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EBRI Research on Health Care Reform

In June Congress will begin marking-up bills on health care reform. The following is EBRI's latest research on health care reform.

[Comments by ASEC Chairman and EBRI President & CEO Dallas Salisbury on health care reform from Human Resource Executive On-Line, June 8, 2009.](#)

[June 2009 Issue Brief, "Addressing Health Care Market Reform Through an Insurance Exchange: Essential Policy Components, the Public Plan Option, and Other Issues to Consider"](#)

A key element being discussed as part of health reform—the creation of a health insurance exchange that would offer new forms of insurance pooling, combined with an individual mandate and guaranteed issue—would restructure the health insurance market and has major implications for the existing employment-based benefits system that provides the majority of Americans with health coverage.

The question of a health insurance connector/exchange and the various interdependent policy components has been central to the national health reform debate since the state of Massachusetts adopted that approach. The June *EBRI Issue Brief* examines issues related to managed competition and the use of a health insurance exchange for the purpose of addressing cost, quality, and access to health care services.

EBRI's report is neutral on whether an exchange should or should not be formed, but instead lays out the various interdependent policy components that are essential for the success of such a program. It discusses issues that must be addressed when designing an exchange in order to reform the health insurance market and also examines state efforts at health reform that use an exchange.

Public Opinion on Health Care Reform

Between 68 percent and 88 percent of Americans either *strongly* or *somewhat* support health reform ideas such as national health plans, a public plan option, guaranteed issue, expansion of Medicare and Medicaid, and employer and individual mandates, the survey finds. Reaction to capping the current tax exclusion of employment-based health benefits is mixed.

Full details of the [2009 Health Confidence Survey appear in the July 2009 EBRI Issue Brief](#), published by the Employee Benefit Research Institute (EBRI). The survey is co-sponsored by EBRI and Mathew Greenwald & Associates, a market research firm. The *Issue Brief* is being released early so the results will be available to policymakers as they consider changes in the U.S. health care system this summer.

Survey respondents were asked their reaction to a number of options to expand coverage “in order to make sure all Americans have access to health insurance.” Here are the results:

- 88 percent support (*strongly* or *somewhat*) allowing major health insurance companies to offer national plans that anyone can purchase.
- 83 percent support a new public plan option that anyone could purchase.
- 80 percent support requiring insurers to cover anyone who applies—so-called “guaranteed issue.”
- 75 percent support expanding Medicare and Medicaid.
- 75 percent support some form of an employer mandate to subsidize coverage.
- 68 percent support a mandate requiring individuals to obtain coverage, but only 22 percent support fines for those who do not comply.

On another key issue, the survey finds that if the current tax exclusion of health benefits were capped (as some have proposed), 47 percent of respondents would switch to a less costly plan if the exclusion were set at \$5,000, 38 percent would keep their plan and pay the taxes, and 9 percent do not know what they would do.

However, the *Issue Brief* includes a note of caution about all the options: “These opinions may change as details emerge, especially as they concern financing,” write co-authors Paul Fronstin of EBRI and Ruth Helman of Greenwald.

Tax Treatment of Health Benefits

EBRI has updated Table 5.3a-e (Revenue Loss Estimates beginning on page 11 in the pdf) in [Chapter 5 Government Mandated Employment-Based and Needs-Based Programs](#) of the EBRI Databook on Employee Benefits. Data is presented for 1975 through 2009. A spread sheet is available at the bottom of Table 5.3e which contains the data in Tables 5.3a-e adjusted to 2008 dollars. The chapter also contains data on participation (Tables 5.1a-e) and expenditures (Tables 5.2a-e) in government mandated employment-based and needs-based programs.

The federal government supports the provision of employee benefits through preferential tax treatment in the Internal Revenue Code. The Congressional Budget Act of 1974 (P.L. 93-344) requires that a list of “tax expenditures” (federal tax revenue forgone due to preferential provisions) be included in the budget.

The source of the 2009 data is [Analytical Perspectives: Budget of the United States Government: Fiscal Year 2010](#). It is a rather large document. You will want to go to Section 19 – Tax Expenditures beginning on page 297. The data table you will want is Table 19.1 Estimates of Total Income Tax Expenditures for Fiscal Years 2008-2014 on pages 299-302. Past years data were obtained from past budget documents through the [Office of Management and Budget's web site](#) and the Department of Labor's library.

Tax treatment of employment-based health insurance is a topic being discussed in the current debate on health care reform. See EBRI's [September 2007 Issue Brief](#), “Health Insurance and Taxes: Can Changing the Tax Treatment of Health Insurance Fix Our Health Care System?” and EBRI's [January 2009 Issue Brief](#), “Capping the Tax Exclusion for Employment-Based Health Coverage: Implications for Workers and Employers”.