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Attitudes of Senior Corporate Executives Towards Canada's Health Care System

Results Summary
December 1995

Introduction

This report presents the results to a series of questions asked of senior business executives regarding Canada's health care system. Data was collected using the Fall 1995 wave of *The Business Agenda*, COMPAS' twice-yearly survey of CEOs and senior executives. Interviewing took place by telephone during October and November, 1995. In total, 404 interviews were completed. Participants were top corporate executives, with more than half the sample consisting of CEOs, presidents or business owners. They represent a cross-section of corporate Canada based on Statistics Canada's business registry. The overall results can be considered to be representative of the Canadian business community within +/- 5.0%, 19 times out of 20 (most conservative estimate).

Known to the public for its polling on behalf of the *Financial Post* and other media outlets, COMPAS Inc. is a well-respected, non-partisan survey research firm. Among research specialists, the firm is recognized for its leadership in executive and special-audience research. The principal investigator for this study was COMPAS' senior partner Stephen Kiar (613-237-4493). Appended to this report are a full set of graphs, an interview schedule (question wording and detailed results), and a background note on methodological issues (including characteristics of the sample).

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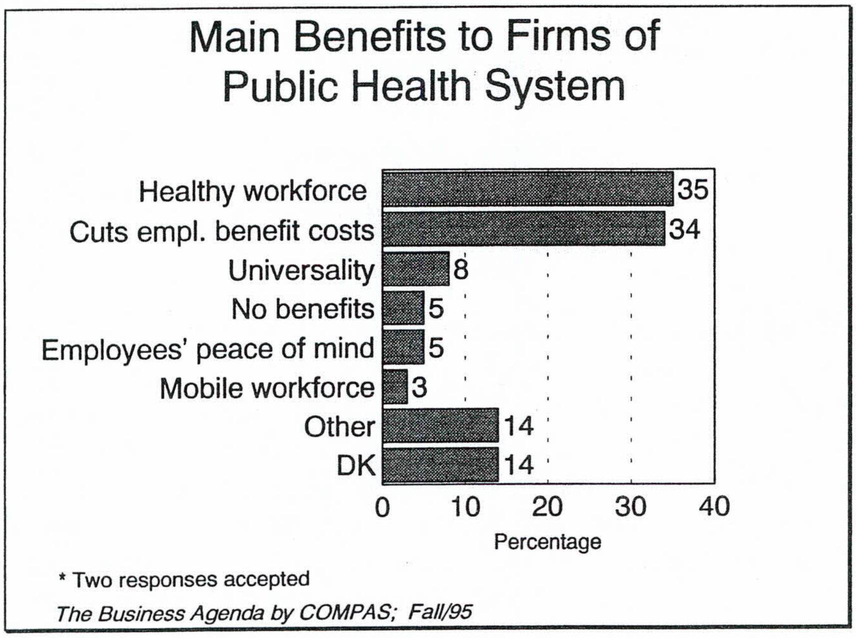
Findings

Healthy Workforce, Reduced Benefit Costs -- Main Benefits of Public Health System

Executives identified a healthy workforce (35%) and lower employee benefit costs (34%) as the two main benefits to companies from Canada's universal, publicly-financed health care system (two responses accepted). No other benefit was identified with any comparable frequency.



Other advantages, cited by relatively small numbers, include:

- ◊ the universality and/or accessibility of coverage (8%),
- ◊ employees' peace of mind (5%), where the health care system helps reduce people's fears about the financial consequences of illness, and
- ◊ a mobile workforce (3%).

Significantly, very few executives (2%) pointed to the economic competitiveness issue -- that is, that our health care system improves the international competitiveness of Canadian businesses. This is somewhat surprising given the salience of this factor in the health care debate in the United States, and the relative importance of Canadian-U.S. competition.

Other perceived benefits include reduced administration, helping to attract skilled immigrant workers to Canada, spreading the costs consistently across companies, negative comments about efficiency, and favourable comparisons vis-à-vis the U.S. health care system.

Almost one-in-five do not identify any benefits to Canadian firms, either saying there are no benefits (5%) or offering a "don't know" response (14%). This suggests that a significant proportion of business executives do not view the health care system in terms of its impact on their company.

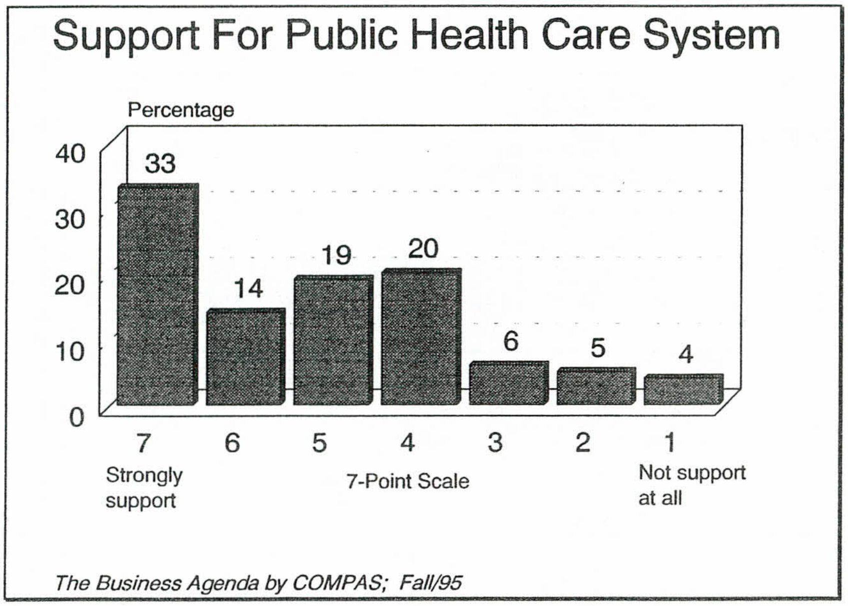
Subgroup variations were not very pronounced. Executives of larger firms were more likely to say there are no benefits, or to single out the positive impact on competitiveness; they were less likely to point to a healthy workforce. Small businesses were more likely to be undecided.

	Small %	**Medium** %	**Large** %
Healthy workforce	35	36	28
Improves competitiveness	2	4	6
No benefits	5	6	11
Employee peace of mind	5	10	6
Don't know	15	10	11

With respect to economic sectors, the sole notable variation is the increased tendency for construction/real estate executives to cite the employee's peace of mind (16%). Regionally, B.C. and Quebec were more likely to identify a healthy workforce, Quebec to point to universality, and Ontario to cite mobility.

Widespread Support for Publicly-Financed Health Care System

Support for Canada's health care system was relatively widespread and strong. Two thirds provided a clear level of support (positive score of 5-7 on 7-point scale). Moreover, half of these offer the top score available, indicative of their strong support for the system.



Despite relatively widespread support, there is a sizable minority (35%) who are less certain about the value of our publicly-funded system (scores of 4-1). While few people are at the extreme negative end of the scale, this nevertheless suggests that a significant number of executives have questions or concerns about the system.

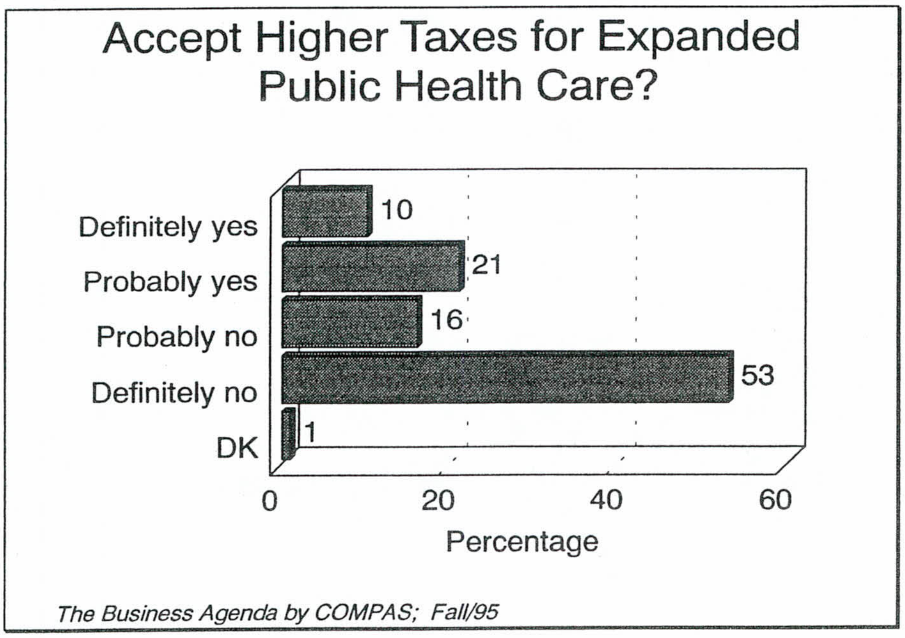
Support tends to increase with the size of firm:

	Small %	**Medium** %	**Large** %
Support (scores of 5-7)	66	68	71

Sectorally, hospitality/recreation (77%) and general services (71%) are more supportive than resources/agriculture/primary industry (68%), construction/real estate (64%) and consumer goods and services (62%). British Columbia is most supportive (84%), followed by Quebec and Ontario (69% each). The Prairies (57%) and Atlantic Canada are least supportive (although the sample size is Atlantic Canada is too small to report on with any confidence -- 22 people).

Little Interest in System Expansion Financed by Corporate Taxes

Most executives are not interested in expansion of the system if it were funded by an increase in corporate taxation. Fully 69% say they are not willing to see the public system expanded to cover things like prescription drugs or eyeglasses if this required a (small) increase in corporate taxes. More than half hold this view with intensity.



Conversely, almost one third are willing to consider a small increase in corporate taxes to cover the costs of the system's expansion. Most of these are in the softer "probable" as opposed to "definite" group.

The willingness to consider expansion of the system decreases with the size of firm. This is somewhat counter-intuitive since larger firms are the ones most likely to be currently paying for extended health benefits for their employees and are therefore the firms that would realize savings from an expanded public system.

	Small %	**Medium** %	**Large** %
Definitely/probably yes	31	26	17
Definitely/probably no	69	72	83

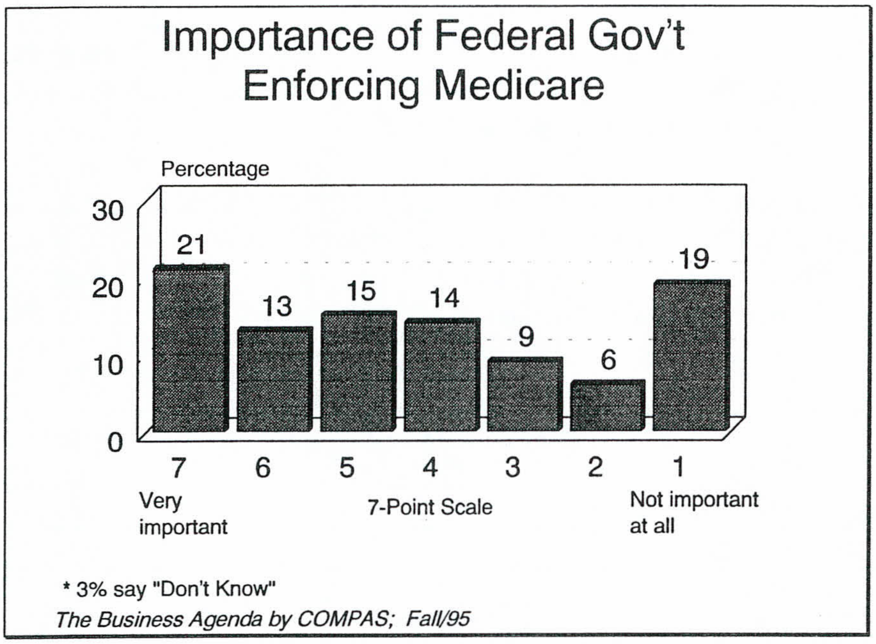
The consumer goods and services sector (34%) is most willing to consider expansion; general services (21%) and resources/agriculture/primary industry (22%) are least willing. Regionally, only the Prairies is at variance with the national results, being less willing to consider expansion (19%).

Not surprisingly, those executives who are most supportive of the current system are more willing to consider expansion. For instance, 40% of those who strongly support the system (i.e. offer a score of 7) would consider expanding coverage.

Executives Divided Over Federal Role in Enforcing Medicare

Business executives are largely divided over the importance of the federal government taking "an active role in maintaining medicare by enforcing the principles of the Canada Health Act". Respondents were told that this "could involve making deductions from transfer payments to provinces that allow user fees or extra billing".

Approximately half the executives surveyed (49%) view federal enforcement as important, offering positive scores on a 7-point scale (i.e. scores of 5-7). Much of this support, however, is muted: only 34% can be considered to be solidly supportive of federal enforcement action (i.e. scores of 6 and 7).



Almost half tend <u>not</u> to view as important this type of federal enforcement role (scores of 4-1). Indeed, the number who say it is not important at all (score of 1) almost equals the number who say it is very important (score of 7). Some executives may accept, even welcome, provincial experimentation in this area. They may view this as necessary to *preserve* the health care system in light of funding constraints and anticipated cutbacks.

Larger firms are less likely to attribute importance to federal enforcement of medicare. Since executives of larger firms also tend to be more supportive of the system, this suggests that some may not view the federal enforcement role as central to the maintenance or strengthening of the system.

	Small %	**Medium** %	**Large** %
Important (scores of 5-7)	49	48	43
Not important (scores of 1-3)	34	38	42

Regional differences are significant (Atlantic Canada not included due to small cell size). The Prairies are strongly at odds with the national pattern, being opposed to federal enforcement.

	Quebec %	**Ontario** %	**Prairies** %	**B.C.** %
Important (scores of 5-7)	50	64	24	56
Not important (scores of 1-3)	17	22	66	30

Sectoral variations were not pronounced.

Executives who are most supportive of the system are most likely to attribute importance to federal enforcement action to maintain or protect it:

Support for system	**Scores of 1-3 %**	**Score of 4 %**	**Score of 5 %**	**Score of 6 %**	**Score of 7 %**
Importance of enforcement role (scores of 6-7)	18	20	25	37	50

Background Note

This data was collected using COMPAS' survey of CEOs and senior executives: *The Business Agenda.*

Conducted twice-yearly, *The Business Agenda* represents the most authoritative survey of senior executives ever undertaken in Canada. The study investigates the most pressing economic, trade and topical corporate issues with a representative sample of Canada's most senior business leaders. Consider the following:

- ◊ **Representative Sample**: Stringent quotas are used, based on Statistics Canada's business registry, to ensure a proportionate mix of business sizes and sectors. The 400+ executives who participate can be considered to be representative of the business community, and the findings accurate within 5%, 19 times out of 20;
- ◊ **Top Corporate Leadership**: well over half the sample are CEOs or owners. The rest are vice-presidents, COOs or managers of small business;
- ◊ **United States-Canada Comparisons**: COMPAS is working with one of America's top polling firms, *The Wirthlin Group*, to enable cross-border comparisons. Wirthlin has a similar study of 150 CEOs and senior executives of Fortune 1000 firms;
- ◊ **Panel of Experts**: development and interpretation of the research is assisted by a panel of business experts; and
- ◊ **Longitudinal Study**: the study is conducted twice yearly, every year. This enables longer-term tracking and the in-depth exploration of issues.

Methodological Issues

The survey sample was stratified according to business size and sector. The size categorization was based on number of full-time employees:

- small business: 5-49 employees;
- medium: 50-499; and
- large: 500 and over.

Each category was further divided into three sub-groups to maximize the representativeness of the sample frame.

The stratification of the sample by sector was based on Canadian and U.S. SIC codes, two overlapping, widely-used industrial classifications. The private sector in Canada is divided into 16 different economic sectors. For analytical purposes, these 16 sectors were "collapsed" into five groupings: resources/agriculture/

primary industry, general services, hospitality/recreation, construction/real-estate, and consumer goods and services.

A detailed sample frame was created, based on Statistics Canada's business registry. A total of 144 separate quotas were applied to ensure that the results accurately reflect the business community in Canada (except that firms with fewer than five employees are excluded). In addition, three separate weighting schemes were applied to ensure that the research results are representative by size and sector (see attached notes about sectoral breakdowns and weighting schemes).

Names of potential respondents were randomly selected from lists provided by Dun and Bradstreet and augmented from other sources. A *panel* approach was adopted, where participants could take part in multiple waves of the study. In the event, 140 executives who participated in Wave I also took part in this wave. This translates into a retention rate of 35% (and a replacement rate of 65%). Given the relatively low incidence of women in senior management positions, few women participated in this study (15 women). A total of 50 interviews were conducted in French.

The following tables present further breakdowns of the survey sample -- by size of firm, corporate position of participants, sector, export status of the firm, and region:

Sample Distribution by Size of Firm

Large Business (500+ employees)	101
Medium Business (50-499 employees)	149
Small Business (5-49 employees)	154

The Business Agenda by COMPAS; Fall/95

Sample Breakdown by Position

N=404

Chief Executive Officer/ President	233
Owner	12
Chief Operating Officer	8
Executive Vice President	11
Vice Presidents (Finance, Operations, Marketing, Other)	93
General Manager (small business only)	47

The Business Agenda by COMPAS; Fall/95

Position Breakdown by Size of Company

N=404

Large Business	Chief Executive Officer/President	53
	Executive Vice President	8
	Vice President	37
	Chief Operating Officer	3
Medium Business	Chief Executive Officer/ President	85
	Executive Vice President	3
	Vice President	56
	Chief Operating Officer	5
Small Business	Chief Executive Officer/President	95
	Owner	12
	General Manager	47

The Business Agenda by COMPAS; Fall/95

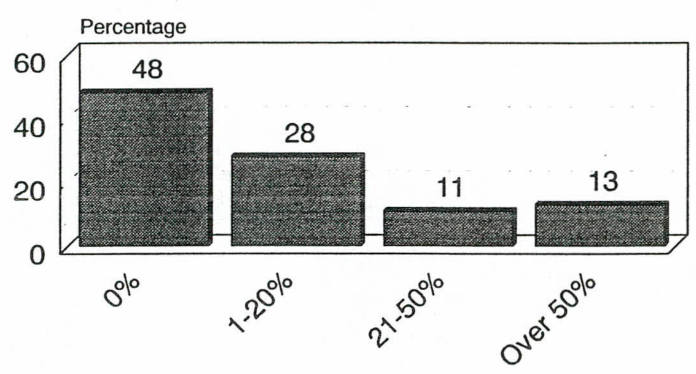
Sector Distribution

N=404

Resources/Agriculture/ Primary Industry	116
General Services	89
Consumer Goods and Services	85
Hospitality/Recreation	59
Construction/Real Estate	55

The Business Agenda by COMPAS; Fall/95

Proportion of Firm's Products/Services Exported



The Business Agenda by COMPAS; Fall/95

Regional Distribution

	Number of respondents
Atlantic	22
Quebec	74
Ontario	180
Prairies	76
B.C.	52

The Business Agenda by COMPAS; Fall/95

The Business Agenda
Fall 1995 Survey
Interview Schedule
(Results to selected questions)

I'd now like to ask you a few questions about Canada's health care system and would like your perspective as a business executive.

1. What do you think are the main benefits to Canadian companies from Canada's universal, publicly-financed health care system? (DO NOT READ LIST, ACCEPT TWO RESPONSES)

Healthy population/workforce	35%
Lowers employee benefit costs	34%
Universality/accessibility	8%
No benefits	5%
Employee have peace of mind/illness won't cost job	5%
Mobile workforce	3%
Improves competitiveness	2%
Less administration	1%
Attracts skilled immigrant workers to Canada	1%
Other	10%
Don't know/no response	14%

2. To what degree do you support a publicly-financed health-care system for Canada? Please use a 7-point scale, where "1" means you do not support this at all and "7" means you strongly support this.

Scale of 1 to 7	
1	4%
2	5%
3	6%
4	20%
5	19%
6	14%
7	33%

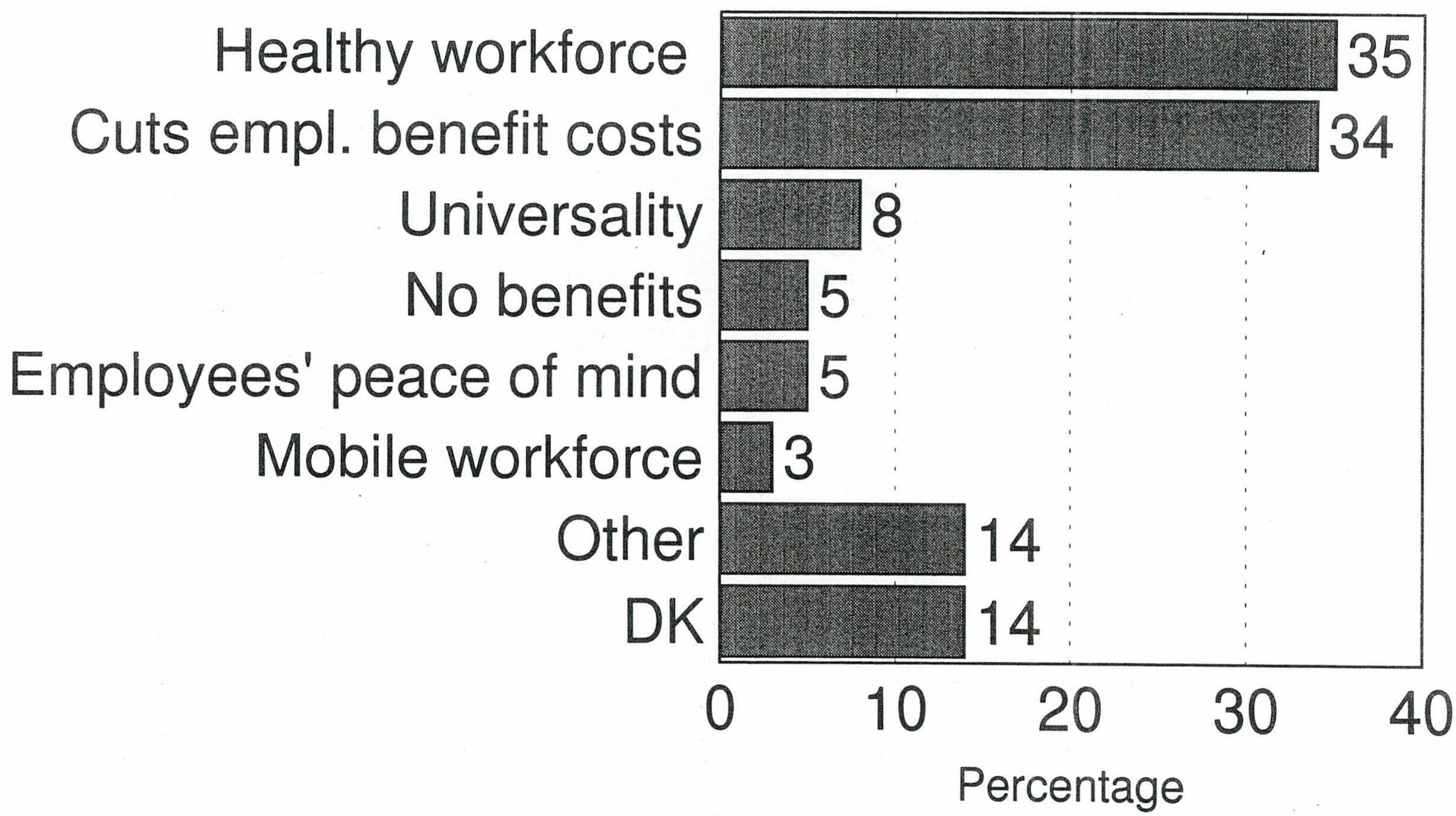
3. Many businesses now pay for the growing private health care costs of their employees, such as perscription drugs or eyeglasses. Would you be willing to see a small increase in corporate taxes if the publicly-financed system were expanded to cover some of those costs? Is that...

Definitely yes	10%
Probably yes	21%
Probably no	16%
Definitely no	53%
Don't know	1%

4. In your view, how important is it that the federal government take an active role in maintaining medicare by enforcing the principles of the Canada Health Act? This could involve making deductions from transfer payments to provinces that allow user fees or extra billing. Please use a 7-point scale, where "1" mean it is not important at all, and "7" means it is very important.

Scale of 1 to 7	
1	19%
2	6%
3	9%
4	14%
5	15%
6	13%
7	21%
Don't know/no response	3%

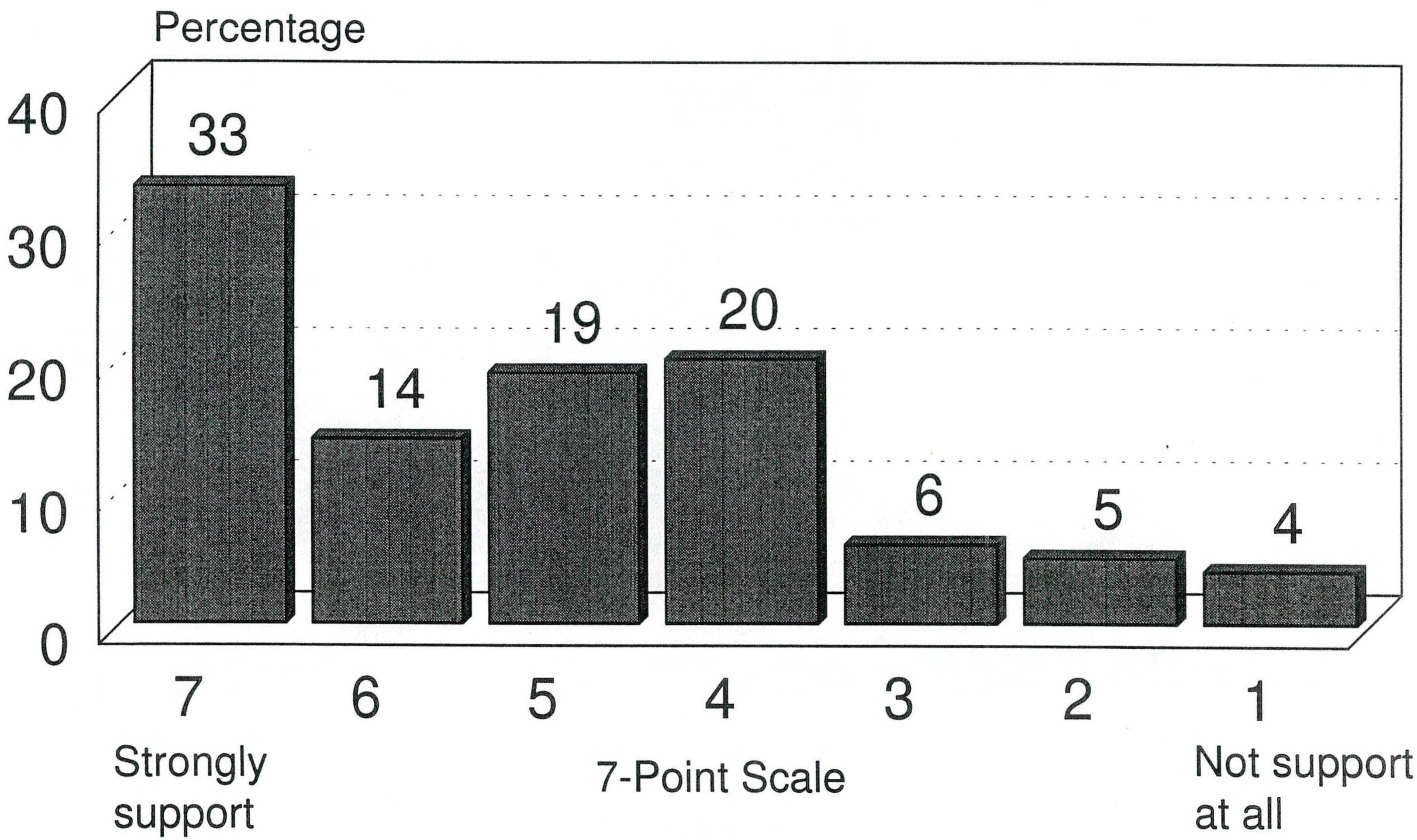
Main Benefits to Firms of Public Health System



* Two responses accepted

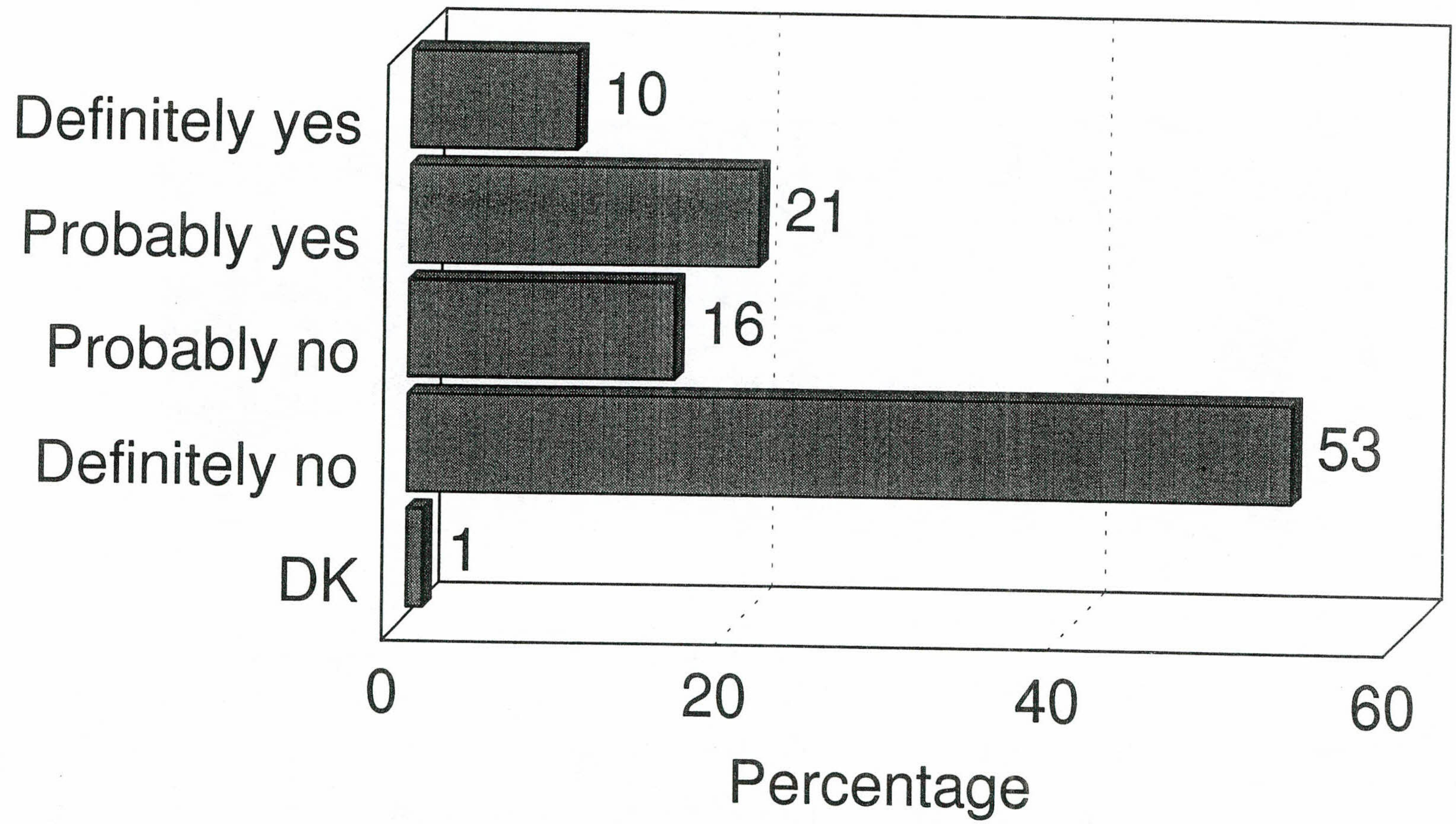
The Business Agenda by COMPAS; Fall/95

Support For Public Health Care System



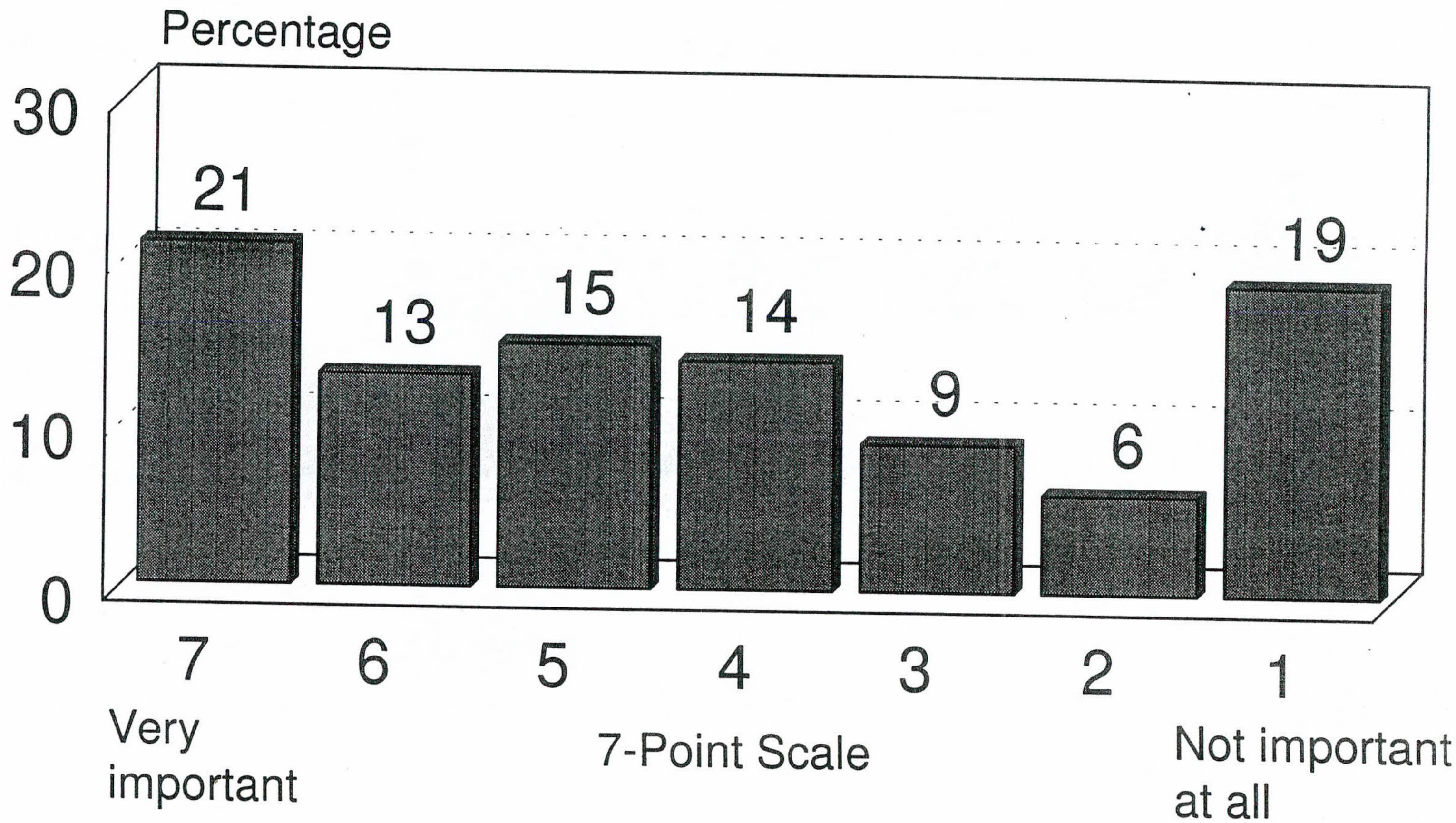
The Business Agenda by COMPAS; Fall/95

Accept Higher Taxes for Expanded Public Health Care?



The Business Agenda by COMPAS; Fall/95

Importance of Federal Gov't Enforcing Medicare



* 3% say "Don't Know"

The Business Agenda by COMPAS; Fall/95