News From The Employee Benefit Research Institute

Employment-Based Health Insurance Remains Leading Coverage Source for Working-Age Americans, but Small Employers Continue to Pull Back

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(Washington, D.C.) – Employment-based health coverage continues to be the most common source of health insurance for working-age Americans, but fewer small employers are offering benefits than in the past, according to a new national research report from the Employee Benefit Research Institute (EBRI). The report, "The Shifting Landscape of Employment-Based Health Benefits: Long-Term Resilience, Small-Employer Erosion, and the Threat of Higher Premiums," examines long-term trends in employer offers of health benefits and worker eligibility for coverage.

Key findings in the new research report include:
• Employer Sponsorship: Across 1996–2024, the percentage of employers offering health benefits has ebbed and flowed. After a near record low of 46.3% in 2023, the percentage of employers offering health benefits increased slightly to 49%. Declines have been concentrated among small employers, while large employer sponsorship has remained stable.
• Eligibility Rates: Despite small employer sponsorship declines, worker eligibility for health benefits has stayed mostly constant since 1996, ranging from 75–81%. In 2024, 80.2% of private-sector workers were eligible for health benefits. This stability reflects the dominance of large employers, which employ about two-thirds of all workers.
• Coverage Trends: The percentage of the non-elderly population with employment-based health benefits was at or near 70% from 1970 to 1989. By 2024, 61% of the non-elderly population had employment-based health coverage. Employment-based coverage remains the most common source of health coverage among the non-elderly population.
• Labor Market Shifts: The percentage of workers employed full time rose from 63% in 2014 to 69% in 2024. After a long-term decline, the share of firms with mostly low-wage work forces ticked up from 15% in 2023 to 21% in 2024. The share of workers in large firms increased slightly, from 65% in 2013 to 67% in 2024.

"If health insurance premiums rise faster than wages and general inflation, small employers are likely to face intensified financial strain, which could accelerate the erosion of health plan sponsorship among firms with fewer than 100 workers," said Paul Fronstin, Ph.D., director of Health Benefits Research, EBRI. "Large employers, while more resilient, may respond by shifting costs to employees through higher deductibles, coinsurance, or restricted networks. That could preserve offer rates but reduce the value of coverage, potentially lowering take-up. For workers, the impact could be significant, meaning higher out-of-pocket costs, greater reliance on public programs and increased financial insecurity tied to health care expenses."

To view a summary of the research report, "The Shifting Landscape of Employment-Based Health Benefits: Long-Term Resilience, Small-Employer Erosion, and the Threat of Higher Premiums," visit https://www.ebri.org/publications/research-publications/issue-briefs/content/the-shifting-landscape-of-employment-based-health-benefits--long-term-resilience--small-employer-erosion--and-the-threat-of-higher-premiums.

The Employee Benefit Research Institute is a non-profit, independent and unbiased research organization that provides the most authoritative and objective information about critical issues relating to employee benefit programs in the United States. The organization also coordinates activities for the Center for Research on Health Benefits Innovation, Financial Wellbeing Research Center and Retirement Security Research Center and produces a variety of leading industry surveys during the year. For more information, visit www.ebri.org.

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(MEDIA NOTE: To receive and review the complete research report, email Ron Dresner at dresner@ebri.org).