

New Research Examining ACA Impact on Employers Offering Health Insurance Finds a 5 Percent Increase in Worker Eligibility for Employment-Based Health Coverage Since 2014

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For more information: Ron Dresner

dresner@ebri.org

(Washington, D.C.) – A new research report published today by the Employee Benefit Research Institute (EBRI) examining the percentage of employers offering health insurance from 2008–2022 in order to better understand how health insurance offer rates may have been affected by the Patient Protection and Affordable Care Act of 2010 (ACA), 2007–2009 recession and economic recovery found considerable variations in the trends around those companies offering health insurance, as well as in eligibility for health insurance benefits, depending on establishment size and other factors.

Despite predictions to the contrary, employers did not drop health benefits in large numbers after the ACA took effect. Immediately after ACA passage, there continued to be a small erosion in the availability of coverage, but soon after there was an increase in the percentage of employers offering coverage. The increase in employer offer rates combined with structural changes in the labor force resulted in a 5% increase in the percentage of workers eligible for health benefits between 2014–2022.

Key findings in the new research report, “Access to Employment-Based Health Benefits System Continues to Grow: Challenges May Be on the Horizon - A Look at Employers Offering Health Benefits and Worker Eligibility”, include:

- In 2017, the overall percentage of private-sector employers offering health benefits increased for the first time in nearly a decade. In 2008, 56.4 % of private-sector employers offered health benefits. By 2016, it was down to 45.3%. By 2020, it was up to 51.1%, but it fell to 48.3% in 2022.
- In 2022, nearly 81% of workers employed by private-sector employers were eligible for health benefits. Since 2014, the percentage of workers eligible for health benefits has been trending upward.
- Since 2013, the percentage of employers with 1,000 or more employees offering health benefits to workers has been consistently near or above 99%. Similarly, 97% of employers with 100–999 employees offered health benefits in 2022.
- Smaller establishments have shown more variability in offer rates: For the smallest employers studied, those with fewer than 10 employees, the offer rate declined from 28% in 2013 to 22.3% in 2020 but increased to 24.9% in 2022; Among employers with 10–24 employees, the percentage offering health benefits increased from 48.9% to 53.6% between 2015 and 2022; and Among employers with 25–99 employees, offer rates increased from 73.5% in 2015 to 80.1% in 2022.

“It is highly unlikely that larger and medium-sized employers will conclude that offering their own health plan is not crucial to the attraction and retention of workers. Despite the recent talk of whether the United States is in a recession, unemployment rates are currently at historically low levels. However, when the next business slowdown takes hold, it will be interesting to see if fewer larger and medium-sized employers continue to offer health coverage. This did not occur during the COVID-19 pandemic,” said Paul Fronstin, director, Health Benefits Research, EBRI. “It’s also possible that certain public policy changes, if adopted, may drive some employers — large and small alike — away from offering health benefits and cause some workers to care less about whether they get health coverage from their employer. The tax exclusion of employment-based health coverage could be changed, an old idea that has recently come to light again. The Biden Health Care Plan and individual coverage health reimbursement arrangements may also disrupt the strong link between employment and health coverage.”

The data used in the report originates from the Medical Expenditure Panel Survey - Insurance Component, a survey of private- and public-sector employers fielded by the U.S. Census Bureau for the Agency for Healthcare Research and Quality.

“Yet, the employment-based health benefits system faces threats. A combination of a recession, higher unemployment, Biden Health Care Plan and the availability of individual coverage health reimbursement arrangements that workers can use to purchase health benefits through the non-group market could someday put the resilience of the employment-based health benefits system at risk,” concluded Fronstin.

To view a summary of the research report, visit www.ebri.org/publications/research-publications/issue-briefs/content/access-to-employment-based-health-benefits-system-continues-to-grow-challenges-may-be-on-the-horizon.

The Employee Benefit Research Institute is a non-profit, independent and unbiased resource organization that provides the most authoritative and objective information about critical issues relating to employee benefit programs in the United States. For more information, visit www.ebri.org.

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(MEDIA NOTE: To receive the complete 19-page research report, email dresner@ebri.org).