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### **Iowa Employers Wary Of Expanding Medicare and Medicaid Government Mandated Employee Coverage Not Popular Among Employers**

#### **DES MOINES, IA (August 24, 2009) –**

Iowa employers are reluctant to increase federal involvement in health insurance coverage, according to the **2009 Iowa Employer Benefits Study**<sup>®</sup>, the eleventh annual study conducted by David P. Lind & Associates (DPL&A) of Clive, an employee benefits consulting and research firm.

The study found that two-thirds (66 percent) of Iowa employers believe that current health policies need to change with at least some type of government intervention. However, Iowa employers do not want to see the government expand public insurance programs, such as Medicare and Medicaid to insure all Americans. 71 percent of all responding organizations, both large and small, oppose to some degree such a public expansion.

A vast majority of Iowa employers (81 percent) are at least somewhat opposed to the government mandating that employers provide health insurance for their employees. Less than four percent “strongly favor” government mandated employer coverage. 54 percent of the smallest employers surveyed (2 – 9 employees) are “strongly opposed” to government mandated employer coverage. Employers are less adamant about requiring individuals who do not currently have health insurance to purchase private insurance (47 percent favor the requirement, while 53 percent oppose). Almost two-thirds (65 percent) of employers report the costs of health coverage for the uninsured should be paid by the government and not be shifted to those currently paying for private health insurance.

Because Medicare and Medicaid reimburse health care providers significantly less than is being charged, privately insured plans ultimately make up the difference. This results in private insurance plans subsidizing Medicare and Medicaid, essentially through a hidden tax known as “cost shifting”. When asked if they were aware that this “cost shifting” occurred, 53 percent of Iowa employers stated that they were “not very familiar” with this reality and more than one-quarter (28 percent) replied that they were “not at all familiar” with this situation. 73 percent of responding employers, both large and small, believe that the current reimbursement arrangement is unfair.

To avoid future cost shifting, 67 percent of Iowa employers would like to see the Medicare and Medicaid programs reimburse physicians and hospitals at rates comparable to private health insurance. Over three-quarters (77 percent) of larger organizations (those with more than 250 employees) are more likely to favor this equalized reimbursement than smaller organizations (64 percent). “To summarize our findings, Iowa employers believe health care reform is needed but are opposed to mandated employer health care coverage and future cost shifting by public plans.” stated David Lind, President of DPL&A.

The **2009 Iowa Employer Benefits Study**<sup>®</sup> was conducted during the late spring/early summer of 2009. Results are based on 892 responses from 2,660 randomly selected employers with 2 or more employees. For the overall sample, the results are accurate to within plus or minus 3.3 percent, at a 95 percent confidence level. Data Point Research, Inc., of Ames, provided the statistical analysis and mathematical basis for the study.

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