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New Research from EBRI:

Workers Aging Into Retiree Health Changes

WASHINGTON—A growing number of workers are realizing they will not get retiree health care from their employer after they stop working, according to a new report by the nonpartisan Employee Benefit Research Institute (EBRI).

While earlier research found little impact from reductions in coverage on current retirees, EBRI finds that initial changes employers made to retiree health benefits affected *future* retirees as opposed to *then-current* retirees. Over time, more and more retirees have “aged into” those program changes, resulting in the greater impact found in more recent studies.

Paul Fronstin, head of health benefits research at EBRI, and co-author of the report, noted that for many years, despite the downward trend in retiree health coverage, many workers still thought they would receive the benefit.

“The data show that workers are still more likely to expect retiree health benefits than retirees are actually likely to have those benefits, but the expectations gap is closing,” Fronstin said. “By 2010, 32 percent of workers expected retiree health benefits, while only 25 percent of early retirees and 16 percent of Medicare-eligible retirees had them.”

The EBRI report, providing current data on trends in retiree health coverage, finds that while many employers no longer offer retiree health benefits, most that have continued to do so have made changes in the benefit package they offer: raising premiums that retirees are required to pay, tightening eligibility, limiting or reducing benefits, or some combination of these.

EBRI notes that increasing retiree contributions tops the list of likely future changes among employers that still offer the benefit: 43 percent of employers say they are very likely to increase the retirees’ portion of premiums next year, and another 35 percent are somewhat likely to do so.

The full report, “Employment-Based Retiree Health Benefits: Trends in Access and Coverage, 1997–2010,” is published in the October *EBRI Issue Brief*, online at www.ebri.org

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