

# AMERICAN BENEFITS COUNCIL

## 2003 SURVEY RESULTS

**Retirement Issues Relating to the Council’s Policy Recommendations:**

Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA):

1. President Bush and Congress should give the following level of priority to making permanent the retirement savings policy provisions of EGTRRA:

Survey	Very High	Somewhat High	Somewhat Low	Very Low/ Not sure
January 2003	47	37	10	5

A total of 84 percent of respondents indicated making permanent the retirement policy provisions of EGTRRA should be a “very high” or “somewhat high” priority, with more than half of them indicating a “very high” priority.

2. In a related question, President Bush and Congress should give the following level of priority to expanding and making permanent the savings credit of EGTRRA for low- and middle-income workers:

Survey	Very High	Somewhat High	Somewhat Low	Very Low/ Not sure
January 2003	26	34	30	8

A majority of respondents – 60 percent – stated that expanding and making permanent the savings credit of EGTRRA for low- and middle-income workers should be a higher priority agenda item.

3. Providing additional flexibility in the nondiscrimination, coverage and separate lines of business rules were removed from the final version of EGTRRA because of the Senate’s “Byrd rule” that deleted non-revenue related provisions. Respondents said that President Bush and Congress should give these issues a level of priority that is:

Survey	Very High	Somewhat High	Somewhat Low	Very Low/ Not sure
January 2003	16	42	31	10

Having a higher level of priority for providing additional flexibility in the nondiscrimination, coverage, and separate line of business rules was endorsed by 58 percent of respondents.

Investment Advice:

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4. President Bush and Congress should give the following level of priority to allowing financial institutions that provide retirement products to also provide advice to plan participants:

Survey	Very High	Somewhat High	Somewhat Low	Very Low / Not sure
January 2003	22	32	29	15

54 percent in the current survey indicated that the priority for allowing financial institutions that provide retirement products to also provide advice to plan participants should be “somewhat high” or “very high”.

**Question 5.** In a related question, President Bush and Congress should give the following level of priority to encouraging the provision of investment advice to retirement plan participants through the use of tax incentives (pre-tax funding and/or employer tax credits):

Survey	Very High	Somewhat High	Somewhat Low	Very Low / Not sure
January 2003	22	42	22	12

64 percent of respondents listed using tax incentives to encourage the provision of investment advice to retirement plan participants as a “very high” or “somewhat high” priority.

30-Year Treasury Funding:

6. A policy priority for Council members is providing a permanent replacement of the 30-year Treasury bond for all pension plan calculation purposes. Respondents said that President Bush and Congress should give this a level of priority of:

Survey	Very High	Somewhat High	Somewhat Low	Very Low / Not sure
January 2003	42	35	14	7

77 percent of respondents listed permanently replacing the 30-year Treasury bond for all pension plan calculation purposes as a “very high” or “somewhat high” priority.

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Company Stock in Qualified Plans:

7. An issue that arose last year concerned enacting defined contribution plan changes that would provide greater diversification rights for plans with company stock and expanded notice and disclosure requirements. Respondents answered that President Bush and Congress should give this a level of priority that is:

Survey	Very High	Somewhat High	Somewhat Low	Very Low/ Not sure
January 2003	17	39	33	9

Respondents answered that enacting defined contribution plan changes to provide greater diversification rights for plans with company stock and expanded notice and disclosure requirements was a priority with 56 percent indicating either "very high" or "somewhat high" and 42 percent rating it a "somewhat low" or "very low" priority.

Effect of Restricting Deferred Compensation:

8. Respondents were asked: will the enactment of legislation taxing nonqualified deferred compensation programs and reducing the availability of funding for those products help, hurt or make no difference in the level of benefits provided to employees across the income spectrum?

Survey	Help	Hurt	Make No Difference
January 2003	3	65	26

Approximately two-thirds of respondents assert that taxing deferred compensation programs would hurt the level of benefits provided to employees across the income spectrum.

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**Health Issues Relating to the Council’s Policy Recommendations:**

**Increasing Access to Health Insurance:**

9. President Bush and Congress should give the following level of priority to increasing the number of Americans with health insurance:

Survey	Very High	Somewhat High	Somewhat Low	Very Low/ Not sure
January 2003	62	28	6	2

The overall number of respondents considering increasing access to health insurance to be a “very high” or “somewhat high” priority is an overwhelming 90 percent.

10. In a related question, President Bush and Congress should give the following level of priority to providing stronger tax incentives to expand the availability of health coverage:

Survey	Very High	Somewhat High	Somewhat Low	Very Low/ Not sure
January 2003	45	37	13	3

The overall response of those who consider stronger tax incentives a priority issue was a significant 82 percent of those participating in the survey.

**Medicare Reform and Prescription Drug Coverage:**

11. On making Medicare financially sound as a presidential and congressional priority:

Survey	Very High	Somewhat High	Somewhat Low	Very Low/ Not sure
January 2003	59	34	4	2

The overall number of respondents who believe Medicare’s financial security is a “very high” priority issue is 93 percent.

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12. In considering what changes could be made to Medicare, the subject of adding a prescription drug benefit is under consideration. Whether via this program or other means, the need to provide broader prescription drug coverage for seniors was addressed by survey respondents as a priority that the President and Congress should make:

Survey	Very High	Somewhat High	Somewhat Low	Very Low/ Not sure
January 2003	45	39	10	5

Again, a significant number of respondents – 84 percent – stated that broadening Medicare coverage for prescription drugs ought to be a “very high” or “somewhat high” priority.

13. In a related question, if federal legislation is enacted to expand prescription drug coverage, through either public or private programs, employers should be reimbursed in the same manner as insurers and other entities that offer such coverage, respondents answered that they:

Survey	Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree
January 2003	45	37	10	3

The number of respondents answering “strongly agree” on the question of adequate employee reimbursement for prescription drug coverage was 45 percent, while an additional 37 percent “somewhat agreed” for an overall total of 82 percent in some form of agreement.

14. The next Congress is likely to consider legislation to expand prescription drug coverage for seniors, through either public or private programs. Respondents believe they should approach this major issue:

Survey	On an incremental basis focusing on low-income seniors and those with catastrophic prescription drug expenses first	On a comprehensive basis attempting to achieve prescription drug coverage for all seniors at the same time
January 2003	56	40

The majority of respondents answered in favor of a more incremental approach addressing first the needs of lower income individuals and those with catastrophic drug expenses. But a sizable percentage favored achieving drug coverage for all seniors at the same time.

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Healthcare Liability:

15. The President and Congress should place the following levels of priority on expanding the right to sue employers and health plans for incorrectly denied benefits:

Survey	Very High	Somewhat High	Somewhat Low	Very Low/ Not sure
January 2003	3	9	40	45

Respondents remain firmly opposed to expanded healthcare liability as only 12 percent indicated by their answer of “somewhat high” or “very high” priority.

16. In a somewhat related question, respondents were asked if President Bush and Congress should place the following levels of priority on enacting medical malpractice/tort reform to include strict liability limits:

Survey	Very High	Somewhat High	Somewhat Low	Very Low/ Not sure
January 2003	42	32	14	9

74 percent of respondents felt that enacting medical malpractice/tort reform to include strict liability limits is a “very high” or “somewhat high” priority issue.

Retiree Health Benefits:

17. Respondents said that President Bush and Congress should place the following levels of priority on providing new tax incentives for retiree health care coverage:

Survey	Very High	Somewhat High	Somewhat Low	Very Low/ Not sure
January 2003	38	42	15	2

Respondents indicated providing new tax incentives for retiree health care coverage was a “very high” or “somewhat high” priority as 80 percent of their answers fell in these two categories.

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18. In a related question, respondents said that President Bush and Congress should place the following levels of priority on clarifying or rescinding the *Erie County* decision that prohibits higher health benefits for early retirees than for post-age 65, Medicare-eligible retirees

Survey	Very High	Somewhat High	Somewhat Low	Very Low/ Not sure
January 2003	40	33	16	8

Respondents answered that clarifying or rescinding the *Erie County* decision was a “very high” or “somewhat high” priority as 73 percent of their answers fell in these two categories.

19. President Bush and Congress should place the following levels of priority on restricting employers from changing retiree health coverage benefits:

Survey	Very High	Somewhat High	Somewhat Low	Very Low/ Not sure
January 2003	4	13	32	49

Respondents are solidly opposed to restricting employers from changing retiree health coverage benefits as indicated by the 81 percent who answered that this should be a “somewhat low” or “very low” priority.

Mental Health Parity:

20. Another health policy issue now on the policy forefront is expanding the current federal mental health parity coverage requirements. Respondents answered that President Bush and Congress should make this the following level of priority:

Survey	Very High	Somewhat High	Somewhat Low	Very Low/ Not sure
January 2003	5	18	34	40

74 percent of responses indicated expansion of current federal mental health parity coverage requirements should be a “somewhat low” or “very low” priority issue.

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**General Benefits Policy Issues Discussed in the Survey:**

21. Respondents were asked to rate the importance of employer sponsored benefits to the competitive success of American businesses in each of the following time periods:

Survey	Time Period	Very Important	Somewhat Important	Not Very Important	Not At All Important
January 2003	10 years ago	38	46	14	0
January 2003	2 years ago	56	39	4	0
January 2003	Today	64	31	3	0
January 2003	2 years from now	67	28	3	1
January 2003	10 years from now	62	29	5	1

The majority of respondents in each time frame stated that employer-sponsored benefits are important to the competitive success of American businesses. As noted in their responses on future time periods, respondents expect these benefits to remain essential with two thirds defining them as “very important two years from now” and 62 percent indicating they will be “very important 10 years from now”.

**The Effect of Politics on Benefits Policy:**

Respondents answered how much they agreed or disagreed with the following statements:

22. Congress has a sufficient understanding of the laws and regulations currently governing employer-sponsored benefits plans.

Survey	Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree
January 2003	0	19	45	34

Respondents do not feel that Congress has a sufficient understanding of these plans as the number of those overall who disagree was 79 percent.

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23. Congress has sufficient understanding of the role of employers in providing benefits through the workplace.

Survey	Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree
January 2003	2	27	50	22

Again, respondents believe their efforts are misunderstood by Congress as 72 percent disagree with the above statement.

24. Congress gives appropriate priority to legislation that would strengthen the employer-sponsored benefits system.

Survey	Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree
January 2003	2	20	59	18

Responses to this question show that 77 percent of respondents do not agree that Congress is giving appropriate priority to legislation that would strengthen the employer-sponsored system.

25. Congress is willing to seriously consider employer views in developing benefits legislation:

Survey	Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree
January 2003	5	64	25	6

A bit of encouragement exists in whether respondents think Congress is willing to seriously consider employer views in developing benefits legislation. Just over two thirds of respondents agreed with the statement, however only 5 percent of these were in "strong" agreement.

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26. In reviewing the most recent election campaign, respondents were asked if they thought the discussion of health and retirement issues in that campaign helped, hurt or made no difference in improving the general public’s understanding of employer-sponsored benefits.

Survey	Helped	Hurt	Made No Difference
January 2003	16	23	61

While the majority of respondents felt that the election campaign “made no difference” in improving the understanding of employer-sponsored benefits, we must take into account the additional 23 percent who stated that the campaign “hurt” the general public’s understanding and the 16 percent who believe that it “helped”.

**Other Retirement Issues Discussed in the Study:**

27. The level of priority President Bush and Congress should give to making Social Security financially sound is:

Survey	Very High	Somewhat High	Somewhat Low	Very Low/ Not sure
January 2003	54	40	5	0

94 percent of respondents agree that Social Security should be made financially sound.

28. The level of priority President Bush and Congress should give to further clarifying issues related to cash balance pension plans:

Survey	Very High	Somewhat High	Somewhat Low	Very Low/ Not sure
January 2003	34	36	20	8

70 percent of respondents believe that additional clarification concerning cash balance plan-related issues is a priority.

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**Other Health Issues Discussed in the Study:**

Healthcare Costs:

29. Respondents were asked if health care costs continue to increase at their current rate, "how concerned are you that this will adversely affect the ability of employers to provide quality health coverage to your employees?"

Survey	Very Concerned	Somewhat Concerned	Not Very Concerned	Not At All Concerned
January 2003	86	13	0	0

Unanimously, respondents stated their concern about costs affecting their ability to provide quality health care coverage. Note that no respondent answered either "not very" or "not at all". Even more significant was that fully 86 percent answered "very concerned".

30. The survey then asked: five years from now how likely do you think it will be that the annual increase in health care costs will return to the single-digit range?

Survey	Very Likely	Somewhat Likely	Not Very Likely	Not At All Likely
January 2003	4	34	44	15

59 percent of respondents do not feel that a return to single-digit increases will happen in the next five years.

Consumer-Directed Health Care Coverage:

*Question 31.* Employers support the development of consumer-directed health care plans/healthcare reimbursement accounts (HRAs), and President Bush and Congress should make the following level of priority:

Survey	Very High	Somewhat High	Somewhat Low	Very Low/ Not sure
January 2003	23	35	30	10

58 percent of respondents support making it a priority to encourage the development of consumer-directed health care plans.

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**Question 32.** Many employers have started to consider whether to offer some form of a consumer-directed health plan to their employees. The survey asked respondents to look ahead over the next five to 10 years and determine how significant they expect the enrollment to be in these types of health plans compared to more traditional plan designs:

Survey	Very Significant	Somewhat Significant	Not Very Significant	Not At All Significant
January 2003	19	54	19	5

73 percent of respondents believe in the future much more wide-spread enrollment will occur in these consumer-directed forms of health plans.

Healthcare Tax Issues:

**33.** Respondents were also asked what level of priority President Bush and Congress should make for reducing or restricting employers’ tax deductions for health coverage:

Survey	Very High	Somewhat High	Somewhat Low	Very Low/ Not sure
January 2003	1	5	24	67

The reduction or restriction of employers’ tax deductions for health coverage by the federal government was strongly resisted by those answering as 91 percent said the idea should be given “somewhat low” or “very low” priority.

**34.** What level of priority should President Bush and Congress make for expanding tax incentives for long-term care coverage?

Survey	Very High	Somewhat High	Somewhat Low	Very Low/ Not sure
January 2003	24	39	25	9

Responses to this question show a majority (63 percent) believe this should be a higher priority issue.

**Methodology**

The American Benefits Council conducted an internet survey of the 1,568 people currently on its membership database during the period of December 20, 2002, to January 9, 2003. The questionnaire was completed by 337 individuals, a response rate of 22 percent of the total targeted population. Representatives from 77 percent of the Council's member companies responded to the survey. (Please note that for a confidence interval of 95 percent, a sampling error of +/- 4.7 percent may occur. This is considered well within the range of statistical accuracy for surveys.) All results are listed in percents. Because of errors, totals to each question may not add up to 100 percent.

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