

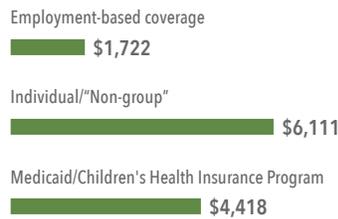
At a Glance | March 21, 2019

What Lies Ahead for the Employment-Based Health Benefits System?

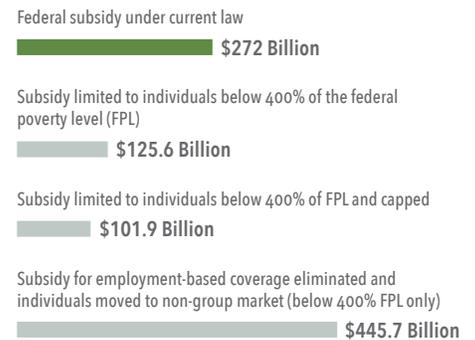
LOOKING AT SUBSIDIES

Although employment-based coverage incurs the lowest per-person subsidy, it is the largest tax expenditure in the U.S. budget. The “forgone tax revenue” associated with the employment-based health benefits system makes it a target for policymakers. Capping, reducing, or eliminating the tax preference could generate additional tax revenue.

Current Federal Health Insurance Subsidy per Individual¹



Forgone Tax Revenue²



A RANGE OF PROPOSALS

Several bills are likely to be introduced or reintroduced in 2019. They include single-payer proposals such as Medicare-for-all, a public plan option, and Medicare and Medicaid buy-in proposals.

Some would have no direct impact on the current employment-based system. However, they could affect the extent to which employers continue to offer health benefits, as well as the manner in which they offer them.

Proposed Health Insurance Benefit Plans³

	PLAN	ELIGIBLE INDIVIDUALS	EMPLOYER IMPACT
Single Payer	Expanded and Improved Medicare for All Act <i>Sen. Sanders/Rep. Ellison</i>	All U.S. residents.	Replaces private insurance, including employment-based coverage. Prohibits employers from providing duplicative health benefits.
Public Plan Option	Medicare-X Choice Act <i>Sen. Bennet/Rep. Higgins</i>	U.S. Citizens, lawfully admitted permanent residents, not incarcerated, and not otherwise eligible for Medicare. Offered in individual market beginning in 2020 in areas with one issuer or high costs due to provider shortages, then in all areas by 2023.	Small employers and their employees and dependents have access through the small group insurance market. Medicare-X offered in small group market beginning in 2024.
	The CHOICE Act <i>Rep. Schakowsky/Sen. Whitehouse</i>	U.S. Citizens, lawfully admitted permanent residents, not incarcerated.	Small employers and their employees/participants have access through the SHOP marketplace.
Medicare Buy-In	Medicare at 55 Act <i>Sen. Stabenow</i>	U.S. citizens or nationals ages 55 to 64, residing in the U.S. or lawfully admitted for permanent residence in the U.S., and who are not otherwise entitled to/eligible for benefits under Medicare Parts A or B.	No provision.
	Medicare Buy-In and Health Care Stabilization Act <i>Rep. Higgins</i>	Ages 50 to 64 not otherwise entitled to Medicare Part A or eligible to enroll under Medicare Part A or B, who would be eligible/entitled if age 65 or older.	Employer may pay premiums on eligible employees behalf, if enrollment is choice of the individual and not employer.
	Medicare Extra <i>Center for American Progress</i>	All lawfully present individuals in the U.S. would be eligible for Medicare Extra. Newborns and individuals turning age 65 would be automatically enrolled.	May offer Medicare Extra, and workers would have the option to choose it over employment-based coverage.
Medicaid Buy-In	State Public Option Act <i>Sen. Schatz/Rep. Lujan</i>	Individuals who are residents of states electing to establish the Medicaid buy-in option, who are eligible to participate in the marketplace, and who are not concurrently enrolled in other health coverage.	No provision.
Other	Healthy America Program <i>Urban Institute</i>	All lawfully present people younger than 65.	No provision.

SOURCE: Paul Fronstin. "What Does the Future Hold for the Employment-Based Health Benefits System?" *EBRI Issue Brief*, no. 476 (Employee Benefit Research Institute, March 14, 2019).

1. EBRI estimates based on data from the Congressional Budget Office for people under age 65, 2018. **2.** EBRI simulations. **3.** Adapted from the Kaiser Family Foundation, Side-by-Side Comparison of Medicare-for-All and Public Plan Proposals.