

Humphrey Taylor

Chairman of *The Harris Poll*®

Robert Leitman

Group President, Health Care,
Education & Public Policy



Some Good News for the Health Care Industry?

Backlash against health insurance and managed care recedes, pharmaceutical industry image stops sliding, and hospitals do better in annual measure of major industries

One of the more disagreeable parts of the work of pollsters and market researchers is that we often seem to be bringing our clients bad news. So it is good to be able to report some more agreeable news for a change.

In our annual survey of how well, or badly, adult Americans believe different industries are serving their consumers, we find that:

- Those who believe **hospitals** do a good job have risen to 73%, up six points since last year.
- Those who believe that **pharmaceutical companies** do a good job are up very slightly to 59%. This is the first year since 1997 when the numbers for the pharmaceutical industry have not gotten worse. While this is good news for the industry, this 59% is still far below the 79% we reported five years ago (in 1997) before the industry began to decline.
- Those who believe **health insurance companies** are doing a good job jumped sharply from only 38% last year to 51% now, a remarkable change, and the highest number we have recorded since 1997 (when it was 55%).
- **Managed care companies** also did better, but their increase was modest and from a lower level (from 29% to 33%). Managed care is still far lower than it was in 1997 (51%) and 1998 (45%), but is doing slightly better than it did in either 2000 or 2001.

These are the results of a nationwide telephone survey conducted by Harris Interactive® with a sample of 1,026 adults from May 22 – 28, 2002. Some other interesting results from this survey include:

- **Banks** now head the list of thirteen industries in that they earn the highest percentage (74%) for doing a good job of serving their consumers. However, banks moved to the top of the list not because of any substantial improvements, but because...
- The proportions of people who think that **computer software and hardware companies** are doing a good job of serving consumers have fallen 20 points and 19 points since last year (from 80% to 60% and from 78% to 59%, respectively).
- **Car manufacturers** are now in third position with 64%, a small and statistically insignificant drop from 67% last year.
- The industries at the bottom of the list, with the lowest percentages of the public thinking that they do a good job, are **tobacco** (25%), **managed care** (33%) and **oil companies** (38%).

Changes Since Last Year

The biggest changes are the decline for both computer software and hardware companies (20% and 19%, respectively). The only other significant decline is a 5% drop, from 60% to 55% for the life insurance industry.

Most other industries have moved up slightly. The biggest gains are for **health insurance companies** (+13%), **hospitals** (+6%), **airlines** (+12%) and **oil companies** (+11%).

Tobacco companies have fallen from public esteem every year since we began this series, from 34% in 1997 to 31% in 1999 and 28% last year to only 25% this year.

The Reasons For These Changes

While the poll describes the changes, it provides no explanation. Some reasonable hypotheses to explain them are:

- For much of the last five years computer companies were riding the NASDAQ high-tech investment boom and, in the view of the public, could probably do little wrong. Now that the high-tech investment bubble has burst and stock prices have fallen dramatically, some of the glamour may have gone out of the industry. This may color public perceptions.

The fact that *both* software and hardware companies have fallen suggests that this is not substantially related to the Microsoft anti-trust case.

- Over the years, public attitudes to the oil industry seem to go up and down as oil prices fall and rise. Last year's big drop in public attitudes toward this industry was surely related to the inflation of gas prices. Although it has improved, the oil companies' rating is still relatively low, albeit up by eleven points since last year.
- It is interesting that the public does not see health insurance and managed care as quite the same thing. Some people may be surprised that their numbers have improved – particularly life insurance – when out-of-pocket costs for health plan members are starting to rise sharply as employers and insurers pass more of the costs to employees and consumers. However, anecdotal media coverage of “horror stories” related to managed care and health insurance have been less common over the last twelve months. And, in response to their bad press, many insurers are allowing physicians more latitude to decide what care their patients should receive. Doctors have been somewhat successful in getting them to back off from trying to “manage care,” where this meant managing costs. These are probably the reasons for these improvements.
- Why the airlines' numbers should have improved sharply is not immediately obvious, but maybe the decline in passenger traffic since September 11th has meant less lost baggage and fewer delays. Or perhaps concern about flight security has made the public a little more sympathetic to the airlines' difficulties.

TABLE 1

Industries Doing Good/Bad Job Of Serving Their Industries

"And now some questions about different industries. Do you think (READ EACH ITEM) generally do a good or bad job serving their consumers?"

Base: All respondents

Rank Order		Good Job %	Bad Job %	Not Sure/Refused %
1	Banks	74	20	7
2	Hospitals	73	17	10
3	Car manufacturers	64	23	13
4	Airlines	63	16	22
5	Computer software companies	60	12	29
6	Computer hardware companies	59	10	31
7	Pharmaceutical and drug companies	59	29	12
8	Telephone companies	58	36	6
9	Life insurance companies	55	21	24
10	Health insurance companies	51	38	10
11	Oil companies	38	44	18
12	Managed care companies such as HMOs	33	45	22
13	Tobacco companies	25	61	14

TABLE 2

Industries Doing Good Job Of Serving Their Consumers - Trends

"Do you think (READ EACH ITEM) generally do a good or bad job of serving their consumers?"

Base: All respondents

	TREND (Good Job)						2002 Changes	
	1997 %	1998 %	1999 %	2000 %	2001 %	2002 %	1997-2002 %	2001-2002 %
Banks	75	72	68	73	71	74	-1	+3
Hospitals	77	73	71	72	67	73	-4	+6
Car manufacturers	70	69	70	67	67	64	-6	-3
Airlines	N/A	78	71	66	51	63	-15**	+12
Computer software companies	80*	77	80	78	80	60	-20	-20
Computer hardware companies	80*	78	80	76	78	59	-21	-19
Pharmaceutical and drug companies	79	73	66	59	57	59	-20	+2
Telephone companies	80	76	67	64	61	58	-22	-3
Life insurance	64	63	61	62	60	55	-9	-5
Health insurance companies	55	48	41	39	38	51	-4	+13
Oil companies	59	64	55	39	27	38	-21	+11
Managed care companies	51	45	34	29	29	33	-18	+4
Tobacco companies	34	32	31	28	28	25	-9	-3

NOTE:

*In 1997 "computer companies" were rated together (i.e. hardware and software companies were not measured separately).

**Because airlines were not included in 1997, the trend for airlines is from 1998 – 2002.

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Methodology

The Harris Poll® was conducted by telephone within the United States between May 22 and 28, 2002 among a nationwide cross section of 1,026 adults (18+). Figures for age, sex, race, education, number of adults and number of voice/telephone lines in the household were weighted where necessary to align them with their actual proportions in the population.

In theory, with a probability sample of this size, one can say with 95 percent certainty that the results have a statistical precision of plus or minus 3 percentage points of what they would be if the entire adult population had been polled with complete accuracy. Unfortunately, there are several other possible sources of error in all polls or surveys that are probably more serious than theoretical calculations of sampling error. They include refusals to be interviewed (non-response), question wording and question order, interviewer bias, weighting by demographic control data and screening (e.g., for likely voters). It is impossible to quantify the errors that may result from these factors.

These statements conform to the principles of disclosure of the National Council on Public Polls.

About Harris Interactive®

Harris Interactive (www.harrisinteractive.com) is a worldwide market research and consulting firm best known for *The Harris Poll*® and its pioneering use of the Internet to conduct scientifically accurate market research. We combine the power of unique methodologies and technology with international expertise in predictive, custom and strategic research. Headquartered in Rochester, NY, with offices across the United States, in the United Kingdom, Japan and a global network of local market and opinion research firms, the Company conducts international research with fluency in multiple languages. EOE M/F/D/V

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877.919.4765

or visit our website at

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Media inquiries, contact:

Nancy Wong 585.214.7316

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