GET READY FOR THE PATH FORWARD!

Monday, May 10 — Department of Labor: The Next Four Years and Lessons Learned From COVID-19: State of Retirement

Tuesday, May 11 — Emergency Saving and Financial Resilience: The Role of the Employer

Thursday, May 13 — Tearing Down the ACA Firewall: Implications for Employment-Based Health Benefits Under the Biden Health Care Plan
THANK YOU, POLICY FORUM DEVELOPMENT TASK FORCE!

Vice Chair, PPAC: Liz Varley, Ameriprise Financial

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Chris Byrd, Wex Health
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Kelsey Chin, Millennium Trust
Michael Doshier, T. Rowe Price
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Tom Johnson, Retirement Clearinghouse
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Gary Koenig, AARP
Alison Moore, HealthSavings Administrators
Chantel Sheaks, U.S. Chamber of Commerce
Mike Skinner, T Rowe Price
Michael Sowa, LGIMA
Jana Steele, Callan
Aron Szapiro, Morningstar
TEARING DOWN THE ACA FIREWALL: IMPLICATIONS FOR EMPLOYMENT-BASED HEALTH BENEFITS UNDER THE BIDEN HEALTH CARE PLAN

Paul Fronstin, Director of the Health Research and Education Program, EBRI

Holly Wade, Executive Director, NFIB Research Center

Shaun O’Brien, Assistant Director for Research and Collective Bargaining Services, AFSCME

Tami Simon, SVP, Global Corporate Consulting Business Leader, Segal

Neil Goldfarb, President and CEO, Greater Philadelphia Business Coalition on Health
Tearing Down the ACA Firewall: Implications for Employment-Based Health Benefits Under the Biden Health Care Plan

Paul Fronstin, Ph.D.
Employee Benefit Research Institute
May 13, 2021
POLLING QUESTION
PLEASE SHARE YOUR THOUGHTS
"It's tough to make predictions, especially about the future."

Yogi Berra

"It is very easy to predict future trends in employment-based health benefits. It is very hard to be correct with your predictions."

Paul Fronstin
Premium Increases, Employers With 10 or More Employees, Worker Earnings and Inflation, 1988-2021

Confidence Among Employers That They Will Be Offering Health Care Benefits a Decade From Now; Where Does it Go From Here?

### Statement That Best Categorizes Company Strategy Relating to Health Benefits For Active Employees Over the Next 10 Years, 2011 Survey

<table>
<thead>
<tr>
<th>Option</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continue offering employment-based defined benefit health plans as we do today</td>
<td>46%</td>
</tr>
<tr>
<td>Give serious consideration to moving to a defined contribution strategy</td>
<td>36%</td>
</tr>
<tr>
<td>Give serious consideration to discontinuing providing health care benefits</td>
<td>6%</td>
</tr>
<tr>
<td>Not sure</td>
<td>12%</td>
</tr>
</tbody>
</table>

Source: HR Policy Association
ACA Raised Question About Employers and Need to Offer Health Benefits

1\textsuperscript{st} time in history that a recession was paired with insurance market reforms

- Guaranteed issue – workers can get coverage from exchange, no denials for pre-existing conditions
- Premium subsidies < 400% FPL
- Cost sharing subsidies < 250% FPL
- Limited premium differences between old & young
- More choice of health plan then what workers are used to from employer
Individual Coverage Health Reimbursement Arrangements (ICHRAs)

• Existed prior to ACA
• Pulled by Obama Administration after ACA passed
• Pre-ACA rule brought back by Trump Administration
• Gives employers the means to provide pre-tax income without offering health plan (true DC health)
• Today, 1st time in history that pre-tax income (via HRA) could be used to purchase coverage in non-group market during a recession combined with insurance market reforms
Minor Erosion in ESI Availability

- Fewer smaller employers (<100 employees) offer coverage
- Most larger employers (100+ employees) continue to offer coverage

Source: Medical Expenditure Panel Survey - Insurance Component (MEPS-IC).
Biden Health Care Plan – Removing the Firewall?

- Expanded subsidy availability to workers offered “affordable” coverage from employer
  - Increases subsidies for the lower income
  - Introduces subsidies for higher income
- “Public Option” Health Plan
- Medicare “Buy-In” Program for 60–64-year-olds
Why Might Today Be Different?

Uwe Reinhardt: “It’s the Prices, Stupid” 2013-2017: Utilization down 0.2%; prices up 17.1%

Figure 2: Cumulative Change in Spending per Person, Utilization, and Average Price since 2013

Note: Utilization and average prices account for changes in the type or intensity of services used, with the exception of prescription drugs. Prescription drug spending is the amount paid on the pharmacy claim, which reflects discounts from the wholesale price, but not manufacturer rebates.
Vast Majority of Large Employers Surveyed Say Broader Government Role Will Be Necessary to Control Health Costs and Provide Coverage, Survey Finds

Most Business Leaders Favor Increased Anti-Trust Enforcement, Prohibitions on Anti-Competitive Practices, Capping Drug and Hospital Prices in Non-Competitive Markets; A Public Option and Lower Medicare Eligibility Age Seen as Viable Options

Published: Apr 29, 2021

- nearly 90% of large employers believe the cost of providing health benefits to employees will become unsustainable in the next 5-10 years
- 85% expect the government will be required to intervene to provide coverage and contain costs

Source: Purchaser Business Group on Health (PBGH) and the Kaiser Family Foundation (KFF)
All the Other Reasons Why Employers Might Continue to Offer Health Benefits

- Recruitment/retainment of workers
- Skeptical of government programs
- Concern about exchange plans
- Relationship between employee health and productivity
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Fronstin@ebri.org
EBRI 2021 SPRING POLICY

Holly Wade
NFIB Research Center
5-13-2021
Small Business Health Insurance Premiums

Average Yearly Premiums for Businesses with Less Than 50 Employees, 2000-2019
Small Business Health Insurance Offer Rates

Health Insurance Offer Rates for Businesses with Less Than 50 Employees, 2000-2019
Small Business Health Insurance Deductibles

Average Individual Deductible (firms with less than 50 employees), 2000-2019
Small Business Problems and Priorities, 2020

➢ Cost of health insurance is the #1 most severe problem out of 75 potential issues.
➢ Cost of health insurance is a “critical” issue for 51% of small business owners.
➢ Cost is the main reason for small employers do not offer health insurance.

NFIB’s Small Business Problems and Priorities
EBRI 2021 SPRING POLICY

Holly Wade
NFIB Research Center
holly.wade@nfib.org
• Started in 2012, with 8 founding employer members

• Today have 50 employer members, representing 1.6 million covered lives nationally (roughly 50% of lives local to Southeastern PA, Southern NJ, and all of DE)

• Mission: The Greater Philadelphia Business Coalition on Health (GPBCH) seeks to increase the value of health benefit spending for the region’s employers. We do this by improving workforce and community health, increasing healthcare quality and safety, and reducing healthcare costs. The Coalition represents employer interests in working with health plans, healthcare providers, benefits consultants, suppliers and other system stakeholders to address population health priorities and to ensure that when healthcare is needed it is accessible, affordable, high-quality, and safe
50 independent regional coalitions from around the country, that have come together to learn from each other and help drive health and value at the national level
Initial Thoughts for Discussion

• Reflections from ACA:
  • As much as we complain about health benefits, we don’t trust government (or anyone else) to do it better
  • We don’t trust consumers to make wise choices
  • We will still bear the cost of health care, whether through premiums, taxes, account contributions...
  • We ultimately bear the cost of poor health

• Concerns about exacerbating inequities (information, $, access...)
• Concerns about increasing fragmentation (will employer still be responsible for “total person health?”)
Tearing Down the ACA Firewall:
Implications for Employment-Based Health Benefits Under the Biden Health Care Plan
Shaun O’Brien
Research & Collective Bargaining
AFSCME

1.4 million members working in public service

✔ Public Works
✔ Transportation
✔ Corrections
✔ Probation & Parole
✔ Law Enforcement
✔ Housing
✔ Environmental Stewardship
✔ Health Care Workers
✔ Home Care
✔ Nurses
✔ Emergency Services
✔ Behavioral Health
✔ Library Workers
✔ Museums & Cultural Institutions
✔ K-12 Schools
✔ Higher Education
✔ Early Childhood Ed.
✔ Public Administration
✔ Attorneys & Judiciary Workers
✔ Human Services

Heath Benefits

• Employment-Based — state & local government plans; ERISA-covered; single, multiple and multiemployer; jointly and solely trusteeed
• Other — individual; Medicare — MA/EGWP and Med Supp
Health Benefit Offer & Take-Up, 2010-2020

Steady Access

Access to Medical Benefits

<table>
<thead>
<tr>
<th>Year</th>
<th>Private</th>
<th>State &amp; Local</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>71%</td>
<td>88%</td>
</tr>
<tr>
<td>2011</td>
<td>73%</td>
<td>89%</td>
</tr>
<tr>
<td>2012</td>
<td>70%</td>
<td>87%</td>
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<tr>
<td>2013</td>
<td>73%</td>
<td>88%</td>
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<td>73%</td>
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<tr>
<td>2015</td>
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<td>2016</td>
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<tr>
<td>2018</td>
<td>73%</td>
<td>83%</td>
</tr>
<tr>
<td>2019</td>
<td>73%</td>
<td>82%</td>
</tr>
<tr>
<td>2020</td>
<td>73%</td>
<td>81%</td>
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Somewhat Declining Take-Up Rates

Take-Up of Medical Benefits

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<tr>
<th>Year</th>
<th>Private</th>
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<tbody>
<tr>
<td>2010</td>
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<td>2019</td>
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<td>77%</td>
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<tr>
<td>2020</td>
<td>73%</td>
<td>76%</td>
</tr>
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Proposals Affecting Employment Based Coverage

ACA & Public Option

Whether you’re covered through your employer, buying your insurance on your own, or going without coverage altogether, Biden will give you the choice to purchase a public health insurance option like Medicare.

Medicaid & Non-Expansion States

“Biden’s plan will ensure these individuals get covered by offering premium-free access to the public option for those 4.9 million individuals who would be eligible for Medicaid but for their state’s inaction, and making sure their public option covers the full scope of Medicaid benefits.”

Medicare Eligibility Age

“I have directed my team to develop a plan to lower the Medicare eligibility age to 60.... This would make Medicare available to a set of Americans who work hard and retire before they turn 65, or who would prefer to leave their employer plans, the public option, or other plans they access through the Affordable Care Act before they retire.”
At the edges, or more?

Employment-Based Coverage

Dependents
Subsidy Eligible Workers
Pre-65 Retirees
High-Cost Individuals
< 20, <50 Employees
COBRA-Eligible
Support EBRI

• The data you can’t get anywhere else.
• The formats you want.
  • Issue Briefs
  • Fast Facts
  • Infographics and Interactives
• Receive unbiased analysis and context from the organization trusted for more than 40 years.
• Participate in unparalleled networking opportunities.
• Provide input into the research agenda.
• Showcase your organization’s thought leadership at our webinars and conferences.
• Help build a better industry and a healthier and more financially secure future for Americans.

Not a member?
Join today!

Contact Betsy Jaffe at Jaffe@ebri.org