

After Years of Erosion, More Employers are Offering Health Coverage

Many employers were expected to drop workplace health insurance with the introduction of the Patient Protection and Affordable Care Act of 2010 (ACA), and some have done so. Since 2008, the percentage of employers with 1,000 or more employees offering health benefits to workers has been consistently near or above 99 percent — it reached 99.8 percent in 2016 — but smaller firms have shown a steady, though not precipitous, decline in offer rates. For the smallest employers, those with fewer than 10 employees, the offer rate declined from 22.7 percent in 2015 to 21.7 percent in 2016.

This changed in 2017. In its most recent analysis of the Medical Expenditure Panel Survey Insurance Component (MEPS-IC), the Employee Benefit Research Institute (EBRI) finds that in 2017, the overall percentage of private-sector employers offering health benefits increased for the first time since 2008. Between 2008 and 2016, the percentage of private-sector employers offering health benefits declined 11.1 percentage points, from 56.4 percent to 45.3 percent. However, it then increased to 46.9 percent in 2017. There have been years before 2017 when offer rates increased in various specific firm size segments. However, this is the first overall increase since 2008.

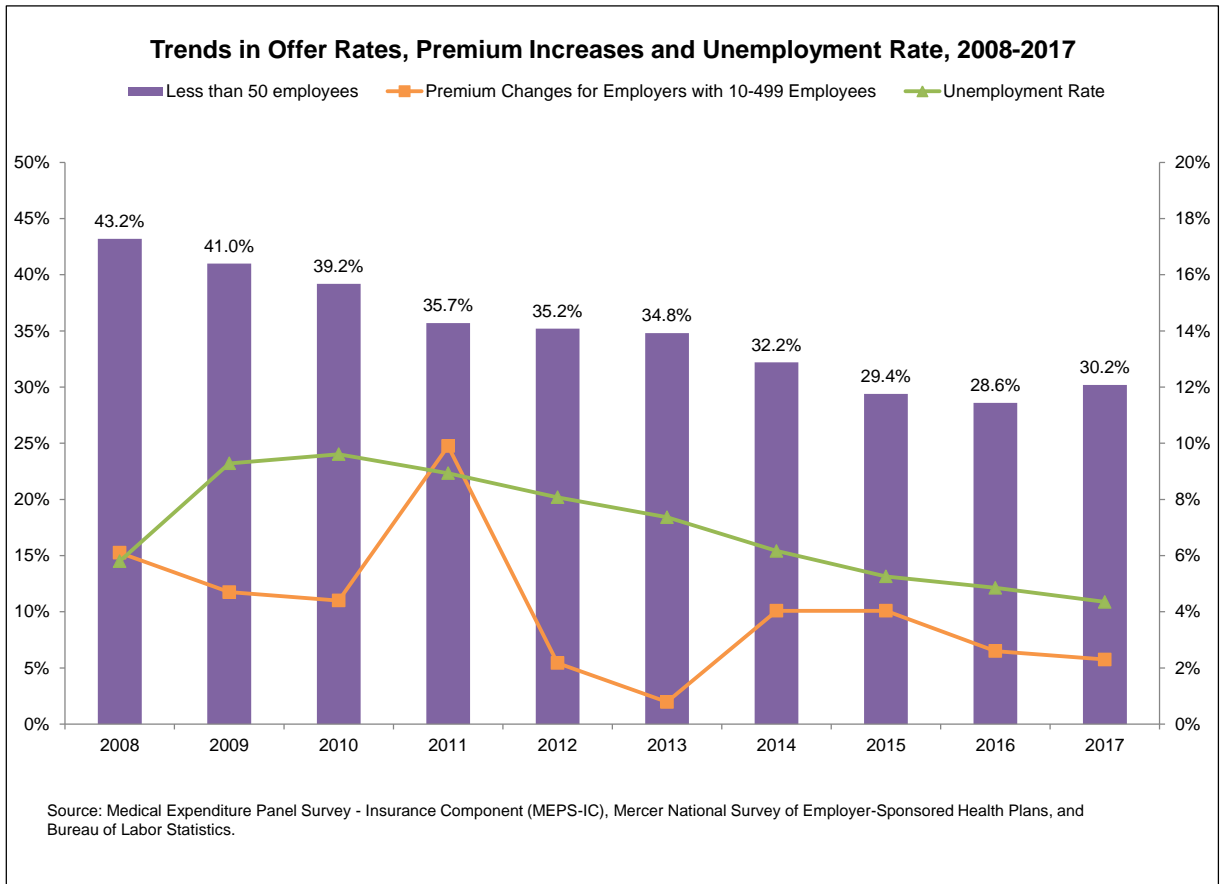
More specifically, we observe the following changes in prevalence of employers offering health benefits — for employers with:

- Fewer than 10 employees: The percentage offering such benefits increased from 21.7 percent to 23.5 percent between 2016 and 2017.
- Between 10 and 24 employees: increased from 48.9 percent to 49.4 percent between 2015 and 2016.
- Between 25 and 99 employees: increased from 73.5 percent to 74.6 percent between 2015 and 2016.
- Between 100 and 999 employees: increased from 92.5 percent to 96.3 percent between 2014 and 2016.

The ACA requires that employers with 50 or more employees offer coverage or pay a penalty. Employers with fewer than 50 employees are exempt from this provision. The percentage of these employers offering health benefits fell from 43.2 percent to 28.6 percent between 2008 and 2016, but then increased to 30.2 percent in 2017.

The increase may be due to the strengthening economy, lower unemployment rates, and relatively low premium increases.

Notably, for the very smallest employers, despite this recent uptick, offer rates remain well below 2008 levels.



The EBRI report, “After Years of Erosion, More Employers are Offering Health Coverage; Worker Eligibility Higher,” is published as the August 6, 2018, *EBRI Issue Brief* and is available online [here](#).

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