

## **New Research Report Finds Employers “Paternalistic” About Employer Health Insurance**

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(Washington, D.C.) – In a new research report from the Employee Benefit Research Institute (EBRI) that examined conditions that might lead employers to offload provisions of health benefits found employers often view themselves as “paternalistic” and wished to make it easier for their workers to get affordable health coverage. The EBRI research study, “What Employers Say About the Future of Employer-Sponsored Health Insurance,” found that employers do not want to relinquish control over health plans, viewing health benefits as a valuable recruitment and retention tool. Accordingly, the benefits executives interviewed found it difficult to imagine future circumstances that would lead their companies to stop providing health coverage.

Key findings in the report included:

- **Impact of the Affordable Care Act (ACA): Not as Predicted** – The ACA presented an opportunity to challenge the status quo of employment-based benefits, with analysts predicting employers would eventually redirect workers to ACA exchanges. Yet the link between employment and health benefits has not wavered since passage of the ACA.
- **Individual Coverage Health Reimbursement Accounts: Not a Fit for Employers or Employees** – Individual coverage health reimbursement accounts (ICHRA) represent another opportunity for employers to change how they provide health benefits. Created by a rule enacted in 2019, ICHRAs let workers purchase health plans from ACA exchanges using pretax dollars from an account funded by their employer. This allows employers to limit their involvement in selecting health benefits for their employees. Many interviewees indicated that they were not familiar with ICHRAs.
- **Frustration Over High Costs and Misaligned Incentives** - Escalating costs may prove to be another challenge to employer-sponsored insurance. Nearly all the benefits executives interviewed were frustrated by ever-escalating costs, but they did not necessarily perceive the cost increases to be unsustainable.

“The ACA, private exchanges, ICHRA plans and the rising costs of providing health benefits were all threats that analysts and pundits alike had predicted would erode the relationship between employment and health benefits. Future policy and economic developments may pose yet another threat to the bond between employment and health benefits. This includes the permanent extension of ACA subsidies, implementation of a public option and continued health care cost increases that outpace inflation. Yet, the will for employers to provide health

benefits to their workers remains strong. It seems unlikely that these forces would cause companies to abandon employer-sponsored insurance,” said Paul Fronstin, director, Health Benefits Research, EBRI.

Interviews with 26 human resources executives were conducted for the study. These executives held job titles, such as director of benefits or vice president of employee benefits, and who had at least a moderate amount of decision-making power in building their firm’s benefits package. The interviews focused on efforts on interviewing benefits executives at large firms. (The smallest firm represented in the study employed 300 workers, while the largest employed more than 250,000). The executives worked in a wide range of industries, including insurance, technology, consumer goods manufacturing, utilities, biotechnology research, financial services and industrial manufacturing. All but one firm’s largest health plan was self-insured and most offered at least two different types of plans, such as a preferred provider organization and a high-deductible health plan.

“Most interviewees expressed a strong skepticism that their firms would drop health benefits or direct their workers toward marketplace exchanges. Broadly, companies continue to view their health benefits as a recruitment and retention tool and cutting these benefits would hamper their efforts to cultivate a strong workforce,” concluded Jake Spiegel, research associate, Health and Wealth Benefits Research, EBRI.

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