

**ISSUE BRIEF ON SMALL BUSINESSES:
IDENTIFYING VULNERABLE ASIAN AMERICANS,
NATIVE HAWAIIANS, AND PACIFIC ISLANDERS
IN CALIFORNIA UNDER HEALTH CARE REFORM**

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APIAHF
ASIAN & PACIFIC ISLANDER
AMERICAN HEALTH FORUM

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The Asian & Pacific Islander American Health Forum (APIAHF) is a health justice non-profit organization dedicated to improving the health and well-being of more than 17 million Asian Americans, Native Hawaiians, and Pacific Islanders living in the United States and its jurisdictions. We believe that all persons have the right to be healthy, the right to live in a thriving community, and the right to quality, affordable, and accessible health care.

For the past 26 years, APIAHF has worked with community advocates, public health leaders, and policymakers to generate policies, programs, and systems changes to improve the health of Asian American, Native Hawaiian, and Pacific Islander communities. Through our policy and advocacy efforts, APIAHF was instrumental in the creation of the White House Initiative on Asian Americans and Pacific Islanders, fought for the passage of the Patient Protection and Affordable Care Act, and continues to demand the inclusion of Asian Americans, Native Hawaiians, and Pacific Islanders in the collection and reporting of local, state, and national health data. APIAHF works with local and state-based CBO's in 20 states and territories who provide services and advocate for AA and/or NHPI communities.

MISSION

The Asian & Pacific Islander American Health Forum (APIAHF) influences policy, mobilizes communities, and strengthens programs and organizations to improve the health of Asian Americans, Native Hawaiians, and Pacific Islanders.

VISION

APIAHF envisions a world where all people share responsibility and take action to ensure healthy and vibrant communities for current and future generations.

VALUES

Our work derives from three core values:

Respect because we affirm the identity, rights, and dignity of all people.

Fairness in how people are treated by others and by institutions, including who participates in decision making processes.

Equity in power, opportunities, and resources to address obstacles hindering vulnerable communities and groups from living the healthiest lives.

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EXECUTIVE SUMMARY

INTRODUCTION

The Affordable Care Act provides new health insurance coverage options and incentives for small business owners, employees, and their families. With high rates of both small business ownership and uninsurance, these options will be particularly helpful for the Asian American (AA) and Native Hawaiian and Pacific Islander (NHPI) community. The Asian & Pacific Islander American Health Forum conducted a study of AA and NHPI small business owners and employees throughout California to evaluate their socioeconomic and health status and understand the barriers they face in getting health insurance. Based on our analysis of California Health Interview Survey data and focus group research, we identified several important findings.

SELECTED KEY FINDINGS

- AAs and NHPIs who owned or worked for small business had significantly higher rates of uninsurance (no health insurance) than those who worked for larger businesses.
- AA and NHPI small business owners and employees know very little about the ACA and many are misinformed about its provisions.
- While trusted sources of information about the ACA vary by generation, most AA and NHPI small business owners and employees would prefer to get information through ethnic media and community-based organizations instead of online resources.

RECOMMENDATIONS

- Individuals and organizations engaging in outreach and education must use targeted strategies to reach the AA and NHPI small business community.
- Outreach and education efforts should include assistance in estimating the specific costs for small business owners who are interested in providing health insurance coverage to employees through the Small Business Health Options Programs (SHOP) marketplace.
- Even if they choose not to provide coverage, small business employers should be used as a resource in helping employees enroll in coverage through the individual health insurance marketplace.

CONCLUSION

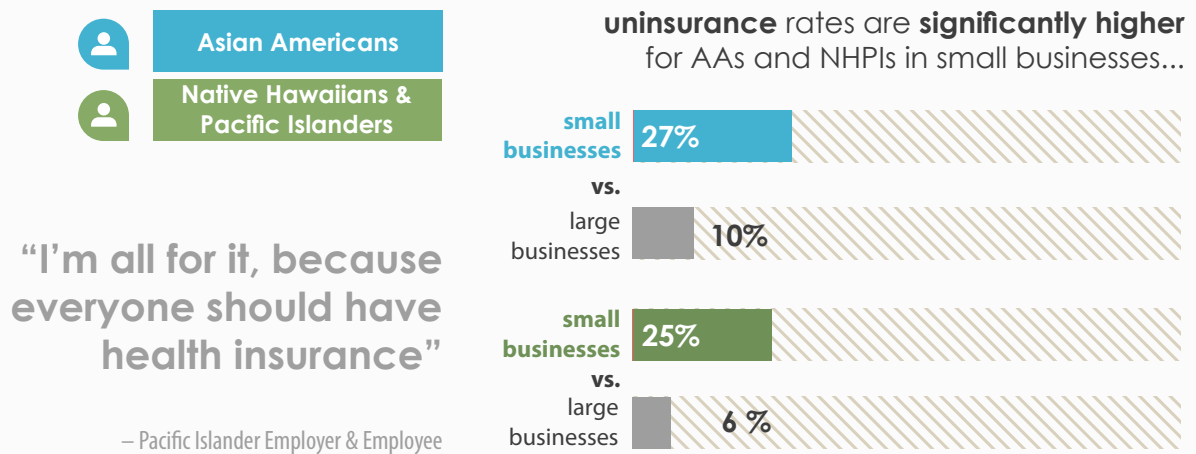
The ACA provides a critical opportunity for individuals to get health insurance coverage and access to health care services. By engaging in effective targeted outreach and education strategies to the small business community, millions of Asian Americans, Native Hawaiians, and Pacific Islanders will be able to enroll in affordable coverage, which will help us move toward the achievement of health equity in the U.S.

INTRODUCTION

In October of 2013, one of the major components of the Affordable Care Act (ACA) will be implemented – the opening of the health insurance marketplaces (or exchanges). These online sites will provide one location for individuals to compare and purchase health insurance plans for themselves and their families. Millions of uninsured individuals will have the opportunity to purchase affordable, quality health insurance. Individuals can also receive subsidies from the government to help cover their insurance premium costs if they purchase insurance through the marketplaces.

The ACA includes several features to help small business owners. By using the Small Business Health Options Program (SHOP) marketplace, small business employers can choose from private health plans, compare costs and benefits, identify their contribution amount for premiums, and select a health plan for their employees. Already, small business owners can also get tax credits if they provide health insurance to their employees. Ideally, small business owners will take advantage of this incentive and more small business employees will have the opportunity to get health insurance through their employer.

The health insurance provisions of the ACA are particularly important for Asian Americans (AAs) and Native Hawaiians and Pacific Islanders (NHPIs) in the U.S. and California. They have high rates of uninsured individuals and many also own or work for small businesses. Of all Asian-owned businesses in California, 22% are small businesses, the highest proportion among all racial groups.¹



¹ U.S. Census Bureau, 2007 Survey of Business Owners

STUDY DESCRIPTION

Beginning in 2012, the Asian & Pacific Islander American Health Forum (APIAHF) conducted a two-part study consisting of data analysis and focus group research to: 1) identify barriers faced by California AA and NHPI small business owners and employees in getting health insurance, 2) learn about their understanding of the ACA, and 3) get their feedback on which ACA provisions, if any, would be most helpful to them in getting health insurance.

The first part of the study involved an analysis of California Health Interview Survey (CHIS) data to identify predictors of uninsurance for small business owners and employees, and to understand the impact of uninsurance on their health and health care use. In the second part of the study, we conducted a series of focus groups with small business owners and employees representing Asian American and Pacific Islander ethnic groups with high rates of uninsurance. We also performed several in-depth interviews with key informants who serve the small business community.

PART 1: PROFILES OF AA AND NHPI SMALL BUSINESS OWNERS AND EMPLOYEES IN CALIFORNIA

We analyzed data from the 2005-2009 California Health Interview Survey (CHIS), the nation's single largest state health survey. The survey provides detailed information on a broad range of topics including demographic and socioeconomic characteristics, health behaviors, health conditions and status, and access to and use of health care services among California's diverse population. Information is collected through telephone surveys of households and is administered in several different languages, including the Asian languages of Cantonese, Mandarin, Korean, and Vietnamese.

In our analysis, we reviewed demographic information, such as income levels and rates of uninsured, and examined whether small business owners and employees were more disadvantaged than those who work for large employers in their socioeconomic status, health conditions and status, health insurance coverage, and health care use.



“Any kind of coverage is better than none”

– Hmong Employee

KEY FINDINGS FROM CHIS ANALYSIS

There are an estimated 877,000 Asian American (AA) and 19,000 Native Hawaiian and Pacific Islander (NHPI) adults who own or work for small businesses with up to 50 employees in California. They account for 11.6% and 0.3%, respectively, of California’s workforce working in small businesses with up to 50 employees. Asian Americans account for about 12.1% and NHPIs about 0.3% of California’s population.

- The rate of uninsured was significantly higher for AAs who owned or worked for small businesses (27%) than those who worked for larger employers (10%). NHPIs who owned or worked for small businesses also had significantly higher rates of uninsured (25%) compared to their counterparts who worked for larger employers (6%). Both AAs and NHPIs who worked for larger businesses also had significantly higher rates of private insurance than those who owned or worked for small businesses (see Table 1). When comparing AA ethnic subgroups, Koreans were about 7 times and South Asians about 2 times more likely to be uninsured than Japanese (who had the highest insurance rate and the highest socioeconomic status among all AA ethnic groups).
- AA adults who owned or worked for small businesses were less likely to have a regular provider than those who worked for large employers (76% vs. 86%), and were also less likely to have visited a doctor’s office in the past twelve months than those who worked for large employers (74% vs. 83%). Health conditions and status were not significantly associated with employer type for NHPIs.
- AA small business owners and employers were more likely to have limited English proficiency and represented a higher proportion of foreign-born individuals and non-citizens than those who worked for large employers (see Table 1). This is significant because language and immigration status have both been identified as potential barriers in getting health insurance.

Table 1. Demographic Differences between Small and Larger Businesses (CHIS, 2009)

Insurance Coverage	Adults who owned or worked for small businesses (up to 50 employees)	Adults who worked for large employers (51+ employees)
Asian Americans		
Uninsured	27%	10%
Public insurance	16%	9%
Private insurance	56%	81%
LEP	42%	23%
Foreign-born	38%	29%
Non-citizen	23%	12%
Native Hawaiians/Pacific Islanders		
Uninsured	25%	6%
Public insurance	7%	15%
Private insurance	67%	79%

Note: All differences reported are statistically significant. We did not report LEP, Foreign-born, or Non-citizen Status for NHPIs because their differences were not statistically significant.

- While there is significant variation among AA ethnic subgroups for small business ownership and employment, a relatively high proportion own or work for small businesses overall. The proportion of major ethnic subgroups who own or work for small businesses ranged from 52% (Koreans) to 27% (South Asian) (see Table 2).
- There is significant variation among AA ethnic groups with regard to income level and eligibility for Medi-Cal and subsidized insurance provided by the ACA (see Table 2).² Among the different AA subgroups, the proportion of those eligible for Medi-Cal was the highest for the Vietnamese (33%) and the lowest for the Japanese (7%) and South Asians (7%). The proportion of those eligible for subsidized insurance was also the highest for the Vietnamese (45%), followed by Filipino (44%), Southeast Asians (42%), and Koreans (39%). The high proportions of AA small business owners and employees who would be eligible for either Medi-Cal or subsidized insurance are striking, ranging from about 40% of Japanese and South Asians to about 80% of Vietnamese. On average, about one in five of AA small business owners and employees would be eligible for Medi-Cal and almost two in five AA small business owners and employees would be eligible for subsidized insurance.
- About 70% of Korean and 50% of Southeast Asian small business owners and employees who will be eligible for the expanded Medi-Cal coverage are currently uninsured.
- About half (51%) of Asian American small business owners and employees who are green card holders and eligible for expanded Medi-Cal coverage are uninsured.
- 90% of all Asian American small business owners and employees who will be eligible either for Medi-Cal or subsidized insurance are Limited English Proficient.

Table 2. Asian American Ethnic Subgroup Differences (CHIS, 2009)

	Owned or worked for small businesses	Eligible For Medi-Cal	Eligible For Subsidized Insurance	Higher Income
Chinese	40%	22%	33%	45%
Japanese	39%	7%	32%	61%
Korean	52%	17%	39%	44%
Filipino	30%	18%	44%	38%
South Asian	27%	7%	33%	60%
Vietnamese	47%	33%	45%	22%
Southeast Asian	46%	20%	42%	38%
Mixed Asian American	39%	23%	34%	43%

Note: "Eligible for Medi-Cal" = income up to 138% of Federal Poverty Level (FPL); "Eligible for Subsidized Insurance" = income between 138% and 400% of FPL; Higher Income = income greater than 400% of FPL; "South Asian" includes Bangladeshi, Indian, Pakistani, and Sri Lankan; "Southeast Asian" includes Cambodian, Laotian, and Hmong.

² With regard to immigration status, "Lawfully Present Immigrants" are eligible to enroll in the health insurance marketplaces and get subsidized insurance. However, current Federal law restricts their access to Medicaid coverage during their first 5 years in the U.S. Currently, there are 14 states, including California, that provide state-only Medicaid benefits for all legal immigrants during their first 5 years in the U.S. The Medicaid Program in California is called "Medi-Cal".

PART 2: SMALL BUSINESS FOCUS GROUPS

In order to identify barriers to enrollment facing AA and NHPI small business owners and employees, we organized a series of focus groups throughout California. The goals of the focus groups were to identify reasons for small business owners and employees being uninsured, determine their knowledge and opinions about the ACA, and find out if they felt that key provisions, such as tax credits and Medi-Cal expansion, would be helpful in getting health insurance for themselves or providing health insurance to employees.

Using U.S. Census and CHIS data, we identified California counties with AA and NHPI subgroups having high rates of uninsured individuals and high numbers of small business owners. Focus groups were scheduled for five counties with individuals representing the subgroups with high rates of uninsurance and small business ownership in that specific county. Focus group participants were small business owners or employees (in businesses with less than 50 employees). The specific ethnic communities for the focus groups are shown in Table 3.

We used APIAHF's network of community-based organizations to help recruit participants and help manage the focus groups. We organized separate groups for small business employers and small business employees whenever possible. For one location (Sacramento), we held one focus group consisting of both small business owners and employees.

Between March and May 2013, we conducted nine focus groups with approximately 70 individuals throughout California. During the focus groups, translation services were provided, if necessary. They were conducted in various locations, including community health centers and restaurants. The group facilitator welcomed the group, asked each participant to describe their business (if business owner) or what business they worked for and their role (if small business employee).

Table 3. Focus Group Demographics

Focus Group Type	County	Ethnicity	No Health Insurance (% Uninsured)
Hmong Employee	Fresno	Hmong	71%
Hmong Employer	Fresno	Hmong	29%
Korean Employee	Los Angeles	Korean	50%
Korean Employer	Los Angeles	Korean	14%
Pacific Islander Employer and Employee	Sacramento	Tongan, Fijian, Samoan	29%
South Asian Employee	Los Angeles	Bangladeshi, Indian, Pakistani	50%
South Asian Employer	Los Angeles	Nepalese	67%
Vietnamese Employee	Alameda	Vietnamese	38%
Vietnamese Employer	Alameda, Santa Clara	Vietnamese	None (All had health insurance)



Employers

- ▶ Many employers are covered by their spouse's plan or have another job (in addition to owning their business) so they can have insurance.
- ▶ Employers are confused about whether they are required to provide insurance under the ACA, and what the penalties are if they don't.
- ▶ Employers felt online resources would NOT be helpful (due to language, complexity of information, and computer literacy).
- ▶ Most employers felt that tax credits would **NOT** help them because they would not offset the cost of providing health insurance to their employees.

Employees

- ▶ Most small business employees had health insurance through Medi-Cal (California Medicaid) or were uninsured; most small business owners reported having private insurance.
- ▶ Employees expressed **concerns** that the new ACA rules for businesses may drive business owners to **pay employees less** or reduce their number of employees.
- ▶ Employees felt that online resources **WOULD** be helpful.
- ▶ Even with the new ACA subsidies, health insurance will still be too expensive for employees. Expanding Medi-Cal would be better.

As facilitators, APIAHF staff described some of the key provisions of the Affordable Care Act to participants and collected feedback from them about those provisions. Some of the questions we asked to both small business owners and employees included the following:

- Do you have health insurance? If so, what type of insurance do you have? If not, what are the reasons why you don't have insurance?
- What do you know about the Affordable Care Act (Health Reform, "Obamacare")?
- What sources are best for you to get more information about the Affordable Care Act?

For owners, we also asked the following questions:

- Do you provide insurance to your employees? Why or why not? What difficulties or barriers have you face in providing insurance? What are the major reasons for not providing insurance?
- What do you know about the tax credits for small business owners? After describing the tax credits available, we asked small business owners if they thought the credits would help and encourage them to provide insurance to employees.

We also talked to participants about provisions of expanded Medi-Cal, including coverage for single adults and families with incomes up to 138% of the Federal Poverty Level. At the end of the focus groups, we provided time for participants to ask any questions and provide additional feedback.

KEY FINDINGS FROM SMALL BUSINESS FOCUS GROUPS

- **Cost of coverage is the biggest barrier for obtaining insurance.** As expected, cost of coverage is the biggest reason for either not providing insurance coverage to employees, or not having coverage as an individual. In all employee focus groups, participants talked about the cost of insurance as the primary barrier to getting insurance. Many shared that they avoid seeking care as long as possible. Some mentioned that they pay out-of-pocket when they really need health care services, or seek alternative ways to resolve health problems, including traveling to other countries to get the care they need.

- **Immigration status prevents some individuals from seeking health insurance coverage and medical care in the U.S.** Some participants from both the small business employer and employee focus groups mentioned that undocumented immigrants in their communities are often scared to try to get health insurance and medical treatment due to fears of deportation and negative implications for their immigration status. Specifically, participants from the Pacific Islander, Korean, and South Asian employee focus groups indicated that the barriers of cost and immigration status have encouraged them and members of their community to travel to their home country or other foreign countries to get necessary health care services.
- **Many small business employers and employees have heard about the ACA, but know very little about its provisions.** The majority of participants across all the focus groups expressed that they did not know very much about provisions of the ACA. Some participants have heard about the coverage expansion, believed that businesses will be affected, and that insurance costs will increase. However, the majority of participants were unfamiliar with the specifics of what incentives are available and how small businesses will be affected. Some participants also said they do not have any information on the new law.
- **Many small business employers believe that the ACA requires them to provide insurance to their employees, which has led to their negative impression of health reform and belief that it will increase costs for small businesses.** In all employer focus groups, at least some of the individuals believed that they would now be required to provide insurance to employees, even if they only had a few employees. Very few knew that small businesses with less than 50 full-time equivalent employees are exempt from the requirement to provide insurance.
- **Small business owners and employees want specific details on cost of insurance and the amount of subsidies they would receive before deciding whether to provide insurance or purchase insurance through the health insurance marketplace.** Employees want details on the cost of premiums and how to obtain the insurance. Employers were very concerned about the financial impact to their business if they provide insurance to employees. Some participants felt the new provisions are targeting small business owners, creating an extra burden on top of their struggling businesses.
- **Both employers and employees indicated that Medi-Cal expansion would be helpful, but subsidized insurance through the health insurance marketplace may not help them get insurance coverage.** In both employer and employee focus groups, participants generally were in favor of the expansion of Medi-Cal to all individuals and families with incomes up to 138% of the Federal Poverty Level (FPL). They indicated that this expansion would be very helpful to them in getting access to health care. Others also expressed that while Medi-Cal expansion would be helpful, the income eligibility criteria of 138% of FPL is too low and should be raised so more people will qualify. Participants talked about the high costs of living, their financial challenges as small business owners, and the high cost of health insurance. They talked about the appeal of Medi-Cal in being free and having some base level of health insurance coverage.

Many indicated that because their incomes are still very low (although more than 138% of FPL), they would still not be able to purchase insurance through the marketplace. While they like the idea of the government sharing in the cost of coverage, participants feared that monthly premiums would still be too expensive for them to purchase insurance.

- **Tax credits do not provide a strong enough incentive for most employers to provide insurance to their employees.** Many employers felt the tax credits would not be helpful. They indicated that the percentages offered back as tax credits would not be able to offset the cost of providing insurance to employees. Some participants also said they might not be eligible for tax credits, even if they provide insurance because their employees are often times family members. For the few that felt tax credits would be helpful, they said a tax credit is a small way to offset the financial burden of providing insurance to employees.
- **The preferred sources of information about the Affordable Care Act vary based on generation and ethnic group.** We informed participants about the Covered California website as a place to get more information about the ACA and the health insurance marketplace in California. The majority of first-generation immigrants (those who immigrated to the U.S. as an adult) did not think a website would be helpful for getting information or enrolling in health insurance coverage. Many do not feel comfortable using a computer, and would prefer getting information face-to-face from another person. They felt that in-person assistance would be more helpful because many need language assistance and want someone to explain the complicated information to them. First-generation immigrants (both employers and employees) also indicated that they would prefer getting information about the ACA and insurance coverage from ethnic media (newspapers, TV) in their own language, family members, community-based organizations, churches, community health centers, and faith-based organizations because they are trusted resources in their community. For second generation participants, (those born or raised in the U.S.), they indicated that a website is the best place to get information because of convenience and having one centralized location.

We observed some differences between ethnic subgroups in their preferences for getting information. For example, Korean small business owners preferred newspaper sources, while Pacific Islanders indicated that radio would be an effective means of information dissemination because of its broad use in their community and its easy accessibility. Vietnamese owners and employees reported that ethnic TV and weekly magazines would be the most effective sources of information.

Trusted information sources vary by age...



RECOMMENDATIONS

- **Targeted methods of outreach must be used to help the small business community understand the ACA.** For the AA and NHPI community, ethnic subgroup and generation are two key factors in determining resource allocation for outreach, what type of outreach will be most effective, and which targeted strategies must be used to provide accurate and useful information about the ACA. Federal, state, and local entities who engage in ACA outreach and education must be aware of these preferred methods if they want to be successful in getting AAs and NHPIs enrolled in health insurance coverage.
- **When engaging in outreach and education about the ACA to small business owners, individuals should be prepared to discuss the specific costs of providing insurance.** Small business owners need someone who can help determine their actual costs and calculating their full-time equivalent employees when deciding whether or not purchase insurance for employees through the SHOP health insurance marketplace. Whoever assists them in learning about insurance coverage options must be both a trusted resource and someone who can assist with cost analysis, such as trusted brokers or agents, community-based organizations that help small businesses, the Small Business Administration, or ethnic chambers of commerce.
- **Small business employers should be utilized as a key resource in leading employees to the individual health insurance marketplace to get coverage even if the employer chooses not to provide coverage.** The ACA does not require small businesses with less than 50 full-time equivalent employees to provide insurance coverage, and as there are many AA and NHPI small businesses that are sole proprietorships, family businesses, and very small businesses, many employers will choose not to provide it. However, many employees will be eligible to get subsidized health insurance through the individual health insurance marketplaces and small business owners can refer them here to learn about coverage options and get enrolled.

CONCLUSION

Our data and focus group analysis of the AA and NHPI small business community helped us confirm some expected findings and learn some new information. Our research supports the great need for access to health care for small business owners and employees. AA and NHPI small business owners and employees have higher rates of uninsurance, less access to and use of health care services, and are more likely to face language and immigration status barriers than those who work for larger businesses. In California, a significant number of AAs and NHPIs from all ethnic subgroups will be eligible for coverage through the Medi-Cal expansion or will qualify for subsidized insurance through Covered California. In order to do effective outreach to the AA and NHPI small business community about these new coverage opportunities, organizations and individuals involved in outreach and enrollment must address their misconceptions about the ACA, be prepared to assist small business owners with cost analysis, and provide clear and concise information through preferred and trusted sources.

“It will be helpful for those who don’t have health insurance at all.”

– Hmong Business Employer

“Even though I work hard, I feel excited because I know I will have healthcare”

– Vietnamese Employee

“In the big scheme of things, it’s good policy to take care of uninsured individuals”

– Korean Employer



Please find the full report of this Small Business study at:
<http://bit.ly/ACASmallBusinessReport>

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