

***Oklahoma Employee/Employer Partnership for  
Insurance Coverage (O-EPIC):***

***Employer Experiences,  
Comments, Complaints and  
Suggestions:***

***Results from Surveys and Discussions***

***The Primary Care Health Policy Division  
Department of Family and Preventive Medicine  
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Oklahoma City, Oklahoma***

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Submitted to

***The Oklahoma Health Care Authority***

This report completes contract component 4.1 (e): Prepare an interim report, to be submitted February 28, 2006, summarizing the findings from a study identifying premium assistance program participants' (small employers) concerns, complaints, and suggestions to support the program's continuous quality improvement (CQI).

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# *Oklahoma Employee/Employer Partnership for Insurance Coverage (O-EPIC)*

## **Employer Experiences, Comments, Complaints and Suggestions: Results from Surveys and Discussions**

### *Executive Summary*

*“So many Americans are without health insurance and [O-EPIC] is a way for them and their spouses to have coverage at an affordable price.”*

*Oklahoma Small Business Owner  
December 2005*

**Purpose:** This is one of a series of reports describing the reactions, questions, comments, and suggestions about the initial phases of the Oklahoma Employer/Employee Partnership for Insurance Coverage (O-EPIC), a premium assistance program for low-income workers employed by small Oklahoma businesses. These studies were undertaken at the request of the Oklahoma Health Care Authority (OHCA), the agency that oversees the O-EPIC program. To provide feedback to OHCA for the purpose of continuous quality improvement (CQI), OHCA contracted with faculty and staff in the Department of Family and Preventive Medicine’s (DFPM) Primary Care Health Policy Division at the University of Oklahoma Health Sciences Center (OUHSC), to conduct a series of studies to gather survey responses including comments, complaints, and suggestions from O-EPIC program participants (insurance carriers and employers) during the initial start-up period of the O-EPIC program (November 1, 2005 through January 31, 2006).

The O-EPIC program is an extension of the State’s Medicaid program, approved as a Medicaid demonstration 1115a waiver by the Centers for Medicare & Medicaid Services.<sup>1-5</sup> This report describes the results from surveying and discussions with small business employers who are participating in the O-EPIC program. To qualify for participation in O-EPIC, a qualified business must be located within Oklahoma, have 25 or fewer employees, and have an employer-sponsored insurance plan in place, or be in the contracting stage of offering health insurance.

**Background:** As reported in previous studies, employers, particularly small business employers (fewer than 50 employees), continue to find it increasingly difficult to offer affordable health care coverage for their workers.<sup>6-10</sup> Nationally, employers currently offering health benefits, especially small business employers, are finding it difficult to maintain present levels of coverage because of rising premium costs. Similarly, high premium costs are preventing

many small and start-up businesses from offering health coverage for their employees.

At 23.6%, Oklahoma has the 5<sup>th</sup> highest per capita percentage of uninsured adults between the ages of 18 and 64. Only Nevada (23.9%), New Mexico (26.0%), Louisiana (26.4%) and Texas (30.7%) have a larger percentage of uninsured citizens. Among the 50 states and the District of Columbia, Oklahoma has the 4<sup>th</sup> highest number of uninsured workers with 20.6% of the workforce lacking health insurance.<sup>11</sup> To address this issue, Governor Brad Henry initiated a legislative agenda to develop and implement a health insurance program that would subsidize premium and out-of-pocket costs for low-income workers, through the establishment of a new premium subsidy program.

The O-EPIC premium assistance program, part of Governor Henry's Oklahoma Health Care Recovery Act, is funded by a tobacco tax, which was passed by a vote of the people in November 2004, and enacted in January 2005. Revenues from this tax continue to accrue and will be disseminated to participating employers for a percentage of the health insurance premiums for each qualifying employee and their spouse.

The O-EPIC program is a demonstration project under Oklahoma's Medicaid program. OHCA received approval 1115a demonstration waiver to enact the O-EPIC program from the Centers for Medicare & Medicaid Services (CMS) on September 30, 2005,<sup>4</sup> and began enrolling businesses and low-income employees on November 1, 2005.<sup>3</sup>

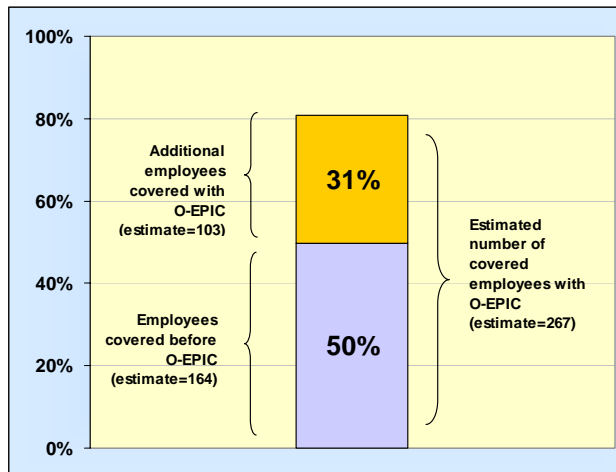
Although the current phase of O-EPIC is only available to Oklahoma small businesses employing 25 or fewer workers, the program will be expanded to individuals and spouses working for businesses that do not offer health insurance, self-employed individuals, and sole proprietors. If there are funds available, the program may be extended to include larger businesses (up to 50 employees) and workers with family incomes up to 200% FPL.

**Subjects:** Participants were selected from the pool of employers who applied to and were approved for O-EPIC from November 1 to December 20, 2005. There were 147 small business employers that were approved for coverage under O-EPIC. In a separate study, employers who applied between November 1 and November 2, 2005, but were denied, were surveyed as part of the Continuous Quality Improvement process in place for the O-EPIC application and implementation process. Those results are described in the Results, and were reported to OHCA in a report submitted January 13, 2006.<sup>12</sup>

**Methods:** A survey instrument was developed (Appendix A) and administered via e-mail (137) and regular mail (10) to 147 small business employers who qualified for and enrolled in the O-EPIC program. Surveys were distributed three times: once on December 21-22, 2005, and again on December 28, 2005, and January 3, 2006.

**Results and Conclusions:** Thirty-six employers who had applied for, and been accepted for participation in the O-EPIC program responded to the survey. In general, responses were favorable and indicated that employers were grateful for the program and eager to receive the subsidy. Employers estimated that of the 330 employees employed by the small businesses sampled, 164 employees had coverage before O-EPIC began. Employers estimated that an additional 103 employees might be eligible for, and may participate in, their employer-sponsored insurance (ESI) plan with the addition of O-EPIC. This optimistic assessment of potential increases in insurance coverage is supportive of the initial assumptions underlying the program.

**Figure 1. Estimates of Covered Employees Before and After O-EPIC (n = 36)**



To determine the impact that O-EPIC could have on small businesses and low-income workers, employers were asked to rate (on a scale of 1 to 5) the potential benefits of the O-EPIC program on their businesses for four potential business benefits:

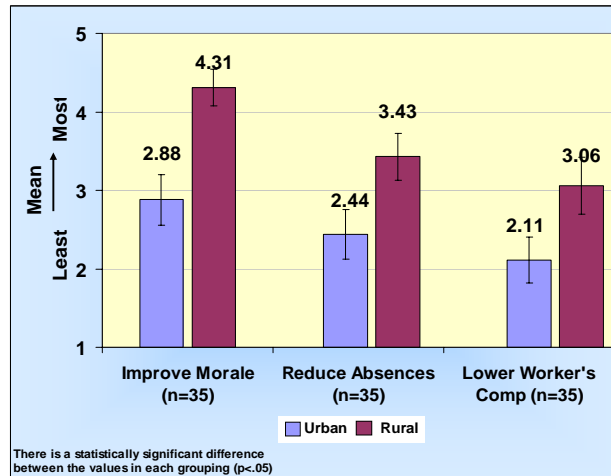
- attracting new employees,
- improving employee morale,
- reducing absenteeism, and
- decreasing worker’s compensation claims.

Responses to these questions were cross-analyzed with three basic demographic variables: location, size (number of employees), and insurance status prior to O-EPIC. Statistical analysis demonstrated a significant difference on three variables between urban and rural employers (Figure 2). Rural employers were far more likely to expect that offering health insurance would:

- improve employee morale,
- reduce absenteeism, and
- decrease worker’s compensation claims

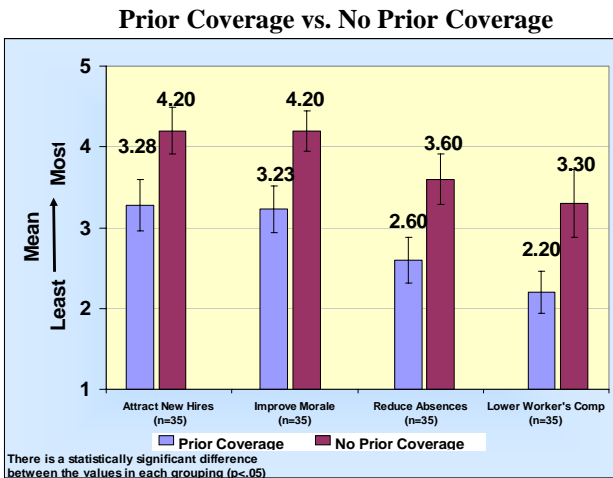
more than were urban businesses. Both groups were equal in their belief that O-EPIC would help them attract new hires. These results may have implications for the development of marketing and educational programs.

**Figure 2. Perceived Impact of O-EPIC on Small Business Compared by Business Location: Urban vs. Rural**



Statistical analysis also revealed that there was a statistically significant difference in the perceived potential benefits of the O-EPIC program between businesses that had employer-sponsored insurance (ESI) before O-EPIC, and those that did not. Employers that did not offer health coverage prior to O-EPIC were significantly more likely to believe that O-EPIC would positively impact their businesses for each of the four potential benefits than were employers with experience offering ESI (Figure 3). (This could possibly be because employers without experience offering insurance had higher expectations of the impact of coverage on their business than did employers with previous health coverage experience.)

**Figure 3. Perceived Impact of O-EPIC on Small Businesses Compared by Prior Health Benefits Status:**



These results suggest the possibility for additional correlations. Supplementary statistical analyses may be performed to determine what, if any, correlation there might be between the results for the urban vs rural group (Figure 2) and the prior coverage/no prior coverage group (Figure 3). The results of that analysis will be included in the final report for this contract.

### **Recommendations**

1. Increase the exposure of the O-EPIC program in local newspapers statewide. This study found that newspaper articles were the most common information source for small business employers. This may be done through periodic press releases from both OHCA and the Governor's office.
2. Increase contact, education, and marketing materials for/with insurance agents. Twenty-five percent of employers heard about O-EPIC from their insurance agent.
3. Pursue discussions with the Oklahoma Insurance Department to develop a process whereby an employer who applies for O-EPIC but does *not* have an ESI plan in place can request that an agent contact them.
4. Consider applicant evaluation of the O-EPIC program to support a Continuous Quality Improvement process. This may be accomplished by adding a web-based evaluation tool as part of the application process.
5. Consider developing additional marketing and educational materials targeted toward rural and urban businesses.
6. Recent experience with the O-EPIC web site indicates that current site problems are being addressed. Continue to beta-test changes to decrease future confusion.
7. Consider revising the distributed materials for potential applicants to include a clearer, more concise definition of "family income", and other potentially confusing terms to ensure potential applicant understanding.

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# Introduction

*“This is a pro-business, pro-health initiative that’s good for the state of Oklahoma. It will provide a great shot in the arm to small businesses across Oklahoma and provide much-needed health insurance to thousands of citizens.”<sup>3</sup>*

*Oklahoma Governor Brad Henry  
October 25, 2005*

**Purpose:** This report is the first of three for the Oklahoma Health Care Authority (OHCA) describing participants’ reactions, questions, comments, and suggestions regarding the Oklahoma Employer/Employee Partnership for Insurance Coverage (O-EPIC), a premium assistance program for low-income workers in small Oklahoma businesses. These reports are part of an ongoing effort to support the OHCA in its mission to provide quality health care for those Oklahomans who otherwise might be unable to obtain coverage. Previous reports in this series provide the background for this report and the other that follow.<sup>6,9,10,13,14</sup>

Two studies were conducted to provide feedback to OHCA for the purpose of continuous quality improvement (CQI) of the new O-EPIC program. Those studies and a combined report constitute the deliverable for the current OHCA contract with faculty and staff in the Department of Family and Preventive Medicine’s (DFPM) Primary Care Health Policy Division at the University of Oklahoma Health Sciences Center (OUHSC). These studies investigated questions, comments, complaints, and suggestions from O-EPIC program participants (insurance carriers and employers) during the initial start-up period of the O-EPIC program. This report describes the results from surveys and discussions with small business employers who are participating in the O-EPIC program.

Although the primary goal of the study reported here was to inform OHCA about any problems or suggestions during the early phases of the O-EPIC program, a second goal was to reassure small businesses employers that their role in the O-EPIC is important, and that their feedback will be addressed seriously by OHCA. Subjects for this study are small business employers who qualified for participation in O-EPIC. Qualifying employers are those:

- with 25 or fewer full and/or part-time employees,
- currently offering or willing to offer health insurance benefits, and
- willing and able to pay a minimum of 25% of the premium cost.

Qualifying employees (and spouses) are those with annual family incomes at or below 185% of the current federal poverty level (Table 1).

**Table 1. 2006 Federal Poverty Levels**

Family Size	100% FPL		185% FPL		200% FPL	
	Annual Income	Monthly Income	Annual Income	Monthly Income	Annual Income	Monthly Income
1	\$9,800	\$817	\$18,130	\$1,511	\$19,600	\$1,633
2	\$13,200	\$1,100	\$24,420	\$2,035	\$26,400	\$2,200
3	\$16,600	\$1,383	\$30,710	\$2,559	\$33,200	\$2,767
4	\$20,000	\$1,667	\$37,000	\$3,083	\$40,000	\$3,333
5	\$23,400	\$1,950	\$43,290	\$3,608	\$46,800	\$3,900
6	\$26,800	\$2,233	\$49,580	\$4,132	\$53,600	\$4,467

\*Add \$3,400 per additional family member over six.

SOURCE: Federal Register, V 71, N 15, Jan. 24, 2006, pp. 3848-49. <http://aspe.hhs.gov/poverty/06poverty.shtml>.

If funding is available, the state hopes to eventually expand the program to businesses with up to 50 employees and to employees with annual family incomes up to 200% FPL.

To accomplish the goals of this study, faculty and staff with the University of Oklahoma Health Sciences Center (OUHSC) Department of Family & Preventive Medicine (DFPM) Division of Primary Care Health Policy designed a survey, which was disseminated via e-mail (137) and postal mail (10) three times, (between December 21 and December 22, 2005, December 28, 2005 and again on January 3, 2006) to all qualified small businesses enrolled in O-EPIC (Appendix A) This report describes the results of that study.

## **Background**

Between 2000-2004, the number of uninsured in the United States increased by 6 million primarily due to a decline in employer-sponsored insurance. All of the increase occurred among adults, for whom the drop in employer coverage was not offset by an increase in public coverage. About two-thirds of the newly uninsured earned below 200% FPL.<sup>15</sup>

Estimates of the number of uninsured in Oklahoma range from 635,000<sup>16</sup> to 691,560.<sup>17</sup> Oklahomans that were uninsured for all or part of 2005 constituted the 5<sup>th</sup> highest per capita percentage of uninsured adults in the U.S (23.6%);<sup>11</sup> 477,000 were uninsured for the entire year.<sup>16,18</sup> Of the uninsured, more than two-thirds are in a family with at least one full-time worker (about 500,000) or are part-time workers (about 100,000); fewer than one-third of the nonelderly uninsured in Oklahoma are also unemployed.<sup>17</sup>

Because Oklahoma has the 6<sup>th</sup> highest number of uninsured workers in the U.S., Governor Brad Henry initiated a legislative agenda to develop and implement a health insurance program that would subsidize premium and out-of-pocket costs for low-income workers. The program, the Oklahoma Employer/Employee Partnership for Insurance Coverage, O-EPIC, which required a Medicaid

1115a demonstration waiver, completed the entire approval process, and began accepting employer and employee applications on November 1, 2005.<sup>1-4,19</sup>

Historically, Americans have relied on employer-sponsored health insurance but 5 years of soaring premium costs are changing the landscape for businesses of all sizes. According to a report by Families USA, the average cost of health insurance premiums for employer coverage in 2005 was \$4,417 for the employee and \$11,566 per family in Oklahoma; the average cost per employee for the U.S. for the same period was \$4,065, and \$10,979 for family coverage.<sup>16</sup>

These costs have forced more and more employers to reduce or drop benefits, or increase the employee share of health care costs (premiums, deductibles, co-pays, co-insurance).<sup>20-24</sup> Small businesses are most likely to bear the greatest burden for increasing premium costs.<sup>25-28</sup> The news is equally bad for families. The Washington Times reported that medical costs were expected to rise to \$12,214 for a family of four in 2005, of which families can expect to pay approximately 17% or \$2,035. This figure does not include the cost of insurance premiums.<sup>29</sup>

Health care for the uninsured may be a major contributor to rising health care costs.<sup>16</sup> Providing coverage for low-income uninsured workers, therefore, should ultimately result in a decrease in premiums, and health care costs, as the uninsured are absorbed into the mainstream health care system.

## **The Oklahoma Employer/Employee Partnership for Insurance Coverage**

The Oklahoma Employer/Employee Partnership for Insurance Coverage, (O-EPIC), was established to provide the means for low-income workers employed in small businesses (initially 25 employees or fewer) to obtain health care coverage for themselves and their spouses through their employer-sponsored plan.

The program, proposed by Governor Brad Henry as part of the Oklahoma Health Care Recovery Act, was passed by both houses of the legislature. A statewide referendum, passed by Oklahoma voters in November 2004, established a funding mechanism for O-EPIC – an additional fifty-cent-per-product tax on tobacco. These legislative initiatives laid the groundwork for the O-EPIC program.

The Oklahoma Health Care Authority (OHCA), the state’s Medicaid agency, is the administrative agency overseeing the O-EPIC program. To launch the premium assistance program as a Medicaid demonstration program, Oklahoma applied for and received approval from the Centers for Medicare/Medicaid Services (CMS) in the form of a Medicaid 1115/HIFA Waiver Amendment on September 30, 2005.<sup>30</sup> The O-EPIC program began accepting employer applications on November 1, 2005.<sup>2,4,19</sup>

Participation in O-EPIC is based on the following criteria.

1. Premium assistance during Phase I of the O-EPIC program (currently in force) will be available only to families with incomes at or below 185% of the federal poverty level (as shown on Table 1 above). (Phase II would extend benefits to individuals, sole-proprietors, and self-employed.)
2. O-EPIC is available to small businesses with up to 25 full or part-time employees.
3. Employers must have a qualified employer-sponsored insurance plan in place, or be in the contracting stage of offering health insurance.
4. Employers must contribute at least 25% of the employee premiums. Employees will be responsible for up to 15% of the premium subject to the following limits:
  - ◆ Workers will contribute no more than 3% of their annual gross household income toward premiums.
  - ◆ Workers will pay no more than 5% of their annual gross income for all health

care expenses (premiums, deductibles, co-pays, etc.).

## **O-EPIC Continuous Quality Improvement**

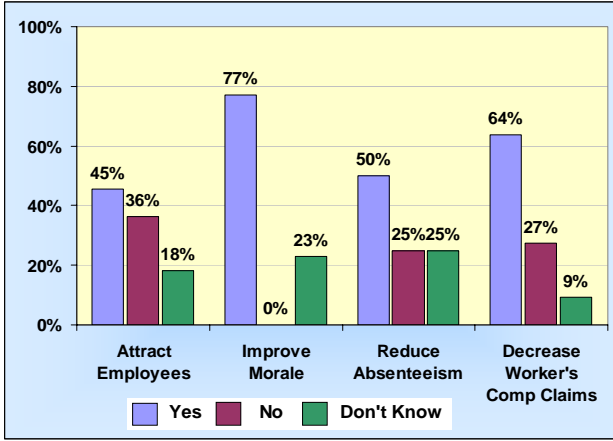
### ***Preliminary Results from Phone Interview with Non-Eligible Employer Applicants***

To prepare for this study, and provide early feedback to OHCA about the O-EPIC enrollment process to support the continuous quality improvement (CQI) process, we conducted a short telephone survey with employers who applied to O-EPIC for health coverage for their employees but were ineligible for participation.<sup>12</sup> The most common reason employers were denied was because they did not have a qualified plan in place based upon criteria established by OHCA.

In general, employers who participated in this pre-study thought the enrollment process was fairly straightforward although they found it challenging to determine eligibility. The employers surveyed were impressed with the quality and helpfulness of the program materials, staff assistance, and advice of their insurance agent. These employers also thought that administration of the program within the context of their business would not be intrusive or time-consuming.<sup>12</sup>

Although not directly related to the enrollment process, it is important to understand why employers continue to be interested in offering health care, even in the age of ever-increasing premium costs. As part of the continuing quality improvement effort, we asked employers to respond “yes” or “no” to the most common reasons for offering health insurance. “Improving Morale” was the most often cited reason (10 of 14) for offering coverage, followed by Decrease Worker’s Compensation Claims (7 of 14) (Figure 4).<sup>12</sup>

**Figure 4. Reasons for Interest in O-EPIC Program (Initially Denied Employers, November 1, 2005)**



Previous studies have shown that employee retention and recruitment were the reasons most often cited for offering employee benefits.<sup>10</sup> However, the small sample size in this early study (14) makes any generalization about the results problematic.

The results of this brief survey were provided to OHCA on January 9, 2006 so that feedback from this group of employers could be used immediately to update and improve the enrollment process. This brief study also gave the researchers an opportunity to talk to employers, and use that interaction to revise the survey instrument for this study (Appendix A).

# Methods

To gather feedback on the enrollment, application, and management of the O-EPIC by participating small business employers, faculty and staff of the DFPM administered telephone and mail out surveys, as well as discussions with small businesses enrolled in the O-EPIC program. Contact information for enrolled businesses was provided by OHCA.

The survey instrument (phone and mail) was distributed statewide via e-mail (137) and postal mail (10) for a total sample size of 147. The surveys were developed using a process described for previous studies.<sup>6,7,9,10,13,31-33</sup> A copy of the survey instrument is attached as Appendix A.

## Subjects

The sample for this study was drawn from employers who applied for O-EPIC during the opening days of enrollment and were approved for the O-EPIC program. Of the 147 surveys distributed, 3 were returned as undeliverable for an initial sample size of 144. Thirty-six (25%) were completed and returned, and are analyzed in this report.

## Survey Instrument and Materials

The survey included 17 questions designed to gather comments, suggestions, and opinions from small businesses participating in the O-EPIC system. The purpose of conducting this study was to provide feedback to OHCA about the O-EPIC enrollment and administration process from the employer's perspective. The survey included some basic demographic information (size, location, type of business, etc.), specific questions about the O-EPIC

enrollment and administration process, and some open-ended questions asking for narrative responses to gather feelings, opinions, and suggestions.

The survey questions were made up of 3 types of questions:

1. Check boxes for demographic data and Yes-No responses,
2. Likert scale (1-5) responses, and
3. Narrative responses.

This complex mix of question types required three different methods of analysis, as described below.

## Data Analysis

Survey questions were designed to facilitate statistical analysis. Multiple choice and Likert scale responses were quantified and entered into an Excel spreadsheet. Charts graphically depicting the material were generated. Likert scale questions were assigned a value from 1 to 5, with 1 being least, hardest, etc, 5 being most, easiest, etc. These values were entered into an Excel database and analyzed to determine mean, median, mode, standard deviation, and standard error of the mean. Data entry was subjected to random testing to ensure accuracy. Every 4<sup>th</sup> entry was checked against the original survey by a member of the staff not involved in the data entry process to ensure there were no errors. The raw data is attached in Appendix C.

Answers requiring a written response were entered exactly as they appeared on the completed survey. The Excel database was imported into SPSS V.11 for statistical analysis. Frequency and mean statistics were calculated and

some graphical representations were created in SPSS V.11. Other graphical representations were generated in Excel for ease of representation. All statistical measures of association or analytical testing tools were calculated using SPSS V.11 software. Outcomes from these analyses are reported in the Results section of this report.

## **Resources and References**

Since its inception in March 2003, the Primary Care Health Policy Division has been building a library of relevant policy materials. These materials include newspaper accounts, research reports and articles, and internet resources. Citations to these materials have been entered into an EndNote Reference Management Library database. To date, the library includes over 500 documents and citations. Materials relevant to Medicaid program innovation, uninsured and underinsured working adults and families, and current national discussions about health care are included in this library. The database and the library are available for use by OHCA staff, and by others upon special request. The numerous references cited in this report are part of this library and database.

Biographical sketches for all program faculty and staff is attached in Appendix C.

# Results

A total of 36 surveys were received and analyzed below in the order the questions were asked on the survey. All surveys were utilized in the analysis even though some respondents did not complete all of the questions. Incomplete surveys account for any discrepancy in the number of responses for each question shown in the results and figures below. For example, 34 of 36 survey respondents completed Question 1; 2 respondents did not.

Each of the following numbered results sections includes a brief discussion of the statistical analyses and the significance of those analyses. A detailed discussion of the statistically significant comparisons is included in *Comparative Analysis* following the survey results below.

## Abbreviations used in this analysis:

**SEM** = standard error of the mean

**p-value** = A measure of probability that a difference between groups happened by chance. For example, a p-value of .01 ( $p=.01$ ) means that there is a 1 in 100 chance the result occurred by chance. The lower the p-value, the more likely it is that the difference between groups is real.

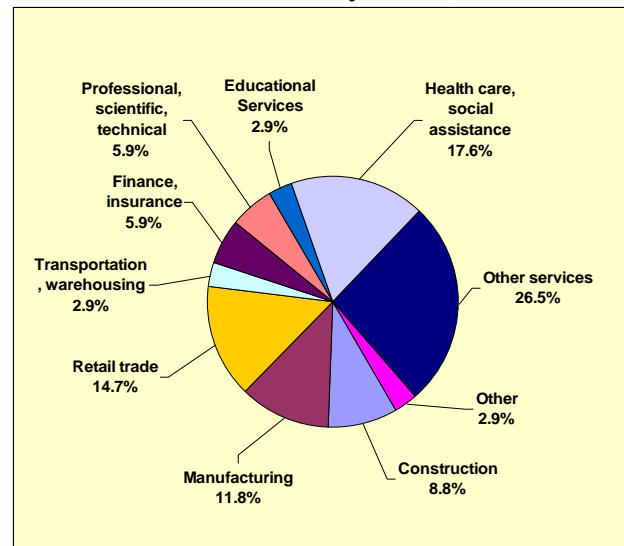
## Survey Analysis

### 1. Type of business.

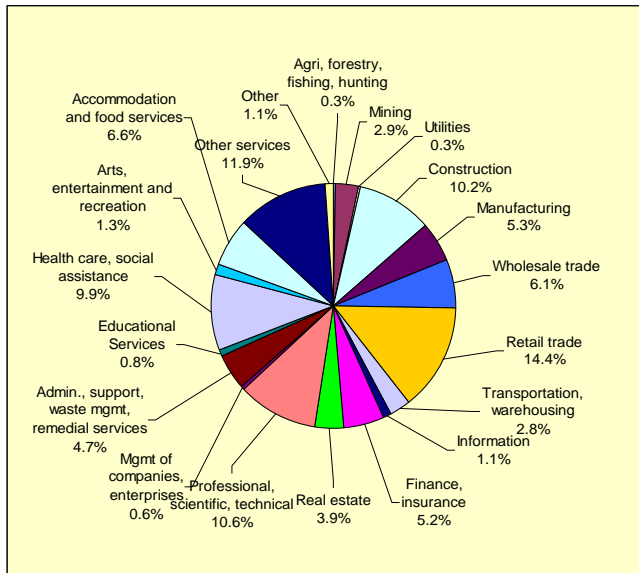
To test generalizability of the data to all potential participating businesses in Oklahoma, the types of businesses in our sample (Figure 5a) were compared with the mix of businesses in Oklahoma (5b) and the U.S. (5c). (In comparing Figures 5 a, b, and c, **please note:** all business types, as defined by the U.S. Department of Commerce, were considered. However, because not all business types were represented in our

sample, only the relevant types are included on Figure 5a. For example, none of businesses in this study were mining enterprises compared with 2.9% of businesses in Oklahoma, and .39% of all businesses in the U.S., so mining was not included on Figure 5a.)

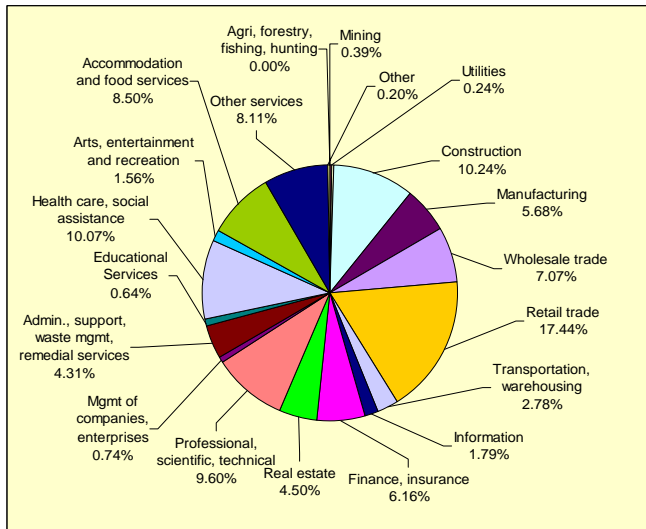
**Figure 5 a. Mix of Business Types Sampled for this Study (n=34)**



**Figure 5 b. Mix of Business Types in Oklahoma**



**Figure 5 c. Mix of Business Types in the United States**



Not all business types, as established by the U.S. Department of Commerce, are represented in this sample. However, when the top five businesses, in terms of percentage, are compared among the three demographic groups, the samples share commonalities (Table 2).

**Table 2. Similarities Between Business Types in the Study Sample, Oklahoma, and the U.S.**

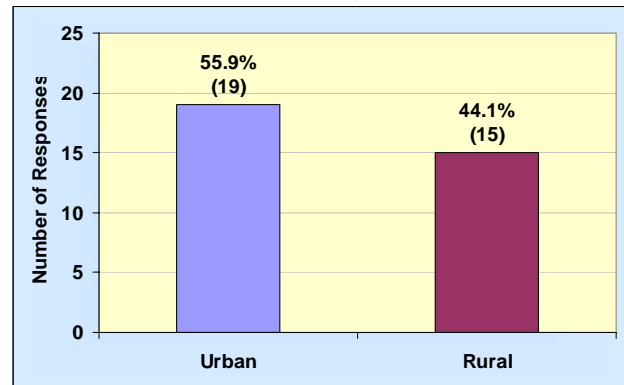
	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	5 <sup>th</sup>
<b>Sample</b>	Other Services, 26.5%	Health Care, 17.6%	Retail, 14.7%	Manufacturing, 11.8%	Construction, 8.8%
<b>OK</b>	Retail, 14.4%	Other Services, 11.9%	Professional, 10.6%	Construction, 10.2%	Health Care, 9.9%
<b>U.S.</b>	Retail, 17.4%	Construction, 10.2%	Health Care, 10%	Professional, 9.6%	Other Services, 8.1%

Given these data, it appears that our sample is an acceptable cross-section of businesses in Oklahoma and the U.S.

**2. Location of business.**

In previous studies, we have found that the location of the business, health care practice, and individual (e.g., urban location or rural location) is a predictor of statistically significant differences in responses.<sup>14</sup> Of the 34 small business owners in this study who answered these questions, 55.9% (19) were in an urban area and 44.1% (15) were in a rural locale (Figure 6). This data was combined with responses to other survey questions to determine whether location is a statistically significant variable.

**Figure 6. Location of Businesses in Study (n=34)**



**3. Number of Employees.**

The number of employees in the firms in this study ranged from 2 to 25, the maximum business size eligible for O-EPIC. The average number of employees per businesses sampled was 9.17 (SEM, 1.03); the median number of employees was 7, and the mode was 6.

**4. Employee health insurance in place before the O-EPIC program.**

Of the 36 businesses in the sample, 72% (26) had an employee health plan in place before O-EPIC, and 28% (10) acquired coverage after hearing about the O-EPIC program.

**5. If you offered health insurance how many employees participated before O-EPIC?**

The number of employees who participated in employer coverage before O-EPIC ranged from 0 to 22; 3 of the 26 employers who offered coverage before O-EPIC reported full (100%) participation. The average number of employees participating in health insurance per business was 6.31 (SEM, 1.08). When compared with the average number of employees per firm (9), approximately two-thirds of employees were participating in the employer health plan prior to O-EPIC.

**6. If you offered health insurance before this program, did you have to change health insurance plans to participate in O-EPIC?**

Only 4 of the 26 employers who offered coverage prior to O-EPIC had to change plans to qualify for eligibility in the O-EPIC program.

**7. How many of your employees do you think will apply (or have applied) for the O-EPIC program?**

Thirty-four (34) of 36 employers responded to this question. The number of employees who had either already applied for O-EPIC coverage or whom the employer expected to apply ranged from 0 to 10, with a mean number of 3.03 (SEM, 0.46%).

**8. How did you hear about the O-EPIC program?**

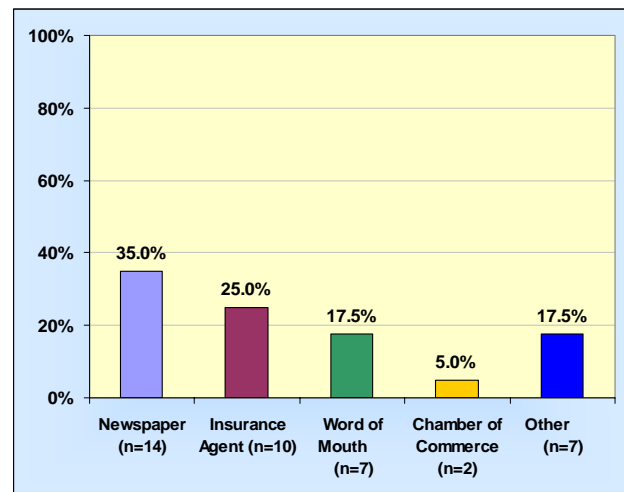
Public relations and outreach has been an important component of the O-EPIC process. For the program to be effective and successful, qualified businesses and employees have to participate. Therefore, it is important to understand

which methods of information dissemination have been most effective.

In a previous study, more employers said that their insurance agent told them about the program (43%, or 6 of 14) than any other information source. Other sources included word of mouth (21%, or 3 of 14) and newspaper (21%, 3 of 14).<sup>12</sup>

In the current study, more employers heard about the O-EPIC program from the newspaper than from any other source (35%, 14 of 40 responses). Please note that employers could choose more than one information source, which accounts for the fact that more responses were received (40) than the total number of surveys in the study (36); 25% (10) employers in this study said their insurance agent told them about the program, 17.5% (7) heard it from another individual (Word of Mouth), 5% (2) were informed by their Chamber of Commerce, and 17.5% (7) heard about it from other sources (Figure 7).

**Figure 7. Information Sources Regarding O-EPIC**



The most often cited alternative sources of information included professional newsletters and association meetings. One reason for the differences in the percentage of employers who read about O-EPIC in the newspaper between the pilot study and the study reported here could be that the pilot study was conducted during the first week (November 1, 2005) of O-EPIC

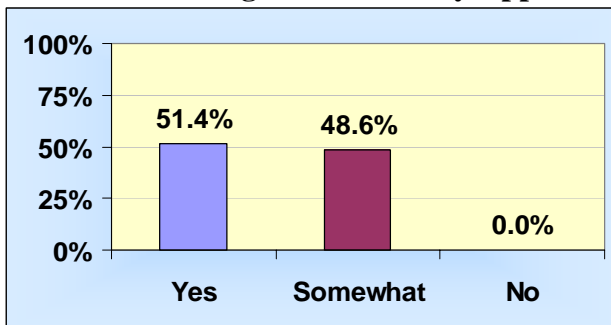
program operations. The program has received a great deal of media attention since then, which could account for shift.<sup>1,2,4,19</sup> Because the program is based on coverage through the private insurance market, we would expect that many employers would be contacted by their agents about the program.

**9. When you applied for the O-EPIC program did you, in general, understand the program?**

To determine how readily employers could understand the application for enrollment, employers were asked two questions about the O-EPIC eligibility requirements and application process (questions 9 and 10).

First, we asked employers how well they understood the O-EPIC before they applied. Half the employers said, “Yes” (18 of 36); 17 said they understood it “Somewhat,” and 1 employer did not answer the question. None of those who answered said they did not understand the program at all (Figure 8).

**Figure 8. Level of Employer Understanding of O-EPIC Program When they Applied**



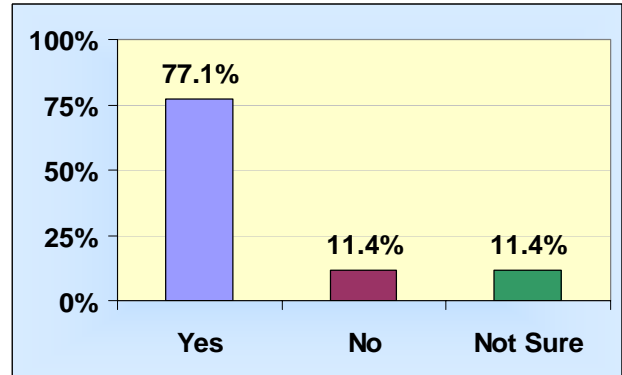
**10. Prior to applying for the O-EPIC program, did you understand the program was designed for low-income workers (at or below 185% Federal Poverty Level)?\***

Most all of the employers (27 or 36) understood that the O-EPIC program was designed for low-income workers earning at or below 185% of the federal poverty level (FPL). Only 4

\*See Table 1 for the 2006 federal poverty level income ranges.

employers didn’t understand earning level, and 4 said they weren’t sure (Figure 9).

**Figure 9. Employers Understanding of Employee Income for O-EPIC Participation**



Taken together, these data indicate that most employers had a reasonably good understanding of the criteria for participation in the O-EPIC program.

**11. If you could say one thing to other employers who might be considering enrolling in O-EPIC, what would that be?**

***“DO IT!!!!!! This is made for you so take advantage of it.”***

Advice to employers considering applying for the O-EPIC program that comes directly from employers who have gone through the process may be an excellent public relations tool to draw other employers into the program. We asked the employers to offer one piece of advice to other employers who were considering participating in the O-EPIC process. The following is a partial list of employer responses. A complete list of responses can be found in Appendix B.

- *“It is very simple and a great benefit for your employees who qualify.”*
- *“If you qualify, it is a good thing.”*
- *“Great benefits that workers can afford.”*
- *“It is a great plan for low income adults that need insurance and cannot afford it.”*

- “My employees had problems enrolling.”
- “It is not an easy procedure but hopefully it will be worth it.”
- “This is a great opportunity to offer Health Insurance Benefits to employees who could not afford the premiums prior to this program.”
- “Definitely look into-good small business program.”
- “Wonderful opportunity for both the employer and the employees to provide cost effective insurance.”

## 12. Rate the following aspects of the O-EPIC program and application process.

**“Very user friendly so far.”**

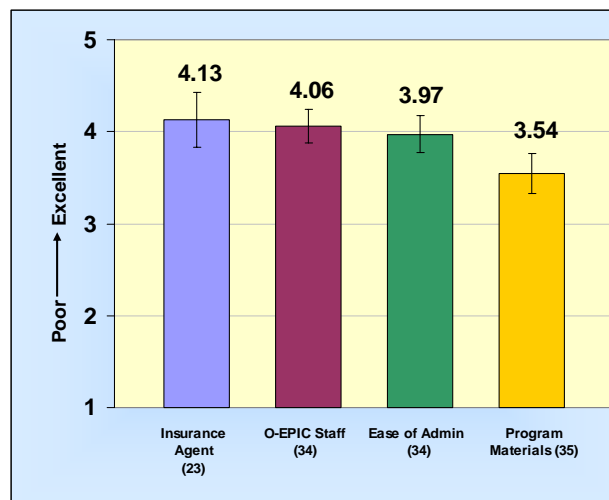
As part of OHCA’s Continuous Quality Improvement (CQI) system, we asked small business employers to rate (from 1 to 5, with 1 being very negative and 5 being very positive) four aspects of O-EPIC’s application and enrollment process:

- Program materials (brochures, employee materials);
- O-EPIC staff;
- Ease of administering O-EPIC within their business;
- Interaction with insurance agent during the application process, if applicable.

Overall, employer participants rated the application and enrollment process very good to excellent. However, comments from employers (Question 11) suggested that the enrollment process required patience while expressing praise for O-EPIC staff (Figure 10).

**“Be very careful in submitting information – can be a problem if something is submitted incorrectly or missed by accident. Supervisor very helpful.”**

**Figure 10. Average Employer Rating of 4 Aspects of the O-EPIC Application and Enrollment Process**



**“I think that the rush of trying to put this program together created lots of confusion. Promotional material should have been sent to pass out to employees.”**

## 13. Did you have enough information to educate your employees about this program?

Most respondents (82%, or 27 of 33 answering the question, said they had sufficient information about O-EPIC to educate their employees. Comments from those who answered negatively offer some suggestions for improving the educational materials.

- “Better information for the employer such as who is the TPA, is the company eligible if it pays all of the employee health care premiums.”
- “No, I would like to have some material in a brochure that explains to my employees how the program works and the assessment that allows them to participate.”

## 14. As a taxpayer, should the program be expanded to include larger employers and/or higher income employees?

Asked if, as a taxpayer, the O-EPIC program should be expanded to allow larger companies and/or employees with incomes greater than 185% of FPL to participate, employers

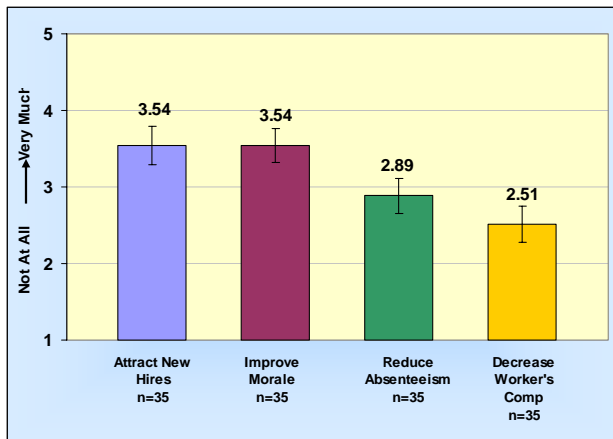
overwhelmingly responded in the affirmative (22 of 34, 67.4%); 6 (17.6%) said “no,” and 6 (17.6%) said they weren’t sure. Although not generalizable to the population of all taxpayers in Oklahoma, employers’ positive response to this question does indicate that the target population for this program is willing to see the program extended. It could be worthwhile to continue investigating taxpayer acceptance of O-EPIC on a broader scale.

**15. How do you think O-EPIC will affect your business in the following areas?**

Employers were asked to rate, on a scale from 1 to 5 (with 1 being not at all and 5 being very much) the following potential impacts for their business of offering subsidized health coverage through O-EPIC.

- a. It may make my business more attractive to potential new hires.
- b. It may improve employee morale.
- c. It may reduce absenteeism due to illness.
- d. It may decrease my worker’s compensation claims.

**Figure 11. Mean Employer Rating of the Impact of the O-EPIC Program on Four Potential Business Benefits (n=35)**



***“It will be a big help to draw better qualified employees by offering them insurance that they otherwise might not be able to afford or that the employer may not be able to afford to offer.”***

**16. To help improve the program, should O-EPIC include evaluation feedback questions on their web-based application form?**

As part of the CQI system, we wanted to know if employers thought an interactive, web-based feedback/evaluation form should be available as part of the application process. The majority of responses (18 of 34, 52.9%) were positive, indicating that employers wanted to be able to provide instant feedback to OHCA about the application and enrollment procedure; 5 respondents (14.7%) answered “no”; and 11 (32.4%) said they were “not sure”.

**17. Additional Comments:**

We invited additional comments to gather employers’ thoughts and suggestions. Many of the responses were very lengthy. Some are shown below; other have been added throughout the test to enrich the report. A complete listing of the comments can be found in Raw Survey Data and Comments (Appendix B). Please note that several employers included question reference numbers with their responses. It is interesting to note that several employees made comments similar to the following regarding adding children to their group plan and removing them from Medicaid:

- *“If possible include children if a person would be willing to pay co-pays, etc. Why not allow them to remove their children from Medicaid?”*
- *“This is something that is LONG overdue not only in Oklahoma but for the Nation as well. With the extremely high cost of health care today, very few employers can afford to offer coverage to their employees and dependents. I TRULY believe that this program will decrease associated cost for all involved. Kudos to our State for taking on such a great program.”*
- *“Graduated cost to the employee if their income is higher than what qualifies.”*
- *“I do appreciate the program and I know as the program expands and proves it can financially assist employers it will be easier to understand and encourage them. Ultimately more*

*Oklahoman's will become insured. That is a great thing. Thank you."*

- *"I just want to say that just because we are not part of the 185% of poverty doesn't mean that (our) business or employees don't struggle to pay insurance costs."*
- *"We are a small company paying 100% of our employees healthcare premiums. It would be nice if we could get some kind of compensation since we pay 100% of the premium for our employees."*

### ***Comparative Statistical Analyses***

Thirteen comparative analyses were run on the data from small business employer survey. The first 12 were concerned with Question 15, which asked for employer's feelings concerning how the O-EPIC program will help their business. The employers were asked to rate each potential benefit on a scale from 1 to 5 with 1 indicating no benefit, and 5 indicating it would be of great benefit. The following are the four potential benefits:

- Make business more attractive to new hires
- Improve employee morale
- Reduce absenteeism
- Decrease Worker's Compensation claims

These four categories were compared with three demographic qualifiers on the survey:

- Location: Urban vs. Rural,
- Number of employees in business, and
- Whether or not the company previously offered health insurance benefits.

**Please note** that only data that demonstrated a statistically significant difference upon comparison is presented. If no statistical significance was found, then the data for the sample as a whole can be said to reflect the feelings and perceptions of the target population: small business employers.

#### ***Location: Urban vs. Rural***

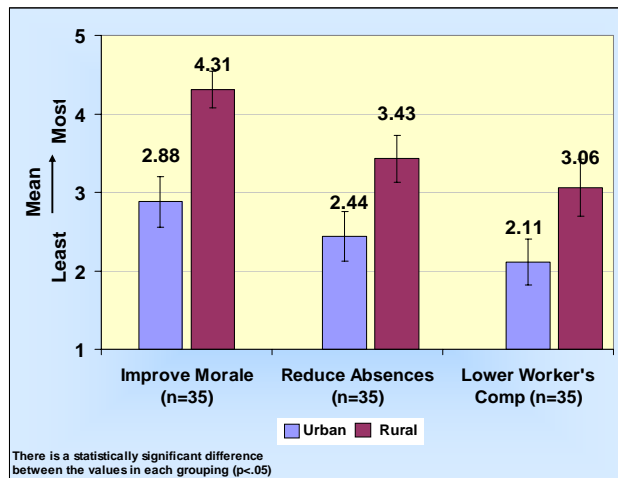
When this sample of 36 was divided into its geographical components, 56% of this sample was "urban" and 44% was "rural". Geographical location was a statistically significant factor in predicting 3 out of 4 responses to the questions

about benefits to businesses of the O-EPIC program. Only "**attract new hires**" did *not* show a statistically significant difference between urban and rural location. For all businesses in the sample, the mean response for "**attract new hires**" was 3.54 (SEM= 0.25) on a scale from 1 to 5. The average response on this scale for the urban group was 3.22 (SEM=0.37). The average response for the rural group was 3.94 (SEM=0.34). A t-test indicated that there was no statistically significant difference between urban and rural for the benefit "attracting new hires." Therefore, the average for the sample as a whole (3.54 SEM) is generalizable to the population represented by the sample.

There were statistically significant differences, however, between urban and rural locations for the remaining three business benefits: "improving employee morale", "reducing absenteeism", and "decreasing worker's compensation claims" (Figure 12).

**Improve Employee Morale.** The mean for the entire sample for "improving employee morale" was 3.54 (SEM = 0.23). When examined by geographic location, the mean for rural group was 4.31 (SEM= 0.23), which is significantly greater than the mean for the urban group (2.88, SEM= 0.32). A t-test showed that the difference between the means of the two groups was statistically significant (p=.001). Thus, we can say with confidence that the employers in the rural area felt that the O-EPIC program would be more likely to increase their employees' morale than did employers with businesses in urban areas.

**Figure 12. Perceived Impact of O-EPIC on Small Businesses Compared by Business Location: Urban vs. Rural**



**Reduce Absenteeism.** For the sample as a whole, the mean for “reducing absenteeism” was 2.89 (SEM= 0.23). When the data are examined by geographic regions, the mean response for the rural group was 3.43 (SEM= 0.30) compared with 2.44 (SEM= 0.32) for the urban group (Figure 12). A t-test showed that the difference between the means of the two groups was statistically significant ( $p=.03$ ). Thus we can say with confidence that the respondents in the rural area felt that the O-EPIC program would be more likely to “reduce absenteeism” than did employers with businesses in urban areas.

**Decreasing Worker’s Comp Claims.** The mean response for the entire sample for whether O-EPIC might “decrease worker’s comp claims” was 2.51 (SEM= 0.24). When analyzed according to geographic location, the mean response for the rural group was 3.06 (SEM= 0.36) compared with 2.11 (SEM= 0.29) for the urban group. A t-test showed that the difference between the means of the two groups was statistically significant ( $p=.048$ ). Thus we can say with confidence that respondents in the rural area felt the O-EPIC program would be more likely to “decrease worker’s compensation claims” than did respondents with businesses in urban areas.

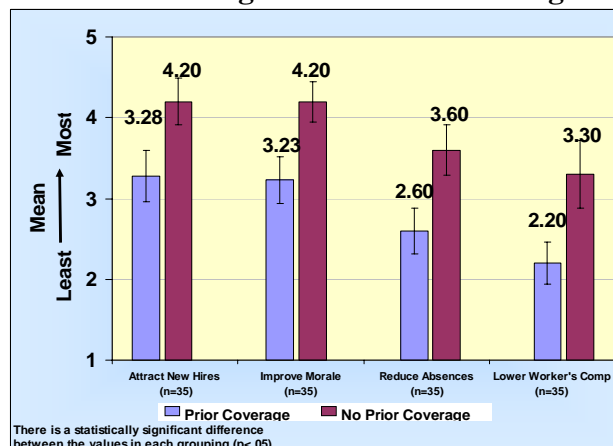
**Number of Employees In Business**

Each of the four potential business benefits was compared by company size: 7 or fewer employees compared with 8 or more employees. There were no statistically significant differences between the two groups for any of the four potential benefits measured. This indicates that there is no difference in opinion of employers with “7 or fewer” employees from employers with “8 or more” employees. These data indicate that the means for sample as a whole for each potential benefit, as described in the section above, are generalizable to the population represented by this sample.

**Health Benefits in Place Prior to O-EPIC**

Each potential benefit of offering employee health coverage was compared by coverage status prior to implementation of the O-EPIC program. As shown in Figure 13, there was a statistically significant difference for all potential business benefits between companies that had employee health care before O-EPIC as compared to those that added coverage with the availability of the O-EPIC. This finding supports the general hypothesis that companies without employee health benefits would have higher expectations concerning the impact of health insurance than companies with a benefit package in place.

**Figure 13. Perceived Impact of O-EPIC on Small Businesses Compared by Prior Health Insurance Status: Prior Coverage vs. No Prior Coverage**



**Attracting New Hires:** The mean response for the study sample for whether O-EPIC would make it easier for their company to “attract new hires” was 3.54 (SEM= 0.25) on a scale from 1 to 5, indicating that as a whole the employers represented in this study felt that O-EPIC was likely to help attract new hires. However, when the data were analyzed by health benefits status prior to O-EPIC, the businesses that did not have a health plan prior to O-EPIC were significantly more likely to feel that health benefits would help attract new hires (4.20, SEM =0.29) than businesses with an employee health plan already in place (3.28, SEM= 0.32). A t-test determined that the differences were statistically significant (p=0.04) (Figure 13).

**Improve Employee Morale:** The mean response for the entire sample for whether O-EPIC health coverage would improve employee morale was 3.54 (SEM = 0.23). This finding indicates that in general, all the businesses in this study felt that O-EPIC may have a positive impact on the morale of their employees. However, when the data were analyzed by health benefits program status prior to O-EPIC, the businesses that did not have a health plan prior to O-EPIC were significantly more likely to feel that health benefits would help improve morale in the workplace (4.20, SEM =0.25) than businesses with an employee health plan already in place (3.28, SEM= 0.29). A t-test determined that the differences were statistically significant (p=0.023) (Figure 13).

**Reducing Absenteeism:** When asked whether the O-EPIC program had the potential to reduce employee absenteeism, small businesses in the sample as a whole felt that O-EPIC would help reduce missed work days (2.89, on a scale of 1 to 5, SEM= 0.23). When the data were analyzed by health benefits program status prior to O-EPIC, the businesses that did not have a health plan prior to O-EPIC were significantly more likely to feel that health benefits would reduce absenteeism (3.60, SEM =0.31) than businesses with an employee health plan already in place (2.60, SEM= 0.28). A t-test

determined that the differences were statistically significant (p=0.024) (Figure 13).

**Decrease Worker’s Comp Claims:** For the sample as a whole, employers in this study felt that overall O-EPIC was moderately likely to decrease worker’s comp claims (2.51, SEM= 0.24). When the data were analyzed by health benefits program status prior to O-EPIC, the businesses that did not have a health plan prior to O-EPIC were significantly more likely to feel that health benefits would decrease worker’s comp claims (3.30, SEM =0.43) than businesses with an employee health plan already in place (2.20, SEM= 0.26). A t-test determined that the differences were statistically significant (p=0.042) (Figure 13).

## Table 3. Survey Results at a Glance

QUESTION	RESULT	INTERPRETATION
1. Type of business:		Sample is roughly generalizable to mix of business types in OK, and the U.S.
2. Location of Business	Urban=19 (56%) Rural=15 (44%)	The sample was split fairly evenly between urban and rural businesses.
3. How many employees are in your company?	Average=9.17 SEM=1.03	Companies ranged in size from 2-25 employees with an average size of 9.
4. Did you have health insurance before the O-EPIC program?	Yes=26 (72%) No=10 (18%)	Most employers already had a qualified plan in place but 18% were pro-active and found a new health plan.
5. If you offered health insurance, how many employees participated before O-EPIC?	Average=6.31 SEM=1.08	On average, 2/3rds of employees working in businesses that had ESI in place prior to O-EPIC participated in the coverage.
6. If you offered health insurance before this program, did you have to change health plans to participate in O-EPIC?	Yes=4 (15%) No=22 (85%) Not Sure=0	Most employers with a health plan in place did not have to change their benefit package to qualify for O-EPIC.
7. How many of your employees do you think will apply (or have applied) for the O-EPIC program?	Average=3.01, SEM=0.46	Mean number of employees per firm = 9.07; mean number of insured employees = 6.31; with O-EPIC, on average, an additional 3.01 employees per company will be covered.
8. How did you hear about the O-EPIC program?	Insurance Agent 11 (28%) Newspaper 14 (35%) Word of Mouth 5 (12%) Chamber of Commerce 2 (5%) Other 8 (20%)	Newspaper coverage of the O-EPIC program was the most effective method for informing the public and business owners about the program.
9. When you applied for the O-EPIC program did you, in general, understand the program?	Yes=19 (51%) Somewhat=17 (49%) No=0	Educational and marketing materials, including web-based materials, may need to be pre-tested with employers and employees to assure they are user-friendly and helpful.
10. Prior to applying for the O-EPIC program, did you understand the program was designed for low-income workers (at or below 185% FPL)?	Yes=27 No=4 Not Sure=4	Yes=77% No=11% Not Sure=11%
11. If you could say one thing to other employers who might be considering enrolling in O-EPIC, what would that be?		See text and appendices.
12. On a Scale of 1 to 5 please rate the following aspects of the O-EPIC program and application process:	Program Materials 3.54, SEM=0.22 O-EPIC Staff 4.06, SEM=0.18 Ease of Administration 3.97, SEM=0.20 Insurance Agent 4.13, SEM=0.30	Overall, employers were pleased to very pleased with the application and educational materials.
13. Did you have enough information to educate your employees about O-EPIC?	Yes=27 (82%) No=6 (18%)	Overall, the materials provided were adequate for employers.
14. As a taxpayer, should the program be expanded to include larger employers and or higher income employees?	Yes=22 (65%) No=6 (18%) Not Sure=6 (18%)	More than half of the employers surveyed felt that the O-EPIC program was important enough to expand and invest tax dollars to support.
15. On a scale of 1 to 5, please rate how likely it is that the O-EPIC will have a positive impact on the following aspects of your company?	Attract New Hires 3.54, SEM= 0.25 Improve Employee Morale 3.54, SEM, 0.23 Decrease Absenteeism 2.89, SEM, 0.23 Decrease Worker's Compensation Claims 2.51, SEM 0.24	Overall, employers who responded to this survey felt that the O-EPIC program would have a positive impact on their business in the 4 areas identified.
16. To help improve the program, should O-EPIC include evaluation feedback questions on their web-based application form?	Yes=18 (53%) No=5 (15%) Not Sure=11 (32%)	An on-line evaluation/feedback form would be well-received and should be included as part of the application process.
17. Additional Comments		See text and appendices

# Discussion

*“So many Americans are without health insurance and this is a way for them and their spouses to have coverage at an affordable price.”*

Oklahoma Small Business Owner  
December 2005

With 23.6% of Oklahoma’s citizens uninsured, including 20.6% of the workforce, Oklahoma has one of the highest uninsured rates in the country.<sup>11</sup> Governor Brad Henry and the Oklahoma state legislature passed the Oklahoma Health Care Recovery Act, which included an increased tax on tobacco products, part of which would go to fund the Oklahoma Employer/Employee Partnership for Insurance Coverage (O-EPIC). O-EPIC is a Medicaid demonstration project that provides premium assistance for low-income workers (185% FPL), and their spouses, who work for small businesses (fewer than 25 employees). The O-EPIC program began accepting applications on November 1, 2005.

In this report, we describe the opinions of the O-EPIC program as expressed by small business employers who enrolled in O-EPIC during the initial application and enrollment period.

## Summary of Data and Conclusions

**Demographic Data.** Demographic data collected was analyzed to determine whether the results from this study could be generalized to the population of eligible small businesses as a whole. We surveyed businesses to determine business type (to compare with state and national business demographics), location of business (urban or rural), and number of employees.

Compared to the general **mix of businesses** throughout Oklahoma and the US, analysis revealed our sample to be sufficiently similar (although small) to be representative of the total target population. Table 4 shows the similarities in business mix breakdown. Column 1 lists the largest business sector as measured by number of businesses; column 2 lists the second largest, etc. Although the order of business types for each demographic is different, the top 5 for each are identical except for the presence of manufacturing in our sample, and the presence of professional/technical in the other two groups.

**Table 4. Similarities Between Business Types in the Study Sample, Oklahoma, and the U.S.**

	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	5 <sup>th</sup>
<b>Sample</b>	Other Services, 26.5%	Health Care, 17.6%	Retail, 14.7%	Manufacturing, 11.8%	Construction, 8.8%
<b>OK</b>	Retail, 14.4%	Other Services, 11.9%	Professional, 10.6%	Construction, 10.2%	Health Care, 9.9%
<b>U.S.</b>	Retail, 17.4%	Construction, 10.2%	Health Care, 10%	Professional, 9.6%	Other Services, 8.1%

However, the groups are similar enough for us to conclude that the mix of businesses in our sample is similar enough for us to conclude that we have captured a representative sample of the target population.

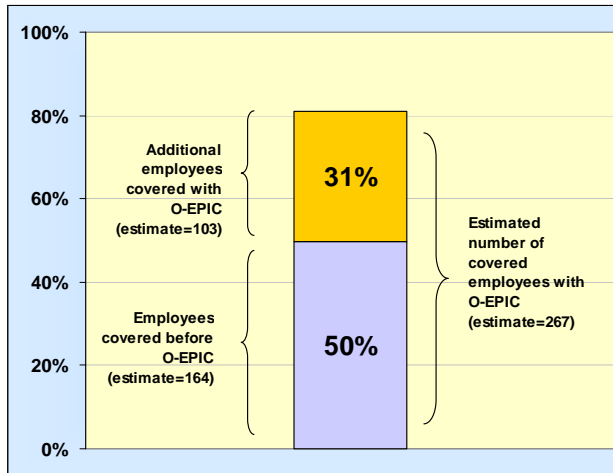
The **location** of businesses in the sample was split fairly equally with 19 (55.9%) businesses located in urban areas, and 15 (44.1%) located in rural areas. All businesses met the **employee size** (25 or fewer) of the target population with the average number of

employees per business being 9.17 (SEM=1.03). These demographic data allow us to conclude that the sample for this study is representative of the entire target population, and therefore; the results are generalizable for the purposes of policy making and quality improvement efforts.

**Impact of O-EPIC on Increasing Insurance Rates Among the Target Population.**

Thirty six (36) small businesses, with a combined total of 330 employees, were included in this study. Of the 330 employees, 164 had health coverage before O-EPIC. Employers estimated that an additional 103 employees could receive health insurance coverage under O-EPIC (Figure 14). This represents a 61.4% percent change in insurance status within our sample population. Although this is only an estimate, it demonstrated that employers expect O-EPIC to have a positive impact on the insurance status of their employees.

**Figure 14. Estimates of Covered Employees Before and After O-EPIC (n = 36)**

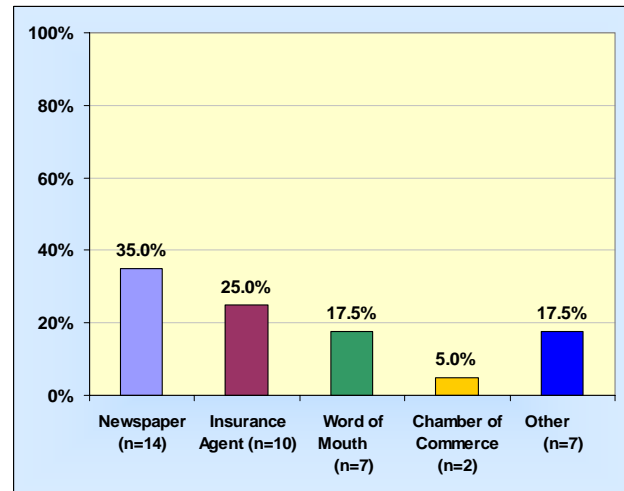


**Disseminating Information about O-EPIC.**

Based on this study, articles in local newspapers were the most effective means for getting information about the O-EPIC program to small businesses employers. Thirty-five percent of those surveyed said they heard about O-EPIC by reading their local newspaper. This finding is further validated by conversations with O-EPIC staff who stated that inquiries about the program increase dramatically every time an article

appears in a local paper. Twenty-five percent heard about it from their insurance agent (Figure 15). This suggests that increasing press releases and more contact with insurance agents could increase the effectiveness of the O-EPIC program. The “producer” brown bag lunches recently initiated by O-EPIC staff should yield positive results.

**Figure 15. Key Sources of Employer Information About O-EPIC**



**Employer Level of Understanding of O-EPIC Program.**

Results from this study showed that only half (18 of 35, 51%) of the employers surveyed felt very comfortable with their knowledge regarding the O-EPIC program. The remaining 17 employers (49%) felt they were only somewhat knowledgeable about the program. One employer commented:

*“...like always married two income families are not eligible (myself for example). That is why we did not have 100% participation. Everyone needed it but not everyone fit the bracket (no children, married, above income limits.”*

Though the O-EPIC program is income delimited, spouses are included, and children in families that do qualify for O-EPIC are eligible for coverage under traditional Medicaid or SCHIP. This comment and others like it indicate that clearer educational materials and marketing efforts should be developed and disseminated. For a complete list of comments from the

survey, see Appendix B. Raw Data and Comments.

*“Employer needs to be more educated about program to properly present it to employees. Information we received was hard to understand.”*

Employers voiced similar concerns about materials for employees.

*“Employees have been very frustrated with (the) on-line application process (e.g., application process timing out, O-EPIC site down, filling out complete application) on several occasions, but not being able to process application.”*

Recent experience with the O-EPIC web site indicates that these problems are being addressed. However, it may be worthwhile to initiate a test system that includes members of the target of population.

Similarly, this comment indicates profound interest in O-EPIC and a level of frustration with the restrictions imposed by the definition of “family income.”

*“There are many people who still will not have insurance due to the low-threshold of income ... the program is a step in the right direction. However, with the entire family income used in the process of qualifying employees, it eliminates a lot of employees from obtaining insurance who are still living at home ... because their wages do not allow them to find suitable living quarters. Since family members are not eligible on the program unless it is a spouse, etc., the entire family income should be reduced to only the income of the employee.”*

Another lengthy comment raised another issue regarding definition of “family” and “family income.”

*“... application ... doesn’t seem to distinguish between ... number of dependents and how many in their household are employed. Also, it requires that all dependents have social security numbers. In the case of one employee we have who COULD qualify, she has a foreign-born son who is a full-time medical student and his wife and daughter living with our employee. That would make it 3 dependents. But the web-based application only accepts him as a dependent because he has a social security card, but not his wife and daughter.”*

And...

*“People who got child support had to count that toward their income, but those paying child support could not deduct it from their income. I had several employees not*

*qualify, even though their take-home is very little because they pay so much in child support.”*

A more precise, easily understood definition of “family” and what constitutes “income” may eliminate the confusion. However, that definition should be broad enough to cover a wide range of family types. These issues will be even more important when Phase II is anticipated to be implemented in August 2006.

**Employer Feelings – as a Taxpayer – Regarding Expansion of O-EPIC Program.** Although not generalizable to the population of all taxpayers in Oklahoma, results of this study indicate a general acceptance of an expanded O-EPIC program by small business employers. Because they represent the target audience for the O-EPIC program, their acceptance of the program is important. It might be worthwhile to continue investigating taxpayer acceptance of O-EPIC on a broader scale.

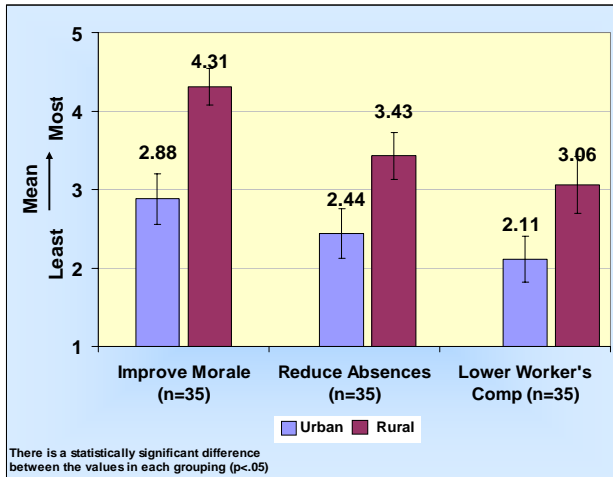
### *Discussion of Comparative Analyses*

Employers were asked to evaluate four potential business benefits of offering employee health coverage. Responses for the group as a whole were analyzed, “Attract New Hires” and “Improve Employee Morale” were rated highest – 3.54 on a scale of 1 to 5 (as described in the Results section) indicating that employers expected that these two were the most likely benefits they would see (Figure 12). However, when the results were stratified by three variables – location, business size (number of employees), and previous offer of ESI – we were able to analyze in more detail what those results meant. For the variable “business size” there was no significant difference among the employers represented in this study. However, there were statistically significant differences when the benefits were compared by location and previous offer of Employer Sponsored Insurance.

As described in the Results section, there was no statistically significant difference between the urban group and the rural group for

the benefit “Attract New Hires,” indicating that all those sampled felt similarly about the importance of health insurance in attracting good workers. There were, however, significant differences between urban and rural for the other three business benefits (as shown in Figure 16 below).

**Figure 16. Perceived Impact of O-EPIC on Small Businesses Compared by Business Location: Urban vs. Rural**



Uniformly, rural businesses were more likely to feel that health insurance coverage would “Improve Morale,” “Reduce Absences,” and “Lower Worker’s Compensation” claims compared with their urban counterparts. So, although both groups were interested in health insurance to attract new, better qualified employees, urban businesses did not feel as strongly about the other three potential benefits as did the rural businesses which could be explained by the general difficulty of attracting and maintaining a viable workforce in a non-urban setting. Our experiences in medical education, as validated by the Physicians Manpower Training Commission emphasis on, and funding of, rural physicians, have shown that attracting and retaining employees in urban areas is much less problematic than in rural areas, especially highly skilled workers. Therefore, in addition to attracting employees (which was equally important to both groups), it makes sense that improving morale, which would help retain employees, in businesses in

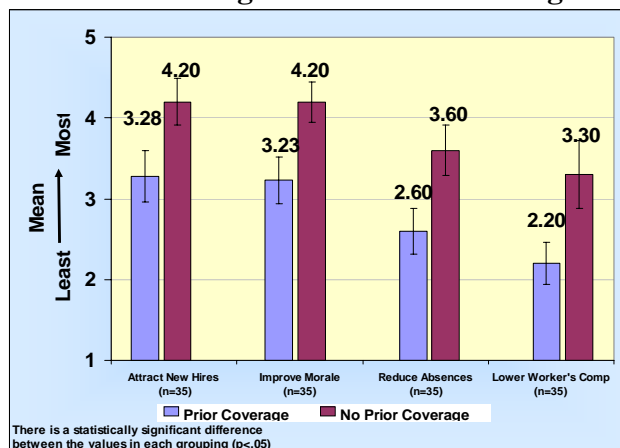
rural areas could be seen as a motivating factor in the retention of workers.

A higher expectation regarding “reduced absenteeism” in rural areas could be explained by lack of proximal access to health care, fewer “free clinics” available, etc., causing employees without health insurance to either delay preventive care or provide early medical intervention. Studies have shown that the uninsured population and those without ready access to care, delay visiting a physician and are generally sicker when they do seek care.<sup>34,35</sup> This is exacerbated in rural areas, where distance and access to physicians also create barriers to care, and the result is more frequent and longer absences that we might expect to see in an insured population.

The barrier of access to physicians and regular health care may also explain the differences between urban and rural expectations regarding O-EPIC’s impact on worker’s compensation claims. Additional analyses are planned to compare each of the urban and rural variables with whether or not the business had an employee health plan in place prior to O-EPIC. This analysis could provide another piece in the puzzle of disparity between urban and rural employers regarding the impact of health insurance coverage on their businesses.

In this same regard, the statistically significant differences in perceived business benefits between employers who offered health care prior to O-EPIC and those who offered health coverage with the inception of O-EPIC might be explained by the more reality-based opinions of employers with prior experience offering health insurance coverage compared with the expectations of employers who are offering coverage for the first time. As shown in Figure 17, employers who were offering health coverage for the first time were significantly higher for all benefit variables compared with employers with a benefit plan already in force.

**Figure 17. Perceived Impact of O-EPIC on Small Businesses Compared by Prior Health Insurance Status:  
Prior Coverage vs. No Prior Coverage**



As mentioned above, additional data analyses are planned to determine whether the rural employers shown in Figure 16 above are the same group of previous uninsured shown in Figure 17. Those results will be included in the final report.

**To summarize:**

1. Employers in rural areas had higher expectations for O-EPIC to improve morale, reduce absenteeism, and decrease worker’s comp claims that did employers in urban areas. The reasons for this may be associated with the general difficulties of attracting and maintaining an adequate force in rural areas where there may be a smaller, qualified workforce from which to draw. Perhaps employers felt that with a health care package, qualified individuals might be more willing to re-locate to a rural area. It would be interesting, in future studies, to ask why employers felt this way.

2. There was no difference in expectations about the benefit of O-EPIC based on the size of the companies in this sample. This could be because of the sample size and the fact that all the companies were small (25 employees or fewer). Because employee benefits represent a comparatively larger financial burden for small companies compared with large companies,<sup>36-38</sup> this result is expected. To determine whether

company size does impact perceptions of the value of employee benefits, a comparison with larger companies would be necessary to validate this hypothesis.

3. Businesses in this sample that were not able to offer employee health insurance before the availability of O-EPIC support were significantly MORE positive about the benefit the program would have on their business than the companies that already had health insurance in place. This validates the hypothesis, which is reflected in the literature about employer-sponsored insurance, that employers feel employee health insurance benefits are important for the success of their businesses as well as being “the right thing to do”.<sup>8</sup> Despite the increases in insurance premiums, especially for small businesses, employers continue to feel it is their responsibility to offer health coverage for their employees.<sup>39</sup> O-EPIC is viewed as a program that will allow small businesses to offer health insurance while still maintaining the companies’ financial viability.

***“This is a great opportunity to offer Health Insurance Benefits to employees who could not afford the premiums prior to this program.”***

# *Key Findings and Recommendations*

## ***Key Findings***

- ☑ Employers in rural areas had higher expectations for O-EPIC to improve morale, reduce absenteeism, and decrease worker's comp claims that did employers in urban areas. The reasons for this could be associated with the general difficulties of attracting and maintaining an adequate force in rural areas where there may be a small, qualified workforce from which to draw. Perhaps employers felt that with a health care package, qualified individuals might be more willing to re-locate to a rural area. It would be interesting, in future studies, to ask why employers felt this way.
- ☑ There was no difference in expectations about the benefit of O-EPIC based on the size of the companies in this sample. This could be because of the sample size and the fact that all the companies were small (25 employees or fewer). Because employee benefits represent a comparatively larger financial burden for small companies compared with large companies (refs), this result is expected. To determine whether company size does impact perceptions of the value of employee benefits, a comparison with larger companies would be necessary to validate this hypothesis.
- ☑ Businesses in this sample that were not able to offer employee health insurance before the availability of O-EPIC support were significantly MORE positive about the

benefit the program would have on their business than the companies that already had health insurance in place. This validates the hypothesis, which is reflected in the literature about employer-sponsored insurance, that employers feel employee health insurance benefits are important for the success of their businesses as well as being “the right thing to do.”<sup>8</sup> Despite annual – and often double digit – increases in insurance premiums, especially for small businesses, employers continue to feel it is their responsibility to offer health coverage for their employees.<sup>39</sup> O-EPIC is viewed as a program that will allow small businesses to offer health insurance while still maintaining the companies' financial viability

- ☑ The O-EPIC program has the potential to have a measurable and significant impact on the number of low-income workers with health insurance coverage. Before O-EPIC began, 164 out of the 330 employees working for the small businesses surveyed had health insurance. Employers sampled estimated that an additional 103 employees would be covered under O-EPIC for a percent change in coverage of 61.4%. Although this is only an estimate, it suggests that employers expect O-EPIC to have a very positive effect on their employees and their businesses.

## ***Recommendations***

- 1.** Increase the exposure of the O-EPIC program in local newspapers statewide. This study found that newspaper articles were the most common information source for small business employers. This may be done through periodic press releases from both OHCA and the Governor's office.
- 2.** Increase contact, education, and marketing materials for/with insurance agents. Twenty-five percent of employers heard about O-EPIC from their insurance agent.
- 3.** Pursue discussions with the Oklahoma Insurance Department to develop a process whereby an employer who applies for O-EPIC but does *not* have an ESI plan in place can request that an agent contact them.
- 4.** Consider applicant evaluation of the O-EPIC program to support a Continuous Quality Improvement process. This may be accomplished by adding a web-based evaluation tool as part of the application process.
- 5.** Consider developing additional marketing and educational materials targeted toward rural and urban businesses.
- 6.** Recent experience with the O-EPIC web site indicates that current site problems are being addressed. Continue to beta-test changes to decrease future confusion.
- 7.** Consider revising the distributed materials for potential applicants to include a clearer, more concise definition of "family income", and other potentially confusing terms to ensure potential applicant understanding.

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# *Appendices*

- A. Participating Small Business Employer Survey
- B. Raw Data and Comments
- C. Biographical Sketches of Project Faculty and Staff

## APPENDIX A Employer Survey

### **Oklahoma Employer/Employee Partnership for Insurance Coverage (O-EPIC) Participating Employer Evaluation/Feedback Form**

You have received this evaluation/feedback form because you have been approved for the Oklahoma Employer/Employee Partnership for Insurance Coverage (O-EPIC) program. The purpose is to determine how satisfied you are with your participation in O-EPIC to date. The Oklahoma Health Care Authority (OHCA), which manages the O-EPIC program, has asked the University of Oklahoma Health Sciences Center Primary Care Health Policy Division, to conduct this study and provide feedback to them to help improve the O-EPIC program.

Your input is important. Please complete the form, attach to an **email** and send to [sarah-hyden@ouhsc.edu](mailto:sarah-hyden@ouhsc.edu); or you may print and complete the form and **fax** to 405-271-8800.

1. Type of business: (e.g., manufacturing, retail, service, insurance, health care, etc.) \_\_\_\_\_
2. Location of business:  
 Urban     Rural     Not sure
3. How many employees are in your company? \_\_\_\_\_
4. Did you have health insurance before the O-EPIC program?  
 Yes – If Yes, please answer questions #5 and #6  
 No – If No, please skip questions #5 and #6
5. If you offered health insurance how many employees participated before O-EPIC? \_\_\_\_\_
6. If you offered health insurance before this program, did you have to change health insurance plans to participate in O-EPIC?  Yes  No  Not sure
7. How many of your employees do you think will apply (or have applied) for the O-EPIC program? \_\_\_\_\_
8. How did you hear about the O-EPIC program?  
 Insurance agent  
 Newspaper  
 Word of mouth  
 Chamber of Commerce  
 Other: (please list) \_\_\_\_\_
9. When you applied for the O-EPIC program did you, in general, understand the program?  
 Yes     Somewhat     No
10. Prior to applying for the O-EPIC program, did you understand the program was designed for low-income workers (at or below 185% Federal Poverty Level)?  
 Yes     No     Not sure

11. If you could say one thing to other employers who might be considering enrolling in O-EPIC, what would that be?  
 \_\_\_\_\_  
 \_\_\_\_\_

12. On a scale of 1 to 5 with 1 being negative and 5 being positive, please rate the following aspects of the O-EPIC program and application process.

	Not at All → Very Much				
Program materials (brochures, employee materials) were helpful.	1	2	3	4	5
O-EPIC staff was helpful during the enrollment process.	1	2	3	4	5
It will be easy to administer O-EPIC in your business.	1	2	3	4	5
If you worked with an insurance agent throughout the application process, how helpful were they?	1	2	3	4	5

13. Did you have enough information to educate your employees about this program?  
 Yes  
 No – If no, what additional material would you prefer? (Please list) \_\_\_\_\_
14. As a taxpayer – should the program be expanded to include larger employers and/or higher income employees?  Yes  No  Not sure

15. How do you think O-EPIC will impact the following areas?

	Not at All → Very Much				
It may make my business more attractive to potential new hires.	1	2	3	4	5
It may improve employee morale.	1	2	3	4	5
It may reduce absenteeism due to illness.	1	2	3	4	5
It may decrease my worker's compensation claims.	1	2	3	4	5

16. To help improve the program, should O-EPIC include evaluation feedback questions on their web-based application form?  
 Yes     No     Not sure

17. Additional Comments: \_\_\_\_\_

**Thank you for participating in this important study.  
Your answers will contribute to the success of the O-EPIC program.**

## APPENDIX C

### Biographical Sketches of Project Faculty and Staff

***Garth L. Splinter, M.D., MBA***  
***Division Head, Primary Care Health Policy Division***

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Dr. Garth Splinter began his post-secondary education at the University of Oklahoma where he majored in industrial engineering, receiving his Bachelor of Science degree in 1974. He then enrolled at Harvard University's business school where he earned his MBA in 1976. He graduated from the Oklahoma University College of Medicine in 1984, with a Doctor of Medicine degree. He completed residency training in family medicine in 1987 and joined the faculty at the Oklahoma University Health Sciences Center (OUHSC) as the Director of the Health Sciences Center for Health Affairs and Rural Health Programs and part-time Medical Director for the Employees Group Insurance Board. Dr. Splinter served as Special Assistant on Health Care Issues to Governor David Walters from 1991–1994. He was also the Chair of the Commission on Oklahoma Health Care and served as Principal Investigator for the Robert Wood Johnson Grant of State Initiatives on Health Care granted to the Governor's office.

In 1994, Dr. Splinter was appointed by the Governor and approved by the Oklahoma Senate as Chief Executive Officer of the newly created Oklahoma Health Care Authority, the agency that oversees Medicaid. During Dr. Splinter's five years as CEO, the Oklahoma Medicaid program was successfully converted to statewide managed care. In 1999, Dr. Splinter joined the Department of Family Medicine, University of Oklahoma College of Medicine, as an Associate Professor. From 1999 to 2003, he also served as the Chief Medical Officer of the University Hospitals Trust under a contract with the University. From 2001, to the present he has served as a board member for Ribomed Biotechnologies, Inc., a Phoenix-based startup company. From 2003, to the present he has been the Director of the Primary Care Policy Division in the Department of Family Medicine. In that position, he negotiates and manages health policy studies addressing such issues as Medicaid reform, employee sponsored health care, and issues related to the uninsured and underinsured in Oklahoma. Dr. Splinter has served as director for several successful projects completed for the Oklahoma Health Care Authority.

***Laine McCarthy, MLIS***  
***Associate Professor and Writer/Analyst, Primary Care Health Policy Division***

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Laine McCarthy, MLIS, joined the Department of Family & Preventive Medicine on January 1, 1984 as a Research Assistant. She served as a Senior Administrative Manager and as a Technical Writer before her promotion to the rank of Instructor on January 1, 1995. In June, 1998, Ms. McCarthy was promoted to Clinical Assistant Professor, then in June 2001, she received promotion to Clinical Associate Professor. She has a BA degree in English Education from the University of Arizona-Tucson, and a Masters in Library and Information Studies from the University of Oklahoma-Norman.

During her tenure with the University, Ms. McCarthy has been the recipient of several education and training grants including two grants from the Bureau of Health Professions, Health Research and Services Administration (HRSA), US Department of Health and Human Services. The first grant was awarded in 1992 (\$320,000) to establish a library in the Department of Family & Preventive Medicine, and develop and implement a residency curriculum in evidence-based medicine. The second grant, awarded in 1998 (\$500,000), established a faculty information technology training program for in-house and community physicians. She has presented the results of these grant programs in several national forums including the Society of Teachers of Family Medicine and the American Academy of Family Physicians. Ms. McCarthy is also the author of numerous manuscripts and books on a variety of topics including primary prevention of microalbuminuria (published in the Journal of Family Practice), writing case reports, medical terminology and evidence-based medicine. She has participated in the design and conduct of numerous successful research projects for the Oklahoma Health Care Authority. Laine currently serves as writer/analyst for the Division of Primary Care Health Policy.

## APPENDIX C

### Biographical Sketches of Project Faculty and Staff

*Sarah D. Hyden*

***Projects Coordinator, Primary Care Health Policy Division***

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Sarah Hyden joined the University of Oklahoma Health Sciences Center (OUHSC), Department of Family and Preventive Medicine, Primary Care Health Policy Division as Project Coordinator in May of 2003. She holds a Bachelor of Science degree from Southern Nazarene University. Prior to joining OUHSC, she spent six years in healthcare sales and marketing field, with a focus on outreach and contact management, specifically with physicians and other health practitioners. Sarah Hyden is responsible for supervision of projects within the Primary Care Health Policy Division. Additionally, she ensures all work requirements and time deadlines are met; establishes protocol for completion of grants, contracts and/or Division research and analysis projects. Sarah conducts research projects including presentations, survey administration and data collection to targeted populations throughout Oklahoma and serves as liaison between the Department, the Division and various government and university agencies. She has participated in the design and conduct of numerous successful research projects for the Oklahoma Health Care Authority. She is currently the projects coordinator for the division.

*Andréa L. Barker, MPH*

***Health Policy Analyst, Primary Care Health Policy Division***

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Andréa Barker is the health policy analyst for the division. Andréa joined the department in August of 2004 after working as a research associate in health policy research at the Oklahoma State Health Sciences Center in Tulsa for two years. She has also served as an independent statistical consultant for various non-profit agencies in Oklahoma. Andréa earned her bachelor's degree from the University of Nebraska in Lincoln in 2000 and completed her Masters of Public Health degree at the University of Oklahoma Health Sciences Center in 2002. Her primary responsibilities for the division are data analysis and statistical reporting. She has experience using statistical tools such as SPSS and MS-Excel and has published several articles on health policy research prior to joining the division.

*Denise M. Brown, PHR*

***Senior Administrative Manager, Primary Care Health Policy Division***

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Denise Brown has been in the healthcare field since 1974. Denise has been with the University of Oklahoma Health Sciences Center (OUHSC) since 1984 and joined the Department of Family and Preventive Medicine in 1989. Ms. Brown holds a Bachelor of Science degree in Social Work and is a certified Professional in Human Resources. She has an extensive background in human resource, administrative and hospital based management; including patient and employee relations. As senior administrative manager, she works closely with the projects coordinator.

**APPENDIX C**  
**Biographical Sketches of Project Faculty and Staff**

*Steven A. Crawford, M.D.*

***The Christian N. Ramsey, Jr., M.D., Endowed Chair in Family Medicine  
Department of Family and Preventive Medicine***

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Steven A. Crawford, M.D., is the University of Oklahoma, College of Medicine's Christian N. Ramsey, Jr., M.D., Chair in Family Medicine. Dr. Crawford graduated Magna cum laude from Claremont McKenna College in 1975 and from the University of Illinois, College of Medicine in 1979. He completed his residency training at the Waco Family Practice Residency Program in 1982 and a family medicine teaching fellowship, also in Waco, in 1983. Dr. Crawford served as chair of the family medicine department at the Oklahoma City Clinic, a private for-profit, physician-owned, multi-specialty group practice, from 1989 until 1998. He has served as Professor and Chair of the Department of Family and Preventive Medicine since 1999. His prior appointments include Interim Chair, Vice-Chair, Residency Program Director, and Associate Residency Program Director at OU. He has also served as Chief of the Family Medicine Service at the OU Medical Center since 1990 and Chairman of the OU Medical Center Board of Trustees since 2000.

Dr. Crawford has served as the elected president of the Oklahoma County Medical Society in 2002 and served as the president of the Oklahoma Academy of Family Physicians in 1994. He has also served as Chair of the Oklahoma Health Care Authority's Medical Advisory Committee and in many other professional positions over his career.