



Michigan Nonprofit Association

For Immediate Release

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JOHNS HOPKINS SURVEY REVEALS HIDDEN DIMENSION OF HEALTH CARE CRISIS

Escalating Health Care Costs Have Become Issue No 1 for Many Nonprofits

September 2, 2009 – Lansing, MI – Much of the attention in the current health care debate has focused on the impact of escalating health care costs on small businesses and the uninsured. But new data generated by the Johns Hopkins Nonprofit Listening Post Project reveal that health care costs are also producing a so-far hidden crisis for America's nonprofit organizations and the nearly 13 million workers they employ.

“Michigan nonprofits have been struggling with escalating health care costs for several years, and as a sector that employs one in every ten Michigan workers, it is critical policymakers understand the importance of the nonprofit workforce to our economy and what is at stake for the nonprofit sector in the debate and forthcoming decisions surrounding health care reform,” said Kyle Caldwell, president and CEO of Michigan Nonprofit Association.

Virtually all (98 percent) of the responding nonprofits offering health benefits indicated that they are concerned about their organization's health care costs, and a striking 59 percent ranked health care costs as one of their organization's top challenges. The impact is already being felt in organizational decisions to stop offering, or reduce coverage of, health benefits, in higher employee co-pays and shares of insurance costs, and in pressures to hold down wages, shift to part-time employees, and even reduce mission-critical services.

The nonprofit workforce is the fourth largest of any U.S. industry. With generally lower pay scales, the nonprofit stake in health benefit costs is unusually high since nonprofit employers have historically relied on decent benefits to attract and retain quality staff. But with steadily increasing health benefit costs, that is no longer possible for large numbers of nonprofits, according to the July 2009 survey conducted by Johns Hopkins researchers.

"The evidence is now in," noted Lester Salamon, report author and director of the Johns Hopkins Center for Civil Society Studies. "Escalating health insurance costs are taking a dramatic toll on our nation's nonprofits and the devoted employees who work for them."

Other findings from the Johns Hopkins health benefits survey include:

- A striking 80 percent of the nonprofit respondents reported offering health insurance coverage for their employees. Nevertheless, the proportion *not* offering such coverage rose by 62 percent compared to the results from a comparable survey in 2004.

(more)

- Virtually all (99 percent) of the large nonprofits responding reported offering health benefits to employees but less than half (46 percent) of the smallest organizations did, and cost was a major factor at work.
- Nearly three out of every four nonprofits offering health benefits reported that their organization's total direct health insurance costs increased during the past year, and for over a third of the respondents the increase was over 10 percent—well above the national average of 5 percent per year.
- These recent increases come on top of increases in previous years: based on an earlier Listening Post survey of a comparable set of organizations, average health benefit costs for these organizations grew by nearly 40 percent between 2004 and 2009. In the process, health benefits as a share of total employee compensation grew by over 12 percent, suggesting that health benefit costs are squeezing out pay increases and other aspects of employee compensation.
- The vast majority of nonprofit executives (80 percent of respondents) expect such increases to continue in the future, and about a third expect the increases to exceed 10 percent.

The 412 nonprofit organizations responding to the July 2009 Johns Hopkins Listening Post Project survey included children and family service agencies, elderly housing and service organizations, community and economic development organizations, museums, theaters, and orchestras.

To receive a copy of the report "Health Care and Nonprofits: The Hidden Dimension of America's Health Care Crisis," contact Mimi Bilzor at mimi@jhu.edu. The final report will be available online at <http://ccss.jhu.edu/> as of Thursday, Sept. 3.

About the Listening Post Project

The Listening Post Project is a collaborative undertaking of the Center for Civil Society Studies at the Johns Hopkins University Institute for Policy Studies, the Alliance for Children and Families, the Alliance for Nonprofit Management, the American Association of Homes and Services for the Aging, the American Association of Museums, Community Action Partnership, the League of American Orchestras, Lutheran Services in America, Michigan Nonprofit Association, the National Council of Nonprofits, and United Neighborhood Centers of America. Its goal is to monitor the health of the nation's nonprofit organizations and assess how nonprofits are responding to important economic and policy changes. Support for the Listening Post Project has been provided by the Carnegie Corporation of New York, the Bill and Melinda Gates Foundation, the Ewing Marion Kauffman Foundation, the Kresge Foundation, the Charles Stewart Mott Foundation, the Rockefeller Brothers Fund, and the Surdna Foundation.

About Michigan Nonprofit Association (MNA)

Incorporated in 1990, and governed by a board that represents the diversity of the nonprofit sector, Michigan Nonprofit Association increased the capacity of Michigan's nonprofits to serve, strengthen and transform communities. With more than 1,100 members, MNA serves as a statewide network for the sector, a resource center on effective management practices, and as an advocate for the nonprofit community. MNA is the collective voice of Michigan's nonprofit sector.