



EBRI News

1100 13th St. NW • Suite 878 • Washington, DC 20005
(202) 659-0670 • www.ebri.org • Fax: (202) 775-6312

FOR IMMEDIATE RELEASE:
CONTACT:

Feb. 7, 2008
John MacDonald, EBRI, (202) 775-6349, macdonald@ebri.org

EBRI Policy Forum:

Large Employers Continuing to Offer Health Benefits

WASHINGTON—Large employers say they are not ready to bail out of their role of acting as the backbone of health insurance coverage in the United States, according to an article published today by the nonpartisan Employee Benefit Research Institute (EBRI). But the article also notes that large employers are pushing for changes they hope will alleviate the rising costs of health benefits, and the current picture could shift quickly if one large employer drops benefits.

Large employers have not settled on one model for the changes they are seeking and are not convinced that new consumer-directed health plans are the solution, reports the article in the February 2008 *EBRI Notes*, which summarizes discussion at EBRI's December 2007 policy forum. Moreover, some of the changes the employers are talking about could be as much as a decade in the future. The article is available online at www.ebri.org

Although employers that offer health benefits say they remain committed to the current system, the article notes they are watching competitors closely. If one big sponsor takes the first step and decides to drop benefits, others say they would likely follow.

Even though employers are very concerned about rising health benefit costs, they say they continue to support an employment-based system because they believe they will end up paying "one way or the other" and because they believe the most innovation comes out of the private sector, not out of the government sector, the article says.

The policy forum sought to assess reports that the U.S. employment-based health benefits system has reached a "tipping point" because of rising costs. Despite claims of the demise of the employment-based system, EBRI data presented at the forum showed that, historically, there has been general stability in terms of workers being eligible for benefits, the percentage of workers who have coverage, the share of premiums paid by workers, and the share of out-of-pocket costs paid by workers. These data are discussed in EBRI's *Issue Brief*, "The Future of Employment-Based Health Benefits: Have Employers Reached a Tipping Point?" available at http://www.ebri.org/pdf/briefspdf/EBRI_IB_12-20073.pdf

One major exception: Employment-based retiree health benefits have been in sharp decline, the article says. In addition, the article reports that workers in private-sector firms with fewer than 10 employees were much more likely to be uninsured than workers in private-sector firms with 1,000 or more employees.

EBRI is a private, nonprofit research institute based in Washington, DC, that focuses on health, savings, retirement, and economic security issues. EBRI does not lobby and does not take policy positions. www.ebri.org