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.

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