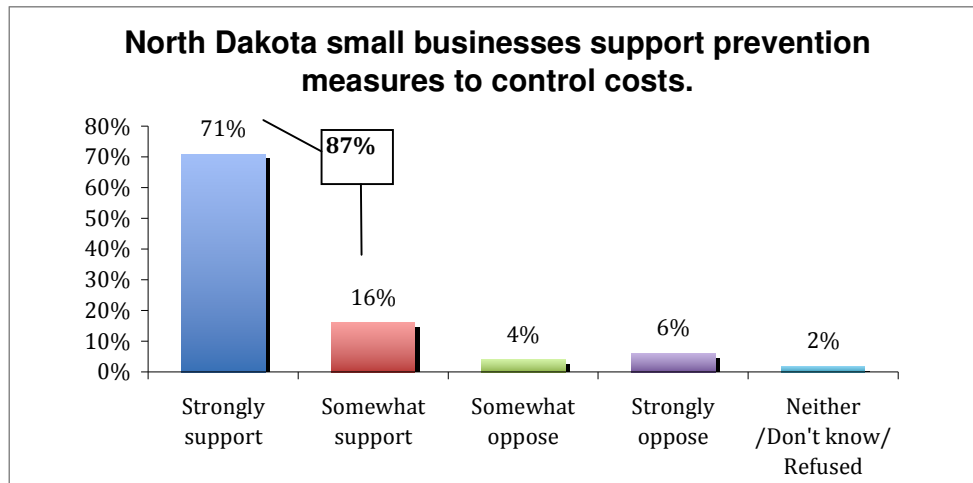


*The graph reflects the top two answers for goals of healthcare reform, so numbers do not add to 100%.

Q: Now, thinking about healthcare reform, which of these goals would be the **most** important to you in healthcare reform? And which of these goals would be the **second** most important to you in healthcare reform?

Small businesses strongly support prevention measures to control costs.

Nearly 9 in 10 (87%) small business owners in North Dakota support prevention measures as a way to control skyrocketing healthcare costs and promote a healthier society. They support a proposal to provide incentives for people to actively manage their health before they get sick or engage in behaviors that may adversely affect their health. For example, people who eat healthily, get regular exercise and avoid smoking would get discounts on the cost of their health coverage.



Q: In order to control skyrocketing healthcare costs and promote a healthier society, we should provide incentives for people to actively manage their health before they get sick or engage in behaviors that may adversely affect their health. For example, people who eat healthy, get regular exercise and avoid smoking would get discounts on the costs of their health coverage. Do you strongly support, somewhat support, somewhat oppose or strongly oppose this proposal?

Conclusion

North Dakota's small business owners are concerned about the cost of health coverage, and controlling costs is their top priority for reform. They believe healthcare reform is necessary for getting the economy back on track and are willing to participate as part of the solution. They feel a responsibility to provide coverage for their employees, but struggle with the cost. About two-thirds believe that in order to make healthcare more affordable, it is important to share the responsibility for financing among government, individuals, insurers, providers and employers. The vast majority want to eliminate rules about preexisting conditions and view these rules as interfering with the ability of entrepreneurs to start small businesses. They also support creating an insurance marketplace that allows small businesses and individuals to choose their coverage.

Demographics

The survey reached 200 small business owners in North Dakota, with the following demographic characteristics:

- 48% of all the firms with one or more employees offer insurance, while 52% do not; 81% of sole proprietors have coverage for themselves
- 69% men, 31% women
- 16% Democrat, 36% Republican, 41% independent
- 82% employ 9 or fewer employees:
 - 26%: self-employed
 - 14%: 1 employee
 - 17%: 2–3 employees
 - 25%: 4–9 employees
 - 7%: 10–14 employees
 - 5%: 15–19 employees
 - 2%: 20–24 employees
 - 1%: 25–29 employees
 - 1%: 30–34 employees
 - 1%: 35–39 employees
 - 0%: 40–44 employees
 - 1%: 45–50 employees
 - 0%: 51–100 employees
- Business sector
 - 23%: retail or restaurant
 - 6%: agriculture
 - 49%: services
 - 21%: other
- Revenue levels:
 - 51%: under \$250,000
 - 23%: \$250,000–\$1 million
 - 17%: over \$1 million
 - 10%: don't know or refused to state
- Minority and women ownership
 - 5%: minority-owned business
 - 21%: woman-owned business
 - 3%: both minority- and woman-owned
 - 71%: none of the above
- Urbanicity:
 - 29%: urban
 - 12%: suburban or small town
 - 59%: rural

For more information, visit www.smallbusinessmajority.org

Organization & Contact Information

SMALL BUSINESS MAJORITY

National Headquarters and California Office

4000 Bridgeway, Suite 101
Sausalito, CA 94965
(866) 597-7431
info@smallbusinessmajority.org

Washington, DC Office

308 East Capitol St., N.E., Suite 10
Washington, DC 20003
(202) 547-0117
national@smallbusinessmajority.org

New York Office

115 West 30th St., Suite 1213
New York, NY 10001
(646) 827-4585
newyork@smallbusinessmajority.org

Questionnaire

Small Business Majority
200 small business owners in ND
Current length: 9 minutes

Hello, may I please speak with

CHOOSE ONE

- NAME FROM LIST— Name listed as CEO/president/or owner of company
- The owner or president of company
- The person at your company who is responsible for making decisions about employee healthcare and compensation

IF NONE OF THE ABOVE AVAILABLE, ARRANGE TIME FOR CALL BACK

FIRST CONTACT WITH ACTUAL INTERVIEWEE:

Hello, My name is _____ of National Opinion Research. I am calling on behalf of Small Business Majority. We are conducting a confidential brief survey among American small business owners on the topic of healthcare. Your responses will be kept strictly confidential and no material that identifies your response will be distributed. This survey is for research purposes only. We are not attempting to sell anything, nor will your participation result in any calls in the future to sell you anything. **(DO NOT PAUSE)**

Prompt if respondent asks who is Small Business Majority:

Small Business Majority is a group of business entrepreneurs in the US who have joined together to speak out on healthcare changes needed by small businesses to ensure our competitiveness and economic survival.

Prompt if respondent asks why Small Business Majority is conducting the survey:

Small Business Majority is conducting this survey to understand the views of small businesses on healthcare.

1. Just to confirm, are you directly responsible for or directly involved in the decision making process for determining the healthcare benefits that will be offered at your company?

Yes..... 1
 No **TERMINATE**
 (Don't know) **TERMINATE**

2. And how many employees, not including contractors, does your company have?

Self-employed..... 1
 1, not yourself 2
 2 or 3..... 3
 4-9..... 4
 10-14..... 5
 15-19..... 6
 20-24..... 7
 25-29..... 8
 30-34..... 9
 35-39..... 10
 40-44..... 11
 45-50..... 12
 51-100 13
 101 or more **TERMINATE**
 (Don't know/Refused) **TERMINATE**

ASK ONLY IF Q2=1

3. Are you personally covered by health insurance?

Yes..... 1
 No 2
 (Don't know) 3

ASK ONLY IF Q2=2 through 13

4. Do you pay for all or part of the cost of health insurance benefits for ANY of your employees other than yourself?

Yes..... 1
 No 2
 (Don't know) **TERMINATE**

[ASK IN IOWA, NEBRASKA, NORTH DAKOTA, MISSOURI, WISCONSIN]

5. How would you describe your access to doctors or healthcare providers—excellent, good, just fair or poor?

Excellent 1
 Good 2
 Just fair 3
 Poor 4
 (Don't know) 5

[ASK IN IOWA, NEBRASKA, NORTH DAKOTA, MISSOURI, WISCONSIN]

6. How would you describe your access to affordable health insurance coverage—excellent, good, just fair or poor?

- Excellent1
- Good2
- Just fair3
- Poor4
- (Don't know)5

RESUME ASKING ALL

7. Which one of the following statements is closest to your view of the role the federal government should play in improving the country's healthcare system?

(ROTATE, WITH OPTION 2 ANCHORED)

- Replace the current system with one under which all Americans have health insurance coverage provided through the government1
- Reform the current health insurance system by making healthcare more affordable, with shared responsibility by employers, the government and individuals.2
- Rely on the insurance industry, providers, and consumers to improve the healthcare system, with no involvement from the federal government3
- (None)4
- (Don't know)5

8. Which of the following three approaches to healthcare reform do you prefer: one, everyone getting health insurance through private health insurance plans; two, everyone getting health insurance through a public health insurance plan; or three, everyone having a choice of private health insurance or a public health insurance plan?

- private only1
- public only2
- choice of private or public3
- (Don't know)4

Now I am going to read you some statements about healthcare. For each one, please tell me whether you strongly agree, somewhat agree, somewhat disagree or strongly disagree with the statement.

[READ FIRST ITEM.] Do you strongly agree, somewhat agree, somewhat disagree or strongly disagree with that statement?

ROTATE Q9-15

str smwt smwt str (neither)(DK/ref)
agree agree disag disag

ASK ONLY IF Q4=2

9. _My business cannot afford to provide health coverage.
..... 1 2 3 4 5 6

ASK ONLY IF Q4=1

10. _My business is really struggling to afford the cost of health coverage.
..... 1 2 3 4 5 6

RESUME ASKING ALL

11. _In order to get our economy back on track we need healthcare reform now.
..... 1 2 3 4 5 6

ASK ONLY IF Q2= 2 through 13

12. _I feel my company has a responsibility to offer health coverage to employees.
..... 1 2 3 4 5 6

RESUME ASKING ALL

13. _SSA: People should be able to buy healthcare policies without regard to their health status and previous health conditions.
..... 1 2 3 4 5 6

14. _SSB: More people would become entrepreneurs and start businesses if they knew that they could get health insurance despite their preexisting health conditions.
..... 1 2 3 4 5 6

15. _In order to make healthcare more affordable, it is important to share the responsibility for financing it among individuals, employers, insurance companies, providers and government.
..... 1 2 3 4 5 6

END ROTATION

16. For companies that do not currently offer health insurance, what percentage of their payroll costs do you think they should pay to cover their employees? **(READ CHOICES IN ORDER)**

IF DON'T KNOW: Well, what would you say is your best estimate on how much they should pay to cover their employees?

- Employers should not be required to contribute anything1
- 3% or less2
- At least 3% and less than 5%.....3
- At least 5% and less than 7%.....4
- At least 7% but less than 10%.....5
- 10% or over6
- (Don't Know)7

17. In order to control skyrocketing healthcare costs and promote a healthier society, we should provide incentives for people to actively manage their health before they get sick or engage in behaviors that may adversely affect their health. For example, people who eat healthy, get regular exercise and avoid smoking would get discounts on the costs of their health coverage.

Do you strongly support, somewhat support, somewhat oppose or strongly oppose this proposal?

- Strongly support1
- Somewhat support.....2
- Somewhat oppose.....3
- Strongly oppose.....4
- (Neither/Don't know)5
- (Refused)6

17X. Would you support or oppose the following proposal: Establish a health insurance pool to create a marketplace where small businesses and individuals choose their coverage.

Do you strongly support, somewhat support, somewhat oppose or strongly oppose this proposal?

- Strongly support1
- Somewhat support.....2
- Somewhat oppose.....3
- Strongly oppose.....4
- (Neither/Don't know)5
- (Refused)6

18. **SSA:** Currently, the health benefits that businesses provide are fully tax exempt for their employees. Would you favor or oppose limiting this exemption to \$1,440 in family coverage per month, if the additional tax revenues were used to help employees who can't afford coverage?

Do you strongly support, somewhat support, somewhat oppose or strongly oppose this proposal?

- Strongly support1
- Somewhat support.....2
- Somewhat oppose.....3
- Strongly oppose.....4
- (Neither/Don't know)5
- (Refused)6

19. **SSB:** Currently, the health benefits that businesses provide are fully tax exempt for their employees. Would you favor or oppose limiting this exemption to \$1,440 in family coverage per month?

Do you strongly support, somewhat support, somewhat oppose or strongly oppose this proposal?

- Strongly support1
- Somewhat support.....2
- Somewhat oppose.....3
- Strongly oppose.....4
- (Neither/Don't know).....5
- (Refused).....6

20. Now, thinking about healthcare reform, which of these goals would be the **most** important to you in healthcare reform? That it...**[READ CHOICES]**

(ROTATE)

- offers a choice of a public health insurance plan 1
- controls costs..... 2
- is guaranteed and can't be taken away..... 3
- covers everybody 4
- ensures at least high-quality standard benefits..... 5
- (Other) 6
- (None)..... 7
- (Don't know) 8

IF CHOICE MADE IN Q20:

21. And which of these goals would be the **second** most important to you in healthcare reform? That it... **[READ CHOICES, ELIMINATING FIRST CHOICE]**

(ROTATE)

- offers a choice of a public health insurance plan 1
- controls costs..... 2
- is guaranteed and can't be taken away..... 3
- covers everybody 4
- ensures at least high-quality standard benefits..... 5
- (Other) 6
- (None)..... 7
- (Don't know) 8

The few remaining questions are for statistical purposes only.

22. Which of the following categories best describes your business?

READ LIST

- Retail or restaurant 1
- Agriculture..... 2
- Service..... 3
- Other 4
- (Don't know) 5

23. Generally speaking, do you think of yourself as a Republican, a Democrat, an independent, or something else?

IF INDEPENDENT: Would you say that you lean more toward the Republicans or more toward the Democrats?

Republican.....	1
Independent, lean Republican	2
Independent	3
Independent, lean Democratic	4
Democrat	5
(Don't know/Other).....	6

24. What is your age?

CODE ACTUAL AGE: _____

IF REFUSED: I am going to read you some categories. Stop me when we get to your category:

READ CATEGORIES:

18-24.....	1
25-29.....	2
30-34.....	3
35-39.....	4
40-44.....	5
45-49.....	6
50-54.....	7
55-59.....	8
60-64.....	9
65-69.....	10
70-74.....	11
Over 75.....	12
(Refused/Don't know)	13

25. For statistical purposes only, which of these categories best describes the gross revenue of your company in 2008?

READ CATEGORIES:

Under \$250,000	1
\$250,000 to \$1 million	2
Over \$1 million.....	3
(Don't know)	4
(Refused).....	5

26. And just to make sure we have a representative sample, could you please identify which of the following descriptions best fit your company:

Minority-owned business	1
Woman-owned business	2
(Both woman- and minority-owned)	3
None of the above	4

27. What is the zip code of your business? _____

___And finally, strictly for verification purposes, can I have just your first name?

***THIS COMPLETES OUR SURVEY. THANK YOU VERY MUCH FOR YOUR TIME, AND HAVE
A PLEASANT (DAY/EVENING)!!***