NORTH STAR
OPINION RESEARCH

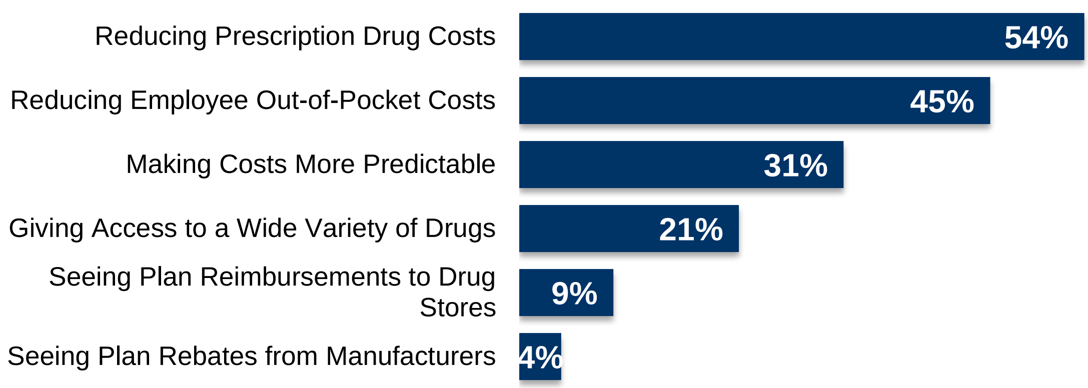
SURVEY OF SMALL BUSINESS OWNERS AND MEDIUM-TO-LARGE BUSINESS EXECUTIVES
JULY 26-29, 2016

Strategic Overview

This survey of 400 small business owners and medium-to-large business executives, conducted online July 26-29, 2016, shows that business leaders are overwhelmingly satisfied with the drug benefits they are able to provide to their employees, and think the private sector is better able to manage their prescription drug benefits than the federal government.

Key Findings

1. When it comes to pharmacy benefits, employer's top concern is reducing costs. As seen in the chart below, reducing prescription drug costs is the top objective of owners and executives regarding their prescription drug plan.



2. By more than a two-to-one margin, employers think private companies are better able than the federal government to manage prescription drug benefits. These business leaders say private companies are better able to manage prescription drug benefits by a 70 to 31 percent margin.

3. Three-fifths of these business leaders believe adding new government health regulations would *raise* prescription drug prices. Sixty percent of owners and executives say new regulations would increase prices, while 18 percent say they would lower prices and 22 percent say new regulations would have no effect on prices.

4. Despite concerns about drug prices, nine-in-ten owners and executives are satisfied with their existing pharmacy benefits. These business leaders are satisfied with the drug benefits they can provide by a 91 to 9 percent margin. Companies that offer mail service pharmacy are satisfied by a 92 to 7 percent margin, compared to an 84 to 14 percent margin among those who do not. Not surprisingly, then, 95 percent of these owners and executives are satisfied with the company that manages their prescription drug benefits.

5. Of the three-quarters of companies that offer mail service pharmacy to their employees, more than nine-in-ten say their employees are satisfied with the service. Seventy-six percent of owners and executives say their company offers mail service pharmacy as part of their prescription drug benefits; among those, 95 percent say their employees are satisfied with mail service pharmacy.

6. Four tested objectives of company prescription drug plans are rated "very important" by these owners and executives. Seventy percent say reducing out-of-pocket costs for employees is very important, 64 percent say providing access to a wide variety of prescription drugs is very important, 61 percent say reducing overall prescription drug costs for the company is very important, and 60 percent say making prescription drug costs more predictable is very important. Smaller percentages say seeing what their plan reimburses each drugstore for each drug (51 percent) and seeing what rebates their plan receives from drug companies (51 percent) are very important.

7. A majority of owners and executives says drug companies bear the most responsibility for increasing drug costs. Fifty-six percent of respondents say drug companies bear the most responsibility for increasing drug costs, while 44 percent say health insurers bear the most responsibility.

Methodology

North Star Opinion Research commissioned 400 interviews online July 26-29, 2016 for PCMA, with recruiting and data collection performed by Survey Sampling. The respondents include 100 small business (100 employees or less) owners, 100 medium business (101 to 1000 employees) c-level executives, and 200 large business (1001 employees or more) c-level executives. This sampling was used to ensure significant subgroups for analysis among larger company groups. The consistency of results across business size means the results would not be materially changed by weighting down the large companies.

The margin of error for the full sample of 400 owners and executives when respondents split evenly on a question is plus-or-minus 4.9 percent. The margin of error is smaller for less-evenly split responses. For example, if respondents split 75 percent for one response and 25 percent for another, the margin of error is 4.24 percent.